

CANADIAN MANGANESE COMPANY INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

CANADIAN MANGANESE COMPANY INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

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CANADIAN MANGANESE COMPANY INC.**Condensed Interim Consolidated Statements of Financial Position****As at March 31, 2024***Unaudited*

Expressed in Canadian Dollars	Notes	March 31, 2024	December 31, 2023
		\$	\$
Assets			
Current assets			
Cash	7	30,237	544,371
Accounts receivable	8	120,681	37,647
Prepaid expenses		51,358	30,734
Total current assets		202,276	612,752
Non-current assets			
Exploration and evaluation assets	5	17,444,529	17,356,230
Prepaid exploration expenses		94,481	94,481
Right of use asset	6	45,519	59,174
Total non-current assets		17,584,529	17,509,885
Total assets		17,786,805	18,122,637
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9	665,333	649,140
Convertible debenture	10	4,199,031	3,981,880
Interest payable	10	353,819	174,596
Current portion of lease obligation	6	48,608	57,735
Total current liabilities		5,266,791	4,863,351
Non-current liabilities			
Lease obligation	6	-	4,974
Total non-current liabilities		-	4,974
Total liabilities		5,266,791	895,423
Shareholders' equity			
Share capital	11	24,759,493	24,729,493
Warrants	12	52,221	795,130
Equity component of convertible debenture	10	402,864	402,864
Share-based payment reserve	15	2,074,819	2,102,841
Deficit		(18,816,514)	(18,833,922)
Equity attributable to equity holders of the Company		8,472,883	9,196,406
Non-controlling interest	16	4,047,131	4,057,906
Total shareholders' equity		12,520,014	13,254,312
Total shareholders' equity and liabilities		17,786,805	18,122,637

GOING CONCERN (Note 1)**COMMITMENTS AND CONTINGENCIES (Note 6, 10 and 19)****SUBSEQUENT EVENTS (Note 22)**

The consolidated financial statements were approved by the Board of Directors on May 14, 2024, and signed on its behalf by:

Signed "John F. Kearney", Director

Signed "W. Matthew Allas", Director

See accompanying notes to the condensed interim consolidated financial statements

CANADIAN MANGANESE COMPANY INC.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2024 and 2023
Unaudited

Expressed in Canadian Dollars	Notes	2024 \$	2023 \$
General and administrative expenses			
Employment compensation	18	(141,102)	(136,111)
Share-based compensation	15	(1,978)	(25,228)
Legal		(225)	(7,438)
Audit		(22,950)	(16,500)
Administration costs		(33,618)	(62,399)
Investor relations		-	(71,617)
Corporate development		(92,906)	(107,981)
Exchange costs		(18,552)	(17,362)
Filing fees		(14,016)	(17,417)
(Loss) before other items		(325,347)	(462,054)
Other income (expenses)			
Interest on convertible debenture	10	(179,223)	-
Accretion on convertible debenture	10	(217,151)	-
Mineral property expense	5	-	(15,350)
Depreciation on right of use asset	6	(13,656)	(13,656)
Interest on lease obligation	6	(899)	(1,745)
Total other income (expenses)		(410,929)	(30,751)
Net (loss) and comprehensive (loss) for the period		(736,276)	(492,804)
Net (loss) and comprehensive (loss) attributable to:			
Shareholders of the Company	4	(725,501)	(459,108)
Non-controlling interest	16	(10,775)	(33,696)
Net (loss) and comprehensive (loss) for the period		(736,276)	(492,804)
(Loss) per share			
Basic and diluted (loss) per share	4	(0.005)	(0.003)
Weighted average number of common shares outstanding			
Basic and diluted		145,763,771	145,029,580

See accompanying notes to the condensed interim consolidated financial statements

CANADIAN MANGANESE COMPANY INC.
Condensed Interim Consolidated Statements of Changes in Equity
For the three months ended March 31, 2024 and 2023
Unaudited

Expressed in Canadian Dollars	Share Capital	Warrants	Equity component of convertible debenture	Share-based payment reserve	Deficit	Attributable to equity holders of the company	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2022	24,571,993	795,130	-	2,114,669	(16,693,867)	10,787,925	4,147,770	14,935,695
Stock options vested	-	-	-	25,228	-	25,228	-	25,228
Net loss for the period	-	-	-	-	(459,108)	(459,108)	(33,696)	(492,805)
Balance as at March 31, 2023	24,571,993	795,130	-	2,139,897	(17,152,975)	10,354,045	4,114,074	14,468,118
Restricted share units granted	-	-	-	72,994	-	72,994	-	72,994
Restricted share units exercised	157,500	-	-	(157,500)	-	-	-	-
Stock options vested	-	-	-	47,450	-	47,450	-	47,450
Equity component of convertible debenture, net of tax	-	-	402,864	-	-	402,864	-	402,864
Net loss for the period	-	-	-	-	(1,680,947)	(1,680,947)	(56,168)	(1,737,115)
Balance as at December 31, 2023	24,729,493	795,130	402,864	2,102,841	(18,833,922)	9,196,406	4,057,906	13,254,312
Restricted share units exercised	30,000	-	-	(30,000)	-	-	-	-
Stock options vested	-	-	-	1,978	-	1,978	-	1,978
Warrants expired	-	(742,909)	-	-	742,909	-	-	-
Net loss for the period	-	-	-	-	(725,501)	(725,501)	(10,775)	(736,276)
Balance as at March 31, 2024	24,759,493	52,221	402,864	2,074,819	(18,816,514)	8,472,883	4,047,131	12,520,014

See accompanying notes to the condensed interim consolidated financial statements

CANADIAN MANGANESE COMPANY INC.**Condensed Interim Consolidated Statements of Cash Flows****For the three months ended March 31, 2024 and 2023***Unaudited*

Expressed in Canadian Dollars	Notes	2024 \$	2023 \$
Cash flows (used in) operating activities			
(Loss) for the period		(736,276)	(492,804)
Share-based compensation	16	1,978	25,228
Depreciation on right of use asset	6	13,656	13,656
Interest on lease obligation	6	899	1,745
Interest on convertible debenture	10	179,223	-
Accretion on convertible debenture	10	217,151	-
		(323,369)	(452,175)
Movements in working capital			
(Increase) in amounts receivable and prepaids		(103,659)	(62,090)
Increase in amounts payable and accrued liabilities		16,193	1,041,516
Net cash (used in) provided by operating activities		(410,835)	527,251
Cash flows (used in) investing activities			
Investment in exploration and evaluation assets	5	(88,299)	(1,128,494)
Prepaid exploration expenditures		-	(29,451)
Net cash (used in) investing activities		(88,299)	(1,157,945)
Cash flows provided by (used in) financing activities			
Lease payments	6	(15,000)	(15,000)
Net cash flows (used in) financing activities		(15,000)	(15,000)
Net (decrease) in cash		(514,134)	(645,694)
Cash at beginning of the period		544,371	1,029,923
Cash at end of the period		30,237	384,229

See accompanying notes to the condensed interim consolidated financial statements

CANADIAN MANGANESE COMPANY INC.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2024 and 2023

Expressed in Canadian dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

Canadian Manganese Company Inc. (the "Company") has interests in exploration and evaluation properties located in eastern Canada. Substantially all of the Company's efforts are devoted to advancing the development of its 100% owned Woodstock manganese project located in the province of New Brunswick.

The Company was incorporated on June 13, 2011 under the laws of Canada. The address of the Company's registered head office is 55 University Ave., Suite 1805, Toronto, Ontario, M5J 2H7, Canada.

The Company's common shares trade in Canadian dollars on Cboe Canada (formerly the NEO Exchange) under the symbol CDMN. The Company's common shares also trade on the OTC Pink Market in U.S. dollars under the symbol CDMNF.

Effective April 30, 2021, the Company acquired 100% of Maximos Metals Corp. ("Maximos") and, thereby indirectly, Maximos' 53.1% subsidiary Spark Minerals Inc. ("Spark"). Effective November 10, 2021, Spark completed a reverse takeover ("RTO") transaction of Mongoose Mining Ltd. ("Mongoose"), in which the Company's 53.1% equity interest in Spark was exchanged for a 40.7% equity interest in Mongoose. Effective February 9, 2022, Mongoose issued 200,000 common shares as consideration in a property acquisition, diluting the Company's equity interest to 40.5%. Notwithstanding the Company holds less than a majority interest in Mongoose, the Company has determined that it controls Mongoose, due to its dominant equity interest and level of Board representation relative to any other shareholder or group of shareholders. Accordingly, the Company's consolidated financial statements for the years ended December 31, 2022 and 2021 include consolidation of the accounts of subsidiaries Maximos and Spark commencing April 30, 2021 and subsidiary Mongoose (including Spark) commencing November 10, 2021.

There has been no determination whether the Company's interests in its properties contain mineral resources that are economically recoverable. There is no assurance that the Company's existing permits will be renewed or that new permits that have been applied for will be granted. Major expenditures are required to locate and establish mineral deposits, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its exploration and evaluation activities, the Company is required to hold certain permits.

These consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the next 12 months. The Company anticipates completing a significant royalty financing in the near term. Subject to completing such financing, Management believes it will have sufficient working capital to support planned operations for at least the next 12 months. At March 31, 2024, the Company had not achieved profitable operations, had an accumulated deficit since inception and expects to incur further losses in the advancement of its exploration and evaluation properties. The Company will need to generate additional financial resources in order to advance and develop its exploration and evaluation properties and there is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. There are no assurances that the Company will complete its anticipated financing, obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate financing, the Company may ultimately be required to curtail its operations and discontinue as a going concern. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption were not appropriate, adjustments would be necessary to the carrying values of the assets and liabilities, reported revenues and expenses, and statement of financial position classifications in these consolidated financial statements. Such adjustments could be material.

Although the Company has taken steps to verify title to properties in which it has an interest in accordance with industry standards for the current stage of development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory requirements. The Company's properties may also be subject to increases in taxes and royalties, renegotiating contracts and political uncertainty.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements reflect the financial position, statement of loss and comprehensive loss, equity and cash flows related to assets and liabilities of the Company and entities controlled by the Company (its subsidiaries).

These condensed interim consolidated financial statements were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board on a basis consistent with the accounting policies disclosed in the annual consolidated financial statements of the Company for the year ended December 31, 2023. The accounting policies set out below were consistently applied to all periods presented, unless otherwise noted.

2. BASIS OF PRESENTATION (CONTINUED)

These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2023, prepared in accordance with IFRS.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for those items carried at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except cash flow information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements were prepared on a basis consistent with the accounting policies disclosed in the annual consolidated financial statements of the Company for the year ended December 31, 2023, as set out in Note 3 thereof.

Basis of consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the reporting period are included in the consolidated statement of operations from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Company. All material intra-Company transactions, balances, income and expenses are eliminated on consolidation.

4. LOSS PER SHARE

Basic loss per share is computed by dividing the loss after taxation for the period available to ordinary shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed by dividing the loss after taxation for the period by the weighted average number of common shares outstanding, adjusted for the effect of all potential dilutive common shares that were outstanding during the period. Basic and diluted losses per share are the same for the reporting periods, as the exercise of outstanding stock options, RSUs, warrants, and the conversion option on the convertible debenture is anti-dilutive and is therefore excluded. The computation for basic and diluted loss per share is as follows:

	Three months ended	
	March 31, 2024	March 31, 2023
	\$	\$
Numerator		
Net (loss) attributable to Shareholders of the Company	(725,501)	(459,108)
Denominator	No. of Shares	No. of Shares
Weighted average number of shares		
- basic and diluted	145,763,771	145,029,580
(Loss) per share		
Basic and diluted (loss) per share	(0.005)	(0.003)

CANADIAN MANGANESE COMPANY INC.**Notes to the condensed interim consolidated financial statements****For the three months ended March 31, 2024 and 2023**

Expressed in Canadian dollars

5. EXPLORATION AND EVALUATION ASSETS

	Woodstock manganese property \$	Maximos nickel property \$	Mongoose properties \$	Total \$
Balance, December 31, 2022	7,456,778	1	6,978,179	14,434,958
Additions:				
Drilling	763,875	-	-	763,875
Geological	299,493	-	14,647	314,141
Technical consulting	12,174	-	-	12,174
Community consultations	37,500	-	16,500	54,000
Claims registration	-	-	3,560	3,560
Project management	-	-	4,744	4,744
Government grants	-	-	(24,000)	(24,000)
	1,113,042	-	15,451	1,128,494
Balance, March 31, 2023	8,569,820	1	6,993,630	15,563,452
Additions:				
Drilling	1,216,473	-	-	1,216,473
Geological	319,348	-	37,353	356,701
Technical consulting	110,526	-	33,500	144,026
Community consultation	112,500	-	-	112,500
Claims registration	6,960	-	860	7,820
Project management	-	-	13,858	13,858
Government grants	-	-	(58,600)	(58,600)
	1,765,807	-	26,971	1,792,778
Balance, December 31, 2023	10,335,627	1	7,020,602	17,356,230
Additions:				
Drilling	6,673	-	-	6,673
Geological	14,279	-	-	14,279
Technical consulting	4,943	-	12,100	17,043
Economic studies	12,277	-	-	12,277
Community consultation	37,500	-	-	37,500
Claims registration	102	-	-	102
Project management	426	-	-	426
	76,200	-	12,100	88,299
Balance, March 31, 2024	10,411,827	1	7,032,702	17,444,529

The Company holds a 100% interest in the Woodstock manganese property located near the town of Woodstock, in west-central New Brunswick. A portion of the property is subject to a 1% gross sales royalty upon commencement of commercial production, with the Company retaining certain rights to buy back one half of the royalty. Substantially all of the Company's efforts are devoted to advancing the development of the Woodstock manganese project.

All exploration and evaluation assets are carried at cost less any applicable impairment provision and government assistance received.

The realisation of the exploration and evaluation assets is dependent on the successful discovery, development of economic mineral resources, including the ability to raise funds to develop the projects. Should this prove unsuccessful the value included in the statement of financial position could be impaired. By its nature there is inherent uncertainty in the realisation of the exploration and evaluation assets.

Mineral license renewal fees of \$Nil (2023 - \$15,350) relating to the Maximos nickel property were expensed in the three months ended March 31, 2023. Mineral license renewal fees are not capitalized.

CANADIAN MANGANESE COMPANY INC.**Notes to the condensed interim consolidated financial statements****For the three months ended March 31, 2024 and 2023**

Expressed in Canadian dollars

6. LEASE

On February 1, 2022, the Company entered into an office services agreement granting the right to use the Company's head office premises, which right expires on January 31, 2025.

In accordance with IFRS 16, the Company recorded a right of use asset at the outset of the agreement, recognizing the Company's access for the three year period in the amount of \$163,866 and a corresponding lease liability in the amount of \$163,866. During the year ended March 31, 2024, the Company recognized a non-cash depreciation expense in the amount of \$13,656 (2023 - \$13,656) and recognized a non-cash interest expense in the amount of \$899 (2023 - \$1,745).

	March 31, 2024	December 31, 2023
	\$	\$
Opening balance	59,174	113,796
Right of use asset recognized	-	-
Accumulated depreciation	(13,656)	(54,622)
Net book value at March 31, 2024	<u>45,518</u>	<u>59,174</u>

Lease Obligations:

	\$	\$
Opening balance	62,709	116,981
Lease liability recognized	-	-
Lease payments	(15,000)	(60,000)
Interest on lease obligation	899	5,728
Net lease obligations at March 31, 2024	<u>48,608</u>	<u>62,709</u>

Undiscounted basis:

	\$	\$
Payments due within one year	50,000	60,000
Payments due between one and two years	-	5,000
Total	<u>50,000</u>	<u>65,000</u>

7. CASH

Cash comprises cash balances held at a major Canadian bank for purposes of meeting short-term cash commitments. Refer to Note 16.

8. ACCOUNTS RECEIVABLE

	March 31, 2024	December 31, 2023
	\$	\$
Sundry receivable	17,180	20,339
Sales taxes receivable	16,501	17,308
Amount receivable from related party (Note 17)	87,000	-
	<u>120,681</u>	<u>37,647</u>

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2024	December 31, 2023
	\$	\$
Trade payables	578,422	562,367
Accrued liabilities	55,586	62,040
Amounts due to related parties (Note 17)	31,325	24,733
	<u>665,333</u>	<u>649,140</u>

CANADIAN MANGANESE COMPANY INC.**Notes to the condensed interim consolidated financial statements****For the three months ended March 31, 2024 and 2023**

Expressed in Canadian dollars

10. CONVERTIBLE DEBENTURE

On October 2, 2023 (the "Issue Date"), the Company issued \$5,000,000 principal amount of senior secured convertible debenture (the "Convertible Debenture"). The net proceeds from the issuance of the Convertible Debenture, after a 4% original issue discount, legal and other transaction costs, were \$4,369,400.

The details of the Convertible Debenture are as follows: (i) the Convertible Debenture will mature on October 2, 2025 (if not otherwise converted or prepaid) (the "Maturity Date"); (ii) the Convertible Debenture will bear interest at a rate of 14% per annum, payable semi-annually in arrears; (iii) the Company shall have a right to prepay or repay a part or the entire principal amount of the Convertible Debenture at par plus accrued and unpaid interest at any time prior to the first anniversary of the Issue Date upon payment of a fee in the amount 10% of the principal amount together with interest payable until the first anniversary of the Issue Date and at any time after the first anniversary of the Issue Date up to and including on the Maturity Date upon payment of a fee in the amount 21% of the principal amount together with interest to the Maturity Date; (iv) the Convertible Debenture will be convertible into common shares of the Company at the option of the holder at any time prior to the Maturity Date, at a conversion price of \$0.33 per common share, subject to typical adjustment provisions; and (v) the Convertible Debenture is secured by first ranking security over all of the Company's assets.

The Convertible Debenture contains certain financial covenants, including the requirement for the Company to maintain a positive working capital balance. At March 31, 2024 and December 31, 2023, the Company was not in compliance with this covenant, on a consolidated basis, and as such, the full carrying amount of the Convertible Debenture is presented as a current liability in the consolidated statement of financial position.

The following table summarizes the changes in the Convertible Debenture balance in the Statement of Financial Position during the three months ended March 31, 2024.

Changes in Convertible Debenture balance	March 31, 2024	December 31, 2023
	\$	\$
Opening balance	3,981,880	3,790,536
Accretion	217,151	191,344
Convertible Debenture - closing balance	<u>4,199,031</u>	<u>3,981,880</u>

The following table sets out the Convertible Debenture interest expense recognized in the Statement of Loss and Comprehensive Loss during the three months ended March 31, 2024.

Convertible Debenture Interest Expense	March 31, 2024	December 31, 2023
	\$	\$
Interest expense	<u>179,223</u>	<u>174,596</u>

11. SHARE CAPITAL**Authorized**

Unlimited number of common shares

Issued	Shares	Amount
	#	\$
Balance at December 31, 2022	145,029,580	24,571,993
Shares issued upon exercise of restricted share units	700,000	157,500
Balance at December 31, 2023	<u>145,729,580</u>	<u>24,729,493</u>
Shares issued upon exercise of restricted share units	141,813	30,000
Balance at March 31, 2024	<u>145,871,393</u>	<u>24,759,493</u>

On January 3, 2024, 141,813 RSUs were exchanged for 141,813 common shares of the Company for no additional consideration. Refer to Notes 14 and 22.

CANADIAN MANGANESE COMPANY INC.
Notes to the condensed interim consolidated financial statements
For the three months ended March 31, 2024 and 2023
Expressed in Canadian dollars

12. WARRANTS

The following table summarizes warrant activity during the three months ended March 31, 2024 and 2023.

	<u>Number of Warrants Outstanding</u>	<u>Weighted average Exercise Price</u> \$	<u>Expiry Date</u>
Warrants	4,445,003	0.18	March 17, 2024
Broker warrants	333,333	0.27	April 29, 2024
Balance, December 31, 2023	4,778,336	0.19	
Warrants expired	(4,445,003)	0.18	March 17, 2024
Balance, March 31, 2024	333,333	0.27	

On March 17, 2024, 4,445,003 warrants of the Company, which had an exercise price of \$0.18 per share, expired unexercised.

In connection with an equity financing in April 2021, 333,333 broker warrants were issued as a finder fee. Each broker warrant is exercisable into a common share of the Company at \$0.27 per share until April 29, 2024.

The issue date fair value of these broker warrants was calculated at \$52,221, which was recorded to share issue costs. The following assumptions were used in calculating the fair value of warrants granted, using the Black-Scholes option pricing model: expected dividend yield of 0%, expected volatility of 124%, risk-free interest rate of 0.93%, share price of \$0.225 and an expected life of 3 years.

13. STOCK OPTIONS

Shareholders of the Company have approved a stock option plan for directors, officers, management, employees and other persons who perform ongoing services for the Company or any of its subsidiaries. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through stock options, to acquire a proprietary interest in the Company and to benefit from its growth.

The maximum number of common shares reserved for issuance upon the exercise of options is not to exceed 10% of the total number of common shares outstanding immediately prior to such an issuance. The maximum number of common shares reserved for issuance to any one participant upon the exercise of options is not to exceed 5% of the total number of common shares outstanding immediately prior to such an issuance. The options are non-assignable and may be granted for a term not exceeding ten years. The exercise price of the options is fixed by the board of directors at the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

As at March 31, 2024, the Company had the following outstanding stock options.

<u>Number of Options Outstanding</u>	<u>Number of Options Exercisable</u>	<u>Weighted average Exercise Price</u> \$	<u>Expiry Date</u>
5,278,440	5,278,440	0.18	June 30, 2025
2,650,000	2,650,000	0.25	June 30, 2026
300,000	225,000	0.25	June 30, 2026
8,228,440	8,153,440	0.21	

The following table summarizes stock option activity for the three months ended March 31, 2024 and 2023.

	<u>Number of Options Outstanding</u>	<u>Estimated Grant Date Fair Value</u> \$	<u>Weighted average Exercise Price</u> \$	<u>Expiry Date</u>
Balance, December 31, 2022 and 2023, and March 31, 2024	8,228,440	1,528,145	0.21	

The options outstanding at March 31, 2024 have a weighted average remaining life of 1.65 years.

Effective April 30, 2021, as partial consideration for the acquisition of Maximos, 5,278,440 options of the Company were granted in replacement of 9,500,000 previously granted options of Maximos, with each replacement option exercisable into a common share of the Company at \$0.18 per share until June 30, 2025. One-third of the replacement options vested on the grant date, one-third vested on June 30, 2021, and the remaining one-third vested on June 30, 2022.

CANADIAN MANGANESE COMPANY INC.**Notes to the condensed interim consolidated financial statements****For the three months ended March 31, 2024 and 2023**

Expressed in Canadian dollars

13. STOCK OPTIONS (CONTINUED)

The grant date fair value of the replacement options was estimated at \$974,241. The following assumptions were used in calculating the fair value of options granted, using the Black-Scholes option pricing model: expected dividend yield of 0%, expected volatility of 124%, risk-free interest rate of 0.93%, share price of \$0.225 and an expected life of 4.17 years.

Effective June 30, 2021, 2,650,000 options were granted to directors, officers and service providers of the Company, with each such option exercisable into a common share of the Company at \$0.25 per share until June 30, 2026, vesting quarterly over a period of two years. The grant date fair value of these options was estimated at \$494,554. The following assumptions were used in calculating the fair value of options granted, using the Black-Scholes option pricing model: expected dividend yield of 0%, expected volatility of 124%, risk-free interest rate of 0.93%, share price of \$0.225 and an expected life of 5 years.

Effective June 30, 2022, 300,000 options were granted to directors of the Company, with each such option exercisable into a common share of the Company at \$0.25 per share until June 30, 2026, vesting quarterly over a period of two years. The grant date fair value of these options was estimated at \$59,350. The following assumptions were used in calculating the fair value of options granted, using the Black-Scholes option pricing model: expected dividend yield of 0%, expected volatility of 124%, risk-free interest rate of 0.93%, share price of \$0.25 and an expected life of 4 years. With respect to these 300,000 options, \$1,978 was recognized as share-based compensation in the three months ended March 31, 2024. Refer to Notes 15 and 22.

14. RESTRICTED SHARE UNITS

On June 24, 2021, shareholders of the Company approved a Restricted Share Unit Plan (the "RSU Plan") under which the Company may issue up to 3% of its issued capital (on a rolling basis) as Restricted Share Units (each, an "RSU") to eligible directors, officers, employees and consultants.

The RSU Plan was adopted to provide remuneration and long-term incentives to the Company's directors, executives, employees and service providers, while preserving the Company's cash, and to align the interests of such persons with the long term interests of shareholders. Upon vesting, each RSU entitles the grantee the right to receive for no additional consideration, during the payout election period, after deduction of any applicable taxes and other required source deductions, one fully paid common share of the Company, or the then equivalent value in cash, at the Company's discretion.

The following table sets out the terms of RSUs outstanding as at March 31, 2024:

RSU Terms				
Number	Grant Date	Vesting Date	Commencement of Payout Election Period	Expiry Date
575,000	30-Jun-21	30-Jun-21	01-Apr-22	31-Dec-24
350,000	30-Jun-21	31-Mar-22	01-Jan-23	31-Dec-24
342,500	30-Jun-22	30-Jun-22	01-Jan-24	31-Dec-25
422,500	30-Jun-22	31-Dec-22	01-Jan-24	31-Dec-25
148,810	30-Sep-22	31-Dec-22	01-Jan-24	31-Dec-25
160,255	31-Dec-22	31-Dec-22	01-Jan-24	31-Dec-25
187,500	31-Mar-23	31-Dec-23	01-Jan-25	31-Dec-26
335,980	30-Jun-23	31-Dec-23	01-Jan-25	31-Dec-26
289,856	30-Sep-23	31-Dec-23	01-Jan-25	31-Dec-26
500,000	31-Dec-23	31-Dec-23	01-Jan-25	31-Dec-26
238,096	31-Mar-24	31-Dec-24	01-Jan-26	31-Dec-27
3,550,497				

As at March 31, 2024, the weighted average remaining life of the RSUs is 2.1 years.

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14. RESTRICTED SHARE UNITS (CONTINUED)

The following table summarizes the RSU activity for the three months ended March 31, 2024 and 2023.

	Number of RSUs outstanding
Balance, December 31, 2022	2,840,878
RSUs granted	187,500
Balance, March 31, 2023	3,028,378
RSUs granted	1,125,836
RSUs exercised	(700,000)
Balance, December 31, 2023	3,454,214
RSUs exercised	(141,813)
RSUs granted	238,096
Balance, March 31, 2024	3,550,497

Effective June 30, 2021, a total of 1,700,000 RSUs were granted to directors, officers, management, employees and consultants pursuant to the RSU Plan. Of these, 1,350,000 RSUs vested immediately and 350,000 RSUs vested on March 31, 2022. All the RSUs granted in 2021 expire on December 31, 2024.

1,350,000 RSUs granted effective June 30, 2021 were fully recognized as share-based compensation and share-based payment reserve on June 30, 2021, as they fully vested on the grant date. The Company recorded \$303,750 to share-based compensation and share-based payment reserve in 2021 in connection with these RSUs, using the grant date fair value of \$0.225 per share, based on the issue price in an equity financing completed by the Company on April 29, 2021.

The Company recorded \$52,500 to share-based compensation and share-based reserve in 2021 and \$26,250 to share-based compensation in 2022 related to the 350,000 RSUs granted on June 30, 2021 that did not vest until March 31, 2022, using the grant date fair value of \$0.225 per share.

Effective March 31, 2022, 240,000 RSUs were granted to a consultant, 120,000 of which vested immediately, and 120,000 of which vested on June 30, 2022, all of which had an expiry date of December 31, 2024. The Company recorded \$36,000 to share-based compensation and share-based payment reserve in 2022 in connection with these RSUs, using the grant date market value of \$0.15 per share.

On April 5, 2022, 120,000 RSUs were exchanged for 120,000 common shares of the Company for no additional consideration. On April 13, 2022, 75,000 RSUs were exchanged for 75,000 common shares of the Company for no additional consideration. On June 30, 2022, 120,000 RSUs were exchanged for 120,000 common shares of the Company for no additional consideration.

Effective June 30, 2022, a total of 845,000 RSUs were granted to directors, officers, management and a consultant pursuant to the RSU Plan. Of these, 422,500 RSUs vested immediately and 422,500 RSUs vested on December 31, 2023. All the RSUs granted expire on December 31, 2025. The Company recorded \$211,250 to share-based compensation and share-based payment reserve in 2022 in connection with these RSUs, using the grant date market value of \$0.25 per share. On January 3, 2024, 80,000 RSUs were exchanged for 80,000 common shares of the Company for no additional consideration.

Effective September 30, 2022, a total of 178,572 RSUs were granted to directors and officers pursuant to the RSU Plan. These 178,572 RSUs vested on December 31, 2023. All the RSUs granted expire on December 31, 2025. The Company recorded \$30,000 to share-based compensation and share-based reserve in 2022 in connection with these RSUs, using the grant date market value of \$0.168 per share. On January 3, 2024, 29,762 RSUs were exchanged for 29,762 common shares of the Company for no additional consideration.

Effective December 31, 2022, a total of 192,306 RSUs were granted to directors and officers pursuant to the RSU Plan. These 192,306 RSUs vested on December 31, 2022. All the RSUs granted expire on December 31, 2025. The Company recorded \$30,000 to share-based compensation and share-based reserve in 2022 in connection with these RSUs, using the grant date market value of \$0.156 per share. On January 3, 2024, 32,051 RSUs were exchanged for 32,051 common shares of the Company for no additional consideration.

Effective March 31, 2023, a total of 187,500 RSUs were granted to directors. These 187,500 RSUs vested on December 31, 2023, and will expire on December 31, 2026. The Company recorded \$30,000 to share-based compensation and share-based reserve in 2023 in connection with these RSUs, using the grant date market value of \$0.16 per share.

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14. RESTRICTED SHARE UNITS (CONTINUED)

Effective June 30, 2023, a total of 335,980 RSUs were granted to directors. These 335,980 RSUs vested on December 31, 2023, and will expire on December 31, 2026. The Company recorded \$28,222 to share-based compensation and share-based reserve in 2023 in connection with these RSUs, using the grant date market value of \$0.084 per share.

Effective September 30, 2023, a total of 289,856 RSUs were granted to directors. These 289,856 RSUs vested on December 31, 2023, and will expire on December 31, 2026. The Company recorded \$20,000 to share-based compensation and share-based reserve in 2023 in connection with these RSUs, using the grant date market value of \$0.069 per share.

On December 11, 2023, 700,000 RSUs were exchanged for 700,000 common shares of the Company for no additional consideration.

Effective December 31, 2023, a total of 500,000 RSUs were granted to directors. These 500,000 RSUs vested on December 31, 2023, and will expire on December 31, 2026. The Company recorded \$20,000 to share-based compensation and share-based reserve in 2023 in connection with these RSUs, using the grant date market value of \$0.04 per share.

On January 3, 2024, 141,813 RSUs were exchanged for 141,813 common shares of the Company for no additional consideration.

Effective March 31, 2024, a total of 238,096 RSUs were granted to directors. These 238,096 RSUs will vest on December 31, 2024, and will expire on December 31, 2027.

Refer to Note 22.

15. SHARE-BASED PAYMENT RESERVE

The following table sets out the share-based payment reserve activity for the three months ended March 31, 2024 and 2023.

	\$
Balance, December 31, 2022	2,114,669
Stock options	25,228
Balance, March 31, 2023	<u>2,139,897</u>
Stock options	22,222
Restricted share units	98,222
Restricted share units exercised	<u>(157,500)</u>
Balance, December 31, 2023	<u>2,102,841</u>
Restricted share units exercised	(30,000)
Stock options	1,978
Balance, March 31, 2024	<u>2,074,819</u>

Refer to Notes 13 and 14.

16. NON-CONTROLLING INTEREST

As at March 31, 2024, non-controlling interest ("NCI") represents the 59.5% equity interest (2023 - 59.5%) of Mongoose not controlled by the Company.

As at March 31, 2024, Mongoose had the following options issued and outstanding: (i) 325,544 options exercisable at \$0.285 per Mongoose share until November 28, 2024; (ii) 360,000 options exercisable at \$0.05 per Mongoose share until September 30, 2025; and (iii) 900,000 options exercisable at \$0.30 per Mongoose share until June 1, 2027.

As at March 31, 2024, Mongoose had cash of \$7,798 (December 31, 2023 - \$61,841).

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17. RELATED PARTY TRANSACTIONS

Information concerning the subsidiaries of the Company at March 31, 2024 and 2023 is set out below.

Subsidiary	% held by the Company at March 31, 2024 and 2023	Jurisdiction of incorporation
Technology Metals Inc. (Maximos)	100% directly	Canada
Mongoose Mining Ltd. (owned by Technology Metals Inc.)	40.5% indirectly	Ontario
Spark Minerals Inc. (owned 100% by Mongoose)	40.5% indirectly	Nova Scotia

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed.

During the three months ended March 31, 2024, the Company paid or accrued \$80,000 (2023 - \$80,000) to related parties, including a \$15,000 management fee (2023 - \$15,000) to Energold Minerals Inc. ("Energold"), a company controlled by John F. Kearney, a director; a \$12,500 management fee (2023 - \$12,500) to 2348035 Ontario Corp., a company controlled by Matthew Allas, an officer; a \$37,500 management fee (2023 - \$37,500) to PDM Strategies Inc., a company controlled by David Alward, an officer; and \$15,000 in office rent (2023 - \$15,000) to Buchans Resources Limited ("Buchans"), a company in which John F. Kearney serves as a director (Note 6).

Included in accounts payable and accrued liabilities at March 31, 2024 is \$Nil (2023 - \$9,417) payable to 2348035 Ontario Corp., \$11,300 (2023 - \$5,650) payable to Energold, \$5,650 (2023 - \$Nil) payable to Buchans, and \$14,375 (2023 - \$14,375) payable to PDM Strategies Inc. These amounts are unsecured, non-interest bearing and due on demand.

In the three months ended March 31, 2024, the Company advanced \$87,000 to Matthew Allas, Chief Executive Officer, which was fully repaid in May 2024.

18. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other key management personnel during the three months ended March 31, 2024 and 2023 was as follows:

	March 31, 2024	March 31, 2023
	\$	\$
Short-term compensation (i)	158,500	158,500
Share based compensation (ii)	1,978	21,146
	<u>160,478</u>	<u>179,646</u>

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

- (i) Short-term compensation includes cash based salaries, bonuses and allowances, employment benefits and directors' fees.
- (ii) Share based compensation includes stock option and RSU expenses recognized during the period.

As at March 31, 2024, \$52,333 (2023 - \$25,833) of short-term compensation remained payable to key management personnel. These amounts are unsecured, non-interest bearing and due on demand. See also Note 16.

During the three months ended March 31, 2024, \$37,500 (2023 - \$37,500) of short-term compensation was capitalized as exploration and evaluation expenditures.

19. COMMITMENTS AND CONTINGENCIES

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

On January 31, 2022, the Company's common shares commenced trading on Cboe Canada (at the time, the NEO Exchange). Effective commencement of trading, the Company is subject to ongoing conditional listing capital requirements of Cboe Canada, which require the Company to meet at least one of the following criteria: (i) maintain shareholders' equity of at least \$2,500,000; (ii) report annual net income from continuing operations of at least \$375,000; (iii) maintain a market value of the Company's listed shares of at least \$25,000,000; or (iv) report assets and annual revenue of at least \$25,000,000 each. The Company was in compliance with the ongoing conditional listing capital requirements of Cboe Canada throughout the three months ended March 31, 2024.

At March 31, 2024, the Company was party to certain management agreements. Minimum commitments under the agreements are in aggregate \$562,000 in the next year. These agreements also provide for payments of up to an aggregate of \$1,000,000 in the event of a change of control. As such an event has not occurred, the contingent payments have not been accrued for in these consolidated financial statements.

20. FINANCIAL INSTRUMENTS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures during the financial statement reporting periods.

Fair value

The carrying amounts for cash, accounts payable and accrued liabilities, lease obligation and interest payable on the consolidated statements of financial position approximate fair value because of the limited term of these instruments.

Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company is exposed to interest rate risk primarily through its Convertible Debenture. The Company has not entered into any hedging agreements to mitigate this risk.

Credit risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Management's assessment of the Company's risk is low as it is primarily attributable to funds held in bank accounts.

Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals and metals, particularly manganese.

Fair value hierarchy and liquidity risk disclosure

The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). During the periods presented, the Company did not have any material financial instruments measured at fair value that require classification within the fair value hierarchy.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, with the exception of the Convertible Debenture.

Capital risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and explore its exploration assets. The capital structure of the Company consists of shareholders' equity.

21. CAPITAL MANAGEMENT

The capital of the Company consists primarily of its shareholders' equity.

The Company's objective when managing capital is to maintain adequate levels of funding, done primarily through equity financing, to support the exploration, development and exploration of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. All equity financings require the approval of the Board of Directors.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no significant changes to the Company's approach to capital management during the three months ended March 31, 2024 and 2023.

22. SUBSEQUENT EVENTS

- a) On April 3, 2024, 216,813 RSUs were exchanged for 216,813 common shares of the Company for no additional consideration.
- b) On April 4, 2024, the Company agreed to grant a 3% gross revenue royalty on the Woodstock Project for US\$15,000,000 in cash consideration. Closing of the royalty transaction is expected by the end of May 2024.
- c) On May 14, 2024, the Company granted 3,000,000 stock options to directors, management and certain service providers, vesting quarterly over two years. Each stock option is exercisable at \$0.10 per share until May 14, 2029.