AMERICAN MANGANESE INC.

Condensed Consolidated Interim Financial Statements

April 30, 2021

(Unaudited – expressed in Canadian dollars)

AMERICAN MANGANESE INC.

Condensed Consolidated Interim Statements of Financial Position
As at April 30, 2021 and July 31, 2020
(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

		April 30, 2021		July 31, 2020
Assets				
Current				
Cash (Note 4)	$	**6,131,140**	$	256,949
Restricted cash equivalents (Note 4)		**23,000**		23,000
Amounts receivable (Note 5)		**100,135**		21,515
Due from related parties (Note 6b)		**-**		6,994
Prepaid expenses and advances		**735,572**		42,220
		6,989,847		350,678
Non-current				
Reclamation deposits		**41,027**		43,489
Exploration and evaluation assets (Note 7)		**496,728**		466,859
Total assets	$	**7,527,602**	$	861,026
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 5)	$	**672,735**	$	143,686
Equity				
Share capital (Note 8)		**39,570,802**		29,060,554
Share subscriptions received		**27,475**		-
Share-based payments reserve (Note 8)		**8,201,450**		6,641,619
Warrants reserve (Note 8)		**3,328,368**		5,830,493
Deficit		**(44,273,228)**		(40,815,326)
Total equity		**6,854,867**		717,340
Total liabilities and equity	$	**7,527,602**	$	861,026

Nature and Continuance of Operations (Note 1)
Subsequent events (Note 13)

Approved on behalf of the Board of Directors and authorized for issue on June 29, 2021

Larry W. Reaugh Director *Norman L. Tribe* Director

The accompanying notes are an integral part of these consolidated financial statements

AMERICAN MANGANESE INC.

Condensed Consolidated Interim Statements of Comprehensive Loss
For the three and nine-month periods ended April 30, 2021 and 2020
(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

	Nine months ended April 30		Three months ended April 30	
	2021	**2020**	**2021**	**2020**
Expenses				
Administration (Note 9)	$ 3,690,849	$ 1,425,227	$ 2,375,995	$ 583,900
Loss from operations	**3,690,849**	**1,425,227**	**2,375,995**	**583,900**
Finance income	(98)	(126)	(40)	(80)
Foreign exchange (gain) loss	24,878	(4,996)	25,088	(4,420)
Government grants received	(257,727)	-	(183,592)	-
Net loss for the period	**3,457,902**	**1,420,105**	**2,217,451**	**579,400**
Other comprehensive income				
Foreign currency gain on translation of subsidiary	$ -	$ (156)	$ -	$ (52)
Other comprehensive income for the period	**-**	**(156)**	**-**	**(52)**
Comprehensive loss for the period	**3,457,902**	**1,419,949**	**2,217,451**	**579,348**
Basic and diluted loss per share	**$ (0.02)**	**$ (0.00)**	**$ (0.01)**	**$ (0.00)**
Weighted average number of shares outstanding	**194,199,537**	**179,057,142**	**194,199,537**	**179,057,142**

The accompanying notes are an integral part of these consolidated financial statements

AMERICAN MANGANESE INC.

Condensed Consolidated Interim Statements of Changes in Equity
For the nine-month periods ended April 30, 2021 and 2020
(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

	Number of shares (Note 9)	Share capital (Note 9)	Prepaid share subscriptions	Share-based payments reserve (Note 9)	Warrants reserve (Note 9)	Deficit (Note 9)	Accumulated other comprehensive income (loss) (Note 9)	Total equity
Balance, July 31, 2019	**176,882,628**	**$ 28,625,654**	**$ 20,000**	**$ 5,588,082**	**$ 5,560,119**	**$ (41,190,452)**	**$ 2,416,859**	**$ 1,020,262**
Share-based payments	-	-	-	778,715	-	-	-	778,715
Issued pursuant to options exercise	720,000	78,554	-	(29,554)	-	-	-	49,000
Issued pursuant to warrants exercise	3,133,600	1,230,626	-	-	(603,906)	-	-	626,720
Prepaid share subscription	-	-	(20,000)	-	-	-	-	(20,000)
Net loss for the period	-	-	-	-	-	(1,420,104)	-	(1,420,104)
Other comprehensive loss for the period	-	-	-	-	-	-	156	156
Balance, April 30, 2020	**180,736,228**	**$ 29,934,834**	**$ -**	**$ 6,337,243**	**$ 4,956,213**	**$ (42,610,556)**	**$ 2,417,015**	**$ 1,034,749**
Balance, July 31, 2020	**180,736,228**	**$ 29,060,554**	**$ -**	**$ 6,641,619**	**$ 5,830,493**	**$ (40,815,326)**	**$ -**	**$ 717,340**
Share-based payments	-	-	-	2,330,373	-	-	-	2,330,373
Issued pursuant to private placements	8,235,770	1,667,994	-	-	-	-	-	1,667,994
Cost of share issuance	-	(68,399)	-	-	-	-	-	(68,399)
Warrants issued with private placement	-	(465,632)	-	-	465,632	-	-	-
Issued pursuant to options exercise	8,414,400	1,771,366	-	(770,542)	-	-	-	1,000,824
Issued pursuant to warrants exercise	17,707,957	7,604,919	-	-	(2,967,757)	-	-	4,637,162
Prepaid share subscription	-	-	27,475	-	-	-	-	27,475
Net loss for the period	-	-	-	-	-	(3,457,902)	-	(3,457,902)
Balance April 30, 2021	**215,094,355**	**$ 39,570,802**	**$ 27,475**	**$ 8,201,450**	**$ 3,328,368**	**$ (44,273,228)**	**$ -**	**$ 6,854,867**

The accompanying notes are an integral part of these consolidated financial statements

AMERICAN MANGANESE INC.

Condensed Consolidated Interim Statements of Cash Flows
For the nine-month periods ended April 30, 2021, and 2020
(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

		2021		2020
Cash flows from (used in) operating activities				
Net income (loss) for the period	$	(3,457,902)	$	(1,420,104)
Add items not affecting cash				
Share-based payments		2,330,373		778,715
Net changes in non-cash working capital items related to operations:				
Amounts receivable		(78,620)		(7,358)
Due from related parties		6,994		5,940
Prepaid expenses		(13,352)		56,083
Project advances		(680,000)		
Accounts payable and accrued liabilities		531,511		(13,880)
Net cash used in operating activities		(1,360,996)		(600,604)
Cash flows from (used in) investing activities				
Exploration and evaluation expenditures		(29,869)		(45,729)
Net cash used in investing activities		(29,869)		(45,729)
Cash flows from financing activities				
Net proceeds from issuance of shares		7,237,581		655,720
Prepaid share subscriptions		27,475		-
Net cash from financing activities		7,265,056		655,720
Effect of foreign exchange rates on cash and cash equivalents		-		(12)
Increase in cash and cash equivalents		5,874,191		9,375
Cash and cash equivalents, beginning of period		279,949		487,132
Cash and cash equivalents, end of period	$	6,154,140	$	496,507

The accompanying notes are an integral part of these consolidated financial statements

1. Nature and Continuance of Operations

American Manganese Inc. (the "Company") was incorporated under the laws of British Columbia on July 8, 1987, and is a publicly-traded company with its shares listed on the TSX Venture Exchange trading under the symbol "AMY". The Company is principally engaged in the acquisition, exploration and development of interests in mineral resource projects in British Columbia, Canada and Arizona, USA. To date, the Company has not generated any revenues and is considered to be in the exploration stage.

The address of the Company's corporate office and principal place of business is Unit 2 – 17942 55th Avenue, Surrey, British Columbia, Canada, V3S 6C8.

These consolidated interim financial statements comprise the financial statements of American Manganese Inc. and its wholly-owned subsidiary, Rocher Manganese Inc. ("RMI"), incorporated in the state of Arizona, USA.

The business of exploring and developing mineral resource properties involves a high degree of risk, and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for capitalized exploration and development costs is dependent on the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such properties at a profit. Changes in future conditions could require material write-downs of the carrying values of exploration and evaluation interests.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

Management estimates that the Company will have adequate funds to meet its current corporate, administrative and other obligations for the forthcoming 12-month period. The Company has financed its exploration and research and development activities and operations through equity issuances and expects to continue to do so to the extent such instruments are issuable under terms acceptable to the Company and until such time as its operations provide positive cash flows. However, while, the Company has been successful in raising financing in the past, there is no guarantee that it will be able to do so in the future.

2. Basis of Presentation

a) Statement of compliance

These condensed interim financial statements are unaudited and have been prepared on the historical cost basis in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* ("IAS 34"), using accounting policies which are consistent with the International Financial Report Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

2. Basis of Presentation (continued)

a) Statement of compliance (continued)

The accounting principles and policies utilized herein are consistent with those applicable to the annual audited financial statements; however, they lack certain disclosures that are ordinarily only reported in those annual statements. Accordingly, these statements should be read in conjunction with the Company's last annual financial statements as at and for the year ended July 31, 2020 and filed on www.SEDAR.com.

The condensed interim financial statements for the nine-month period ended April 30, 2021 were approved and authorized for issue by the Audit Committee on June 29, 2021.

b) Functional and presentation currency

These consolidated interim financial statements are presented in Canadian dollars, which is the parent Company's functional currency. Prior to July 31, 2020, the functional currency of the Company's subsidiary, RMI, was the United States dollar ("USD"). The accounts of the subsidiary are translated to the Canadian dollar for reporting purposes.

Effective July 31, 2020, the Company has assessed the current functional currency of RMI to be the Canadian dollar. Accordingly, the Company now recognizes in current income its foreign exchange translation gains and losses.

This change was applied prospectively and, accordingly, the comparative year's results are unchanged from those previously presented.

c) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingent liabilities as at the date of the consolidated financial statements, and the reported amount of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are as follows:

(i) Measurement and recoverability of the carrying value of exploration and evaluation assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. These assumptions are changed when conditions exist that indicate the carrying value may be impaired, at which time an impairment loss is recorded.

2. Basis of Presentation (continued)

c) Critical accounting estimates and judgments (continued)

Management is required to review the carrying value of its exploration and evaluation assets for potential impairment.

Evaluating the recoverability during the exploration and evaluation phase requires judgments in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluation may be more complex where activities have not yet reached a stage which permits a reasonable assessment of the existence of reserves or resources.

As such, it requires management to make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's financial ability to continue exploration and evaluation activities and the impact of the current and future mining processes for potential reserves.

The determination of historical costs applicable to the carrying value of residual exploration property interests, subsequent to their partial impairment or abandonment, is subject to significant estimation uncertainty.

Critical judgements in applying accounting policies

Significant judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

(i) Going Concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances (see Note 1).

(ii) Economic recoverability and probability of future economic benefits of exploration, evaluation and development costs

Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic information, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

3. Significant Accounting Policies

The policies applied in these interim condensed consolidated financial statements are based on IFRS issued and outstanding as at June 29, 2021, the date the Audit Committee approved the statements. Any subsequent changes to IFRS after this date could result in changes to the financial statements for the year ended July 31, 2021.

The condensed consolidated interim financial statements do not contain all disclosures required under IFRS and should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for the Company for the year ended July 31, 2020.

4. Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash at banks and on hand. Cash at banks earn interest at floating rates based on daily bank deposit rates.

The Company has $23,000 invested in a guaranteed investment certificate, held as collateral for a Company credit card and classified as a restricted cash equivalent.

5. Amounts Receivable and Accounts Payable and Accrued Liabilities

Amounts receivable are all current and include the following:

		April 30, 2021		July 31, 2020
Trade receivable	**$**	**24,960**	$	-
GST receivable		**75,175**		21,515
	$	**100,135**	$	21,515

Accounts payable and accrued liabilities include the following:

		April 30, 2021		July 31, 2020
Trade payables	**$**	**290,178**	$	109,426
Payroll amounts		**382,557**		34,260
	$	**672,735**	$	143,686

(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

6. Related Party Transactions

a) Investment in subsidiaries

The wholly-owned subsidiary of the Company has been incorporated in the USA and is included in these consolidated financial statements as disclosed in Note 1.

b) Transactions with related parties

At April 30, 2021, $nil (July 31, 2020 - $6,994 payable) was receivable from the CEO of the Company for advances for business expenses. The amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

c) Compensation of key management personnel

Total compensation expense for key management personnel and the composition thereof, is as follows:

		April 30, 2021		April 30, 2020
Short-term benefits	**$**	**343,420**	$	192,824
Share based compensation		**1,312,834**		46,500
	$	**1,656,254**	$	239,324

(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

7. Exploration and Evaluation Assets

Rocher Deboule Property, British Columbia	Balance July 31, 2019	Expenditures	Translation adjustments	Balance July 31, 2020	Expenditures	Translation adjustments	Balance April 30, 2021
Acquisition and staking	$ 164,452	$ 446	$ -	$ 164,898	$ -	$ -	$ 164,898
Assays & analysis	73,767	-	-	73,767	-	-	73,767
Camp & supplies	59,504	-	-	59,504	-	-	59,504
Drilling	146,826	-	-	146,826	-	-	146,826
Geological and geophysical	585,353	38,729	-	624,082	25,815	-	649,897
Travel and accommodation	21,197	7,000	-	28,197	4,054	-	32,251
Freight and transport	97,638	-	-	97,638	-	-	97,638
Mineral property option	(24,500)	-	-	(24,500)	-	-	(24,500)
BC Mining Exploration Tax Credit	(288,007)	-	-	(288,007)	-	-	(288,007)
Impairment	(532,000)	-	-	(532,000)	-	-	(532,000)
	$ 304,230	46,175	$ -	$ 350,405	29,869	$ -	$ 380,274
Lonnie property British Columbia							
Acquisition and staking	$ 54,121	$ -	$ -	$ 54,121	$ -	$ -	$ 54,121
Assays & analysis	4,528	-	-	4,528	-	-	4,528
Drilling	60,073	-	-	60,073	-	-	60,073
Geological and geophysical	82,025	-	-	82,025	-	-	82,025
Travel and accommodation	186	-	-	186	-	-	186
Mineral property option	(56,000)	-	-	(56,000)	-	-	(56,000)
BC Mining Exploration Tax Credit	(28,480)	-	-	(28,480)	-	-	(28,480)
	$ 116,453	-	$ -	$ 116,453	-	$ -	$ 116,453
Artillery Peak property Arizona							
Acquisition and staking	$ 3,226,449	$ -	-	3,226,449	-	-	3,226,449
Assays & analysis	417,870	-	-	417,870	-	-	417,870
Drilling	3,125,410	-	-	3,125,410	-	-	3,125,410
Equipment and rentals	11,860	-	-	11,860	-	-	11,860
Geological and geophysical	4,851,642	-	-	4,851,642	-	-	4,851,642
Travel and accommodation	231,495	-	-	231,495	-	-	231,495
Property maintenance	40,781	-	-	40,781	-	-	40,781
Other fieldwork	4,694	-	-	4,694	-	-	4,694
Impairment	(11,910,200)	-	-	(11,910,200)	-	-	(11,910,200)
	$ 1	$ -	$ -	$ 1	$ -	$ -	$ 1
Total	**$ 420,684**	**$ 46,175**	**$ -**	**$ 466,859**	**$ 29,869**	**$ -**	**$ 496,728**

a) Rocher Deboule property, British Columbia

The Rocher Deboule property consists of mineral claims covering approximately 1,016 hectares near New Hazelton, British Columbia. The Company initially acquired four staked claims consisting of 1,325 hectares in May 2011, and expanded the area of the property through additional staking. The Company owns a 100% interest in the Rocher Deboule property. During the year ended July 31, 2016 the Company allowed 31 of the 33 claims to expire and wrote off estimated costs of $532,000 incurred in respect to the claims dropped.

In November 2017 the Company entered into an option agreement with New World Cobalt Limited, formerly Liaz Pty Ltd ('Liaz'), an Australian public company, which has since been acquired by Longford Resources Limited ('LRL'), whereby Liaz may earn a 60% interest in the Rocher Deboule property. Consideration will consist of an initial payment of $10,000 (received), an additional payment of $5,000 or 50,000 shares of LRL (shares received); completion of exploration expenditures of $2,000,000 over four years; and $10,000 cash plus $5,000 cash or 50,000 shares of LRL each subsequent year until the 60% interest has been fully earned, of which $10,000 was also received during the 2018 fiscal year. In November 2018, Liaz withdrew from the option agreement.

7. Exploration and Evaluation Assets (continued)

b) Lonnie property, British Columbia

The Lonnie property is a niobium exploration property which covers approximately 674 hectares in the Omineca mining division of British Columbia. The Company initially staked mineral claims covering an area of approximately 692 hectares. In October 2007, the Company acquired additional claims covering approximately 1,788 hectares at a cost of $10,000 and 100,000 shares of the Company. The Company owns a 100% interest in the property.

c) Artillery Peak project, Arizona, USA

The Artillery Peak project includes 31 unpatented mineral claims covering approximately 620 acres, and is prospective for manganese.

During the year ended July 31, 2015 the Company decided to suspend conventional exploration on the Artillery Peak Property and wrote off a total of $5,977,294 in deferred costs. The residual balance was based on an estimate of the cumulative hydrometallurgical and related exploration costs incurred in connection with the patented technologies which have since been further developed by the Company.

These technologies are related in part to the recovery of manganese and accordingly, in the view of management, provided the potential to positively impact the future exploration and development of the Artillery Peak project. Current costs specifically related to the research and development process in respect to these technologies are being expensed as incurred as disclosed at Note 9.

Pursuant to a purchase agreement dated May 31, 2007, the Company purchased 90 unpatented lode claims (of which it currently retains 13) from Primus Resources, L.C. for $96,000 USD and 1,000,000 common shares of the Company. The purchase agreement also provides for a 2% NSR royalty in favour of the vendors. The Company has the right to repurchase 1% of the NSR for $2,000,000 USD.

At July 31, 2019, the Company elected to write off the balance of the remaining costs down to a nominal amount on the basis that there had been an extended period of limited direct exploration activity.

The Artillery Peak project comprises the main asset of RMI. In previous years the Company recognized net foreign currency gains largely related to the translation of historic deferred costs incurred on the project in US dollars, to Canadian dollars, amounts which were included in accumulated other comprehensive income. During the comparative year, such costs were written off, while in the current year, with the change in RMI's functional currency to Canadian dollars, the related historical currency gains have been included in income.

8. Share Capital, Share-Based Payments and Reserves

a) Authorized capital

The authorized share capital consists of an unlimited number of common voting shares without nominal or par value.

b) Issued shares

During the year ended July 31, 2020, 3,133,600 share purchase warrants with an exercise price of $0.05 per warrant were exercised for proceeds of $626,720. These warrants were originally valued at $215,279 using the Black Scholes Valuation Model and the value of these warrants was reclassified from the warrants reserve to share capital upon exercise.

On October 2, 2020, the Company closed the first tranche of a non-brokered private placement, issuing 3,784,252 non-flow-through units at $0.20 per unit for gross proceeds of $756,850. Each unit consists of one common share in the capital of the Company and one share purchase warrant entitling the holder to purchase one non-flow-through common share at a price of $0.30 per share during the two years following the warrant's date of issuance. The warrants attached to this issuance were valued at $212,162 using the Black Scholes Valuation Model, with this value allocated to the warrants reserve. The Company paid $35,683 in cash share issue costs pursuant to this issuance.

On October 30, 2020, the Company closed the second tranche of a non-brokered private placement, issuing 2,861,668 non-flow-through units at $0.20 per unit for gross proceeds of $572,334. Each unit consists of one common share in the capital of the Company and one share purchase warrant entitling the holder to purchase one non-flow-through common share at a price of $0.30 per share during the two years following the warrant's date of issuance. The warrants attached to this issuance were valued at $160,438 using the Black Scholes Valuation Model, with this value allocated to the warrants reserve. The Company paid $7,600 in cash share issue costs pursuant to this issuance.

On November 18, 2020, the Company closed the third and final tranche of a non-brokered private placement, issuing 1,068,850 non-flow-through units at $0.20 per unit for gross proceeds of $213,770. Each unit consists of one common share in the capital of the Company and one share purchase warrant entitling the holder to purchase one non-flow-through common share at a price of $0.30 per share during the two years following the warrant's date of issuance. The warrants attached to this issuance were valued at $59,924 using the Black Scholes Valuation Model, with this value allocated to the warrants reserve. The Company paid $23,956 in cash share issue costs pursuant to this issuance.

On December 16, 2020, the Company closed a non-brokered private placement, issuing 521,000 flow-through units at $0.24 per unit for gross proceeds of $125,040. Each unit consists of one flow-through common share in the capital of the Company and one share purchase warrant entitling the holder to purchase one non-flow-through common share at a price of $0.30 per share during the two years following the Warrant's date of issuance. The warrants attached to this issuance were valued at $33,108 using the Black Scholes Valuation Model, with this value allocated to the warrants reserve. The Company paid $1,160 in cash share issue costs pursuant to this issuance.

(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

8. Share Capital, Share-Based Payments and Reserves (continued)

During the nine months ended April 30, 2021, 17,707,957 share purchase warrants were exercised at prices ranging from $0.20 to $0.30 for proceeds of $4,637,162. These warrants were originally valued at $2,967,757 using Black Scholes Valuation Model and the value of these warrants was reclassified from the warrants reserve to share capital upon exercise.

During the nine months ended April 30, 2021, 8,414,000 share purchase options were exercised at prices ranging from $0.05 to $0.24 were exercised for proceeds of $1,000,824. These options were originally valued at $770,542 using Black Scholes Valuation Model and the value of these options was reclassified from the warrants reserve to share capital upon exercise.

c) Issued warrants

Changes in the Company's share purchase warrants during the periods ended April 30, 2021 and July 31, 2020 are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance outstanding at July 31, 2019	**35,569,249**	**0.23**
Issued	(3,133,600)	0.20
Cancelled	(6,835,190)	0.20
Balance outstanding at July 31, 2020	**25,600,459**	**0.25**
Issued	8,235,770	0.30
Exercised	(17,707,957)	0.26
Expired	(137,500)	0.20
Balance outstanding at April 30, 2021	**15,990,772**	**0.27**

(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

8. Share Capital, Share-Based Payments and Reserves (continued)

c) Issued warrants (continued)

As at April 30, 2021, the following common share purchase warrants were outstanding:

Expiry Date	Number of warrants	Exercise price	Weighted average remaining contractual life (years)
June 21, 2021[(a)]	550,000	0.25	0.14
June 29, 2021[(a)]	381,838	0.25	0.16
August 16, 2021[(a)]	30,555	0.25	0.30
November 1, 2021[(a)(b)]	25,000	0.25	0.51
December 19, 2021[(a)(b)]	150,000	0.25	0.59
December 4, 2021[(b)]	3,172,999	0.20	0.60
December 27, 2020[(b)]	400,000	0.30	0.66
January 11, 2022[(b)]	586,667	0.20	0.70
March 29, 2022[(b)]	1,058,650	0.20	0.91
May 3, 2022[(b)]	2,334,333	0.20	1.01
October 2, 2022	3,359,212	0.30	1.42
October 30,2022	2,651,668	0.30	1.50
November 16, 2022	768,850	0.30	1.55
December 15, 2022	521,000	0.30	1.63
	15,990,772		1.06

(a) During the year ended July 31, 2020, the expiry dates of these options were extended by one year. The values of these warrants were recalculated using the Black Scholes Valuation Model at the dates of extension and a total value of $485,653 was reallocated from share capital to the warrants reserve.

(b) During the period ended April 30, 2021, the expiry dates of these options were extended by one year.

The fair values of warrants issued pursuant to private placements were estimated using the Black Scholes Valuation Model with the following assumptions used:

	2021	2020
Dividend yield	0.00%	-
Expected volatility	78.17%	-
Risk-free interest rate	0.23% - 0.24%	-
Expected lives (years)	2.00	-
Issue date fair value	$0.0613 - $0.0889	-

(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

8. Share Capital, Share-Based Payments and Reserves (continued)

d) Broker warrants

Changes in the Company's broker warrants for the period ended April 30, 2021 and year ended July 31, 2020 are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance outstanding at July 31, 2019	**26,578**	**0.25**
Expired	(26,578)	0.25
Balance outstanding at July 31, 2020 and April 30, 2021	**-**	**-**

e) Share-based payments

In November 2016, the Company has adopted an incentive stock option plan, under the rules of the TSX-V pursuant to which it is authorized to grant stock options to executive officers, directors, employees and consultants, enabling them to acquire up to 27,148,600 shares of the Company. Under the stock option plan, the option exercise price of any option granted shall not be less than the discounted market price of the Company's common shares. If options are granted within 90 days of a distribution by prospectus, the minimum exercise price per share is the greater of the discounted market price and the share price paid by investors pursuant to the distribution. For the purposes of the stock option plan, the discounted market price is calculated in accordance with the policies of the TSX-V at the time of the grant of the options.

The options may be granted for a maximum term of 5 years and vest 25% on the date of grant and 25% every 6 months thereafter for 18 months. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding. Pursuant to the policies of the TSX-V, shares issued upon the exercise of options are restricted from trading during the 4-month period subsequent to the exercise of options.

In August 2019, the Company entered into a stock option agreement granting 5,880,000 common share purchase options exercisable at a price of $0.21 per share.

In February 2021, the Company entered into a stock option agreement granting 1,000,000 common share purchase options exercisable at a price of $1.99 per share and 5,950,000 common share purchase options exercisable at a price of $2.63 per share.

(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

8. Share Capital, Share-Based Payments and Reserves (continued)

e) Share-based payments (continued)

The fair value of each option granted is estimated at the time of the grant using Black Scholes option pricing model with weighted average assumptions for grants as follows:

	Nine months ended April 30, 2021	Year ended July 31, 2020
Dividend yield	0%	0%
Expected volatility	108.43%	198.05%
Risk-free interest rate	0.57%	1.35%
Expected lives	5.00	5.00
Grant date fair value	$1.5478 - $1.9568	$0.1848

Stock option transactions for the period ended April 30, 2021 and year ended July 31, 2020 are as follows:

	Number of options		**Weighted average exercise price**
Balance outstanding as at July 31, 2019	**16,090,000**	**$**	**0.16**
Granted	5,880,000	$	0.21
Exercised	(720,000)	$	0.07
Balance outstanding as at July 31, 2020	**21,250,000**	**$**	**0.18**
Granted	6,950,000	$	2.54
Exercised	(8,414,400)	$	0.12
Balance outstanding as at April 30, 2021	**19,785,600**	**$**	**1.01**

(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

8. Share Capital, Share-Based Payments and Reserves (continued)

As at April 30, 2021, the following stock options were outstanding:

Expiry date	Number of options	Exercise price		Weighted average remaining contractual life (years)
October 26, 2021	1,950,000	$	0.15	0.49
December 20, 2021	600,000	$	0.24	0.64
June 8, 2023	5,005,600	$	0.24	2.11
July 5, 2023	500,000	$	0.24	2.18
August 2, 2024	4,780,000	$	0.21	3.26
February 12, 2026	1,000,000	$	1.99	4.79
February 17, 2026	5,950,000	$	2.63	4.81
	19,785,600			3.31

f) Share-based payments reserve

The share-based payments reserve is used to recognize the fair value of share options granted to employees, including key management personnel, as part of their remuneration. When options are subsequently exercised, the fair value of such options in share-based payments reserve is credited to share capital.

g) Warrants reserve

The warrants reserve is used to recognize the fair value of warrants issued. When warrants are subsequently exercised, the fair value of such warrants in warrants reserve is credited to share capital.

h) Dilutive common shares

For the period ended April 30, 2021, potentially dilutive common shares relating to share purchase warrants and options outstanding totalling 15,990,772 and 19,785,600 respectively (July 31, 2020 – 25,600,459 and 20,950,000), were not included in the computation of loss per share as the effect would be anti-dilutive.

(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

9. Administration Expenses

General and administration expenses for the three and nine-month periods ended April 30, 2021 and 2020 consist of the following:

	Nine months ended April 30		Three months ended April 30	
	2021	2020	**2021**	2020
Bank charges and interest	$ **2,810**	$ 1,987	$ **1,374**	$ 491
Consulting fees	**167,494**	82,074	**73,540**	32,984
Filing agent and transfer fees	**87,726**	24,300	**56,465**	13,476
Insurance	**11,004**	6,287	**3,658**	-
Management fees	**2,900**	990	**943**	-
Office and miscellaneous	**24,891**	79,489	**9,935**	27,492
Office rent and property taxes	**8,145**	8,145	**2,715**	2,715
Professional fees	**28,752**	12,111	**15,170**	4,828
Research and development	**613,375**	7,000	**245,155**	7,000
Shareholder communications	**146,388**	210,772	**42,524**	39,011
Share-based payments	**2,330,373**	778,715	**1,788,828**	373,000
Telephone	**3,102**	5,689	**1,110**	2,809
Travel	**825**	14,846	**752**	5,120
Wages and benefits	**263,064**	192,824	**133,826**	74,974
Total	$ **3,690,849**	$ 1,425,227	$ **2,375,995**	$ $ 583,900

10. Financial Instruments and Financial Risk Management

a) Financial assets and liabilities by category

The Company classifies its cash and cash equivalents, amounts receivable (excluding sales tax receivable), due from related parties and reclamation deposits as financial assets measured at amortized costs and its marketable securities as financial assets measured at fair value through profit or loss. Accounts payable and accrued liabilities and payable to related parties are classified as other financial liabilities measured at amortized cost.

As of April 30, 2021, the statement of financial position carrying amounts of these financial instruments closely approximate their fair values, except for accounts payable and accrued liabilities, and payable to related parties where the fair value may be less than carrying amounts due to liquidity risks.

b) Fair value

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. Where quoted market prices are not available, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics. The fair value of current financial instruments approximates their carrying values as long as they are short term in nature or bear interest at market rates.

c) Fair value hierarchy

Financial instruments that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Cash and cash equivalents and marketable securities are valued using a market approach based upon unadjusted quoted prices for identical assets in an active market obtained from securities exchanges.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels 1, 2 and 3 during the periods ended April 30, 2021 and July 31, 2020.

(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

10. Financial Instruments and Financial Risk Management (continued)

c) Fair value hierarchy (continued)

	Fair value at April 30, 2021		
	Level 1	Level 2	Level 3
Financial assets			
Cash	6,131,140	-	-
Restricted cash equivalents	23,000	-	-
	6,154,140	-	-

	Fair value at July 31, 2020		
	Level 1	Level 2	Level 3
Financial assets			
Cash	256,949	-	-
Restricted cash equivalents	23,000	-	-
	279,949	-	-

d) Financial risk management

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in response to the Company's activities. Management regularly monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

In the normal course of operations, the Company is exposed to various risks such as interest rate, foreign exchange, credit and liquidity risks. To manage these risks, management determines what activities must be undertaken to minimize potential exposure to risks. The objectives of the Company in managing risks are as follows:

- Maintaining sound financial condition;
- Financing operations; and
- Ensuring liquidity to all operations.

There have been no changes in risks that have arisen or how the Company manages those risks during the periods ended April 30, 2021 and July 31, 2020.

10. Financial Instruments and Financial Risk Management (continued)

d) Financial risk management (continued)

(i) Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash and cash equivalents, which is invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, reclamation deposits and accounts payable and accrued liabilities that are denominated in US dollars. As at April 30, 2021, total net monetary assets and liabilities denominated in US dollars amounted to a net asset of $59,222 ($48,207 USD). Sensitivity to a plus or minus 10% change in the foreign exchange rate would affect net loss and comprehensive loss by $5,922 with all other variables remaining constant.

(iii) Commodity price risk

The value of the Company's exploration and evaluation assets are dependent on the price of manganese and the outlook for this mineral. Market prices for these metals historically have fluctuated widely and are affected by numerous factors outside the Company's control, including but not limited to, levels of worldwide production short term changes in supply and demand, industrial and retail demand, as well as certain other factors related specifically to manganese. If manganese prices decline for a prolonged period below the cost of production, it may not be economically feasible to continue towards production.

(iii) Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and trade receivables. The Company limits its exposure to credit risk on cash and short-term investment as these financial instruments are held with major Canadian and international banks, from which management believes the risk of loss to be remote.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining cash and cash equivalents. Liquidity requirements are managed based on expected cash flow to ensure there is capital to meet short term and long-term obligations. As disclosed in Note 1, the ability of the Company to continue as a going concern is dependent on many factors. The Company's cash and cash equivalents is primarily invested in bank accounts and guaranteed investment certificates which are cashable on demand.

(Unaudited – expressed in Canadian dollars unless specifically indicated otherwise)

11. Capital Management

The Company classifies its share capital, share subscriptions received, share-based payments reserve and warrants reserve as capital, which at April 30, 2021 totalled $51,134,098 (July 31, 2020 - $41,532,666). When managing capital, the Company's objectives are to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the periods ended April 30, 2021 and July 31, 2020. The Company is not subject to any externally imposed capital requirements.

12. Segmented Information

The Company operates in one segment – the exploration for and development of mineral property interests. Geographic information for the Company is as follows:

	April 30, 2021		July 31, 2020	
	Canada	**USA**	Canada	USA
Current assets	**$ 6,957,651**	**$ 32,196**	$ 345,472	$ 5,206
Non-current assets	**510,728**	**27,027**	480,858	29,490
Total assets	**$ 7,468,379**	**$ 59,223**	$ 826,330	$ 34,696
Current liabilities	**$ 672,735**	**$ -**	$ 143,686	$ -
Total liabilities	**$ 672,735**	**$ -**	$ 143,686	$ -

13. Subsequent Events

Subsequent to April 30, 2021, 460,000 share purchase options were exercised for total proceeds of $104,100 and 2,007,250 share purchase warrants were exercised for total proceeds of $431,025.