

**MANGANESE X ENERGY CORP.**  
**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED MARCH 31, 2017 AND 2016**

**(Expressed in Canadian dollars)**

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## MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Manganese X Energy Corp.:

Management is responsible for the preparation and presentation of the accompanying annual consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Audit Committee is composed of Directors who are neither management nor employees of the Company. The Committee is responsible for overseeing management in the performance of its financial reporting responsibilities. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Corporation's external auditors.

Wasserman Ramsay, Chartered Accountants has been appointed to audit the consolidated financial statements and their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board, the Audit Committee and management to discuss their audit findings.

July 28, 2017

*/s/ Martin Kepman*

Chief Executive Officer

# Wasserman Ramsay

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Chartered Accountants

## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of Manganese X Energy Corp.:

We have audited the accompanying consolidated financial statements of Manganese X Energy Corp. and its subsidiary, which comprise the consolidated statements of financial position as at March 31, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Manganese X Energy Corp. and its subsidiary as at March 31, 2017 and 2016 and the results of its operations, changes in equity and cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Emphasis of matter

Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements, which indicates that the Company had continuing losses during the year ended March 31, 2017. These conditions, along with other matters set forth in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

*Wasserman Ramsay*

Markham, Ontario  
July 28, 2017

Chartered Accountants  
Licensed Public Accountants

**MANGANESE X ENERGY CORP.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

As at,	March 31, 2017	March 31, 2016
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash & cash equivalents (note 7)	467 286	1 909
Cash - restricted flow-through funds (note 7)	551 000	272 383
Prepaid expenses	125 169	-
Receivables and other (note 8)	113 567	9 815
	<b>1 257 022</b>	284 107
<b>Non-current assets</b>		
Investment in associate (note 9)	-	1
<b>Total assets</b>	<b>1 257 022</b>	284 108
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 10)	130 890	1 384 512
Due to associate (note 11)	-	20 495
Loans payable (note 12)	-	100 858
<b>Total Liabilities</b>	<b>130 890</b>	1 505 865
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 13)	7 413 947	5 293 816
Reserves	3 476 551	2 485 198
Accumulated other comprehensive income	-	74 935
Deficit	(9 764 366)	(9 075 706)
<b>Total shareholders' equity</b>	<b>1 126 132</b>	(1 221 757)
<b>Total liabilities &amp; shareholders' equity</b>	<b>1 257 022</b>	284 108

Going concern (Note 2) and subsequent events (Note 23)

The Company's board of directors approved these annual consolidated financial statements on July 28, 2017.

APPROVED BY THE BOARD OF DIRECTOR

Signed "Martin Kepman" Director

Signed "Mark Billings", Director

The accompanying notes form an integral part of the consolidated financial statements

**MANGANESE X ENERGY CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED MARCH 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

	SHARE CAPITAL		RESERVES	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	DEFICIT	TOTAL
	#	\$	\$	\$	\$	\$
<b>Balance, as at March 31, 2015</b>	<b>16 109 960</b>	<b>4 947 025</b>	<b>2 447 898</b>	<b>58 518</b>	<b>(9 024 702)</b>	<b>(1 571 261)</b>
Private placements	85 312 996	346 791	37 300	-	-	384 091
Net income (loss) for the period	-	-	-	16 417	(51 004)	(34 587)
<b>Balance, as at March 31, 2016</b>	<b>101 422 956</b>	<b>5 293 816</b>	<b>2 485 198</b>	<b>74 935</b>	<b>(9 075 706)</b>	<b>(1 221 757)</b>
Consolidation 10:1	(91 280 661)	-	-	-	-	-
Private placements	24 993 667	1 092 570	836 375	-	-	1 928 945
Stock options issued	-	-	331 278	-	-	331 278
Settlement of debts	1 900 000	70 620	24 380	-	-	95 000
Acquisition of Houlton property	1 200 000	162 000	-	-	-	162 000
Settlement of debts	295 331	40 873	-	-	-	40 873
Warrants exercised	6 662 204	754 068	(200 680)	-	-	553 388
Sale of subsidiary	-	-	-	(49 679)	49 679	-
Net income (loss) for the period	-	-	-	(25 256)	(738 339)	(763 595)
<b>Balance, as at March 31, 2017</b>	<b>45 193 497</b>	<b>7 413 947</b>	<b>3 476 551</b>	<b>-</b>	<b>(9 764 366)</b>	<b>1 126 132</b>

The accompanying notes form an integral part of the consolidated financial statements

**MANGANESE X ENERGY CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**FOR THE YEARS ENDED MARCH 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

For the years ended,	March 31, 2017	March 31, 2016
	\$	\$
<b>Revenues</b>	-	-
<b>Expenses</b>		
Bank charges	1 579	7 355
Business development	-	6 256
Exploration expenses (note 14)	635 198	(60 000)
Stock based compensation	331 278	-
Operating expenses	304 286	41 416
Professional and consulting fees	760 334	96 312
Travel expenses	-	1 662
Reversal of bank error	-	(19 011)
Write-off of statute barred accounts payable	-	(22 986)
	<b>2 032 675</b>	<b>51 004</b>
<b>Net loss before other income (expense)</b>	<b>(2 032 675)</b>	<b>(51 004)</b>
<b>Other income (expense)</b>		
Gain on disposal of subsidiary	345 390	-
Gain on settlement of debts	948 946	-
<b>Net income (loss) before income taxes</b>	<b>(738 339)</b>	<b>(51 004)</b>
Deferred income tax expense	-	-
<b>Net income (loss) for the year</b>	<b>(738 339)</b>	<b>(51 004)</b>
<b>Other comprehensive loss</b>		
Exchange gain (loss) on foreign operations	(25 256)	16 417
<b>Net comprehensive income (loss)</b>	<b>(763 595)</b>	<b>(34 587)</b>
Loss per share - basic & diluted	(0,033)	(0,009)
Weighted average number of shares outstanding	22 889 066	3 797 977

The accompanying notes form an integral part of the consolidated financial statements

**MANGANESE X ENERGY CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

For the years ended,	March 31, 2017	March 31, 2016
	\$	\$
<b>Cash used in operating activities</b>		
Net income (loss) for the period	(738 339)	(51 004)
<i>Adjustments for items not involving cash:</i>		
Write-off of statute barred accounts payable	-	(22 986)
Gain on settlement of debts and loans	(948 946)	-
Gain on disposal of subsidiary	(345 390)	-
Investment in associate	1	-
Stock based compensation	331 278	-
Issuance of shares for property acquisition	162 000	-
<i>Changes in non-cash working capital items:</i>		
Receivables and other	(103 752)	(1 621)
Prepaid expenses	(125 169)	-
Accounts payable and accrued liabilities	29 978	(17 520)
	<b>(1 738 339)</b>	<b>(93 131)</b>
<b>Cash used in investing activities</b>		
	-	-
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares (net)	2 482 333	384 091
Loans	-	2 133
	<b>2 482 333</b>	<b>386 224</b>
Increase (decrease) in cash and cash equivalents	<b>743 994</b>	293 093
Cash and cash equivalents, beginning of the year	<b>274 292</b>	(18 801)
<b>Cash and cash equivalents, end of the year</b>	<b>1 018 286</b>	274 292
<b>Supplemental information:</b>		
Cash & cash equivalents	<b>467 286</b>	1 909
Cash - restricted flow-through funds	<b>551 000</b>	272 383
<b>Cash and cash equivalents, end of the year</b>	<b>1 018 286</b>	274 292

The accompanying notes form an integral part of the consolidated financial statements

**MANGANESE X ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED MARCH 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

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**1. GENERAL INFORMATION**

Manganese X Energy Corp. ("Manganese" or the "Company") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporation Act on December 4, 2007. On December 3, 2010, the Company changed its name from Numine to Sunset Cove Mining Inc. On December 1, 2016, the Company changed its name from Sunset Cove Mining Inc. to Manganese X Energy Corp. The principal activities of Manganese and its subsidiaries are to acquire and advance high potential mining prospects located in North America with the intent of supplying value added materials to the lithium ion battery and other alternative energy industries.

The Company's shares are listed under the symbol MN (formerly: SSM) on the TSX Venture Exchange. The registered office of the Company is located at 146 Bd. Brunswick, Pointe-Claire, Quebec, Canada.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on July 28, 2017.

**2. GOING CONCERN DISCLOSURE**

The business of mining exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. Although Manganese has taken steps to verify title to the properties on which it is conducting exploration and 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, aboriginal claims and non-compliance with regulatory requirements.

Several adverse conditions and events cast substantial doubt upon the validity of this assumption. Manganese is not currently generating any revenue from its operations. For the year ended March 31, 2017, the Company recorded a net comprehensive loss of \$763,595, including an exceptional gain on debt settlement of \$948,946 and a gain on disposal subsidiary of \$345,390, and had an accumulated deficit of \$9,764,366 (March 31, 2016 - \$9,075,706). The Company, at March 31, 2017, has working capital of \$1,126,132 (March 31, 2016 – deficit working capital of \$1,221,758).

Its ability to continue as a going concern is uncertain and is dependent upon its ability to fund its working capital, complete the development of its explorations, and eventually to generate positive cash flows from operations. Management plans to explore all alternatives possible, including joint ventures, debt and equity financings, and merger opportunities.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

**MANGANESE X ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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(Expressed in Canadian dollars)

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**3. BASIS OF PRESENTATION**

***Statement of compliance***

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ( “IFRS” ), as issued by the International Accounting Standards Board ( “IASB” ) and effective as of March 31, 2017. These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets, which are recorded at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

***Basis of consolidation***

The subsidiaries are fully consolidated from the date of acquisition and continue to be consolidated until the date control over the subsidiaries ceases. The annual consolidated financial statements of the Company include the accounts of its 100% wholly owned subsidiaries, 7712898 Canada Inc. located in Canada. Minera Manganese Del Peru SAC (“Minera”) located in Peru was disposed during the year. All significant inter-company transactions and balances have been eliminated upon consolidation.

***Investments subject to significant influence***

Investments over which the Company exercises significant influence are accounted for using the equity method. The equity method is basis of accounting for investments whereby the investment is initially recorded at cost and the carrying value, adjusted thereafter to include the investor’s pro rata share of post-acquisition earnings of the investee, as computed by the consolidation method. Profit distributions receivable from an investee reduce the carrying value of the investment. The Company’s investment in B&W Milling Inc. is accounted for under this method.

***Foreign operations***

Assets and liabilities of foreign operations whose functional currency is other than the Canadian dollar are translated into Canadian dollars using exchange rates in effect at period-end. Revenues and expenses, as well as cash flows, are translated using the average exchange rates for the period. Translation gains or losses are recognized in OCI.

***Functional and presentation currency***

These annual consolidated financial statements are presented in Canadian dollars, which is Company’s functional currency.

**MANGANESE X ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Financial Instruments***

Financial instruments are classified into one of the following four categories: loans and receivables; fair value through profit or loss; held-to-maturity; and available-for-sale. Financial assets are initially measured at fair value. Subsequent measurement and recognition of the changes in fair value of financial instruments depends upon their initial classifications, as follows:

- Financial assets and financial liabilities at fair value through profit and loss include financial assets and financial liabilities that are held for trading or designated upon initial recognition as at fair value through profit and loss. These financial instruments are measured at fair value with changes in fair values recognized in the condensed consolidated Statement of Comprehensive Loss.
- Financial assets classified as available-for-sale are measured at fair value, with changes in fair values recognized as Other Comprehensive Income (“OCI”) in the Statement of Comprehensive Loss, except when there is objective evidence that the asset is impaired, at which point the cumulative loss is recognized within the condensed consolidated Statement of Comprehensive Loss.
- Financial assets classified as held-to-maturity and loans and receivables are measured subsequent to initial recognition at amortized cost using the effective interest method.
- Financial liabilities, other than financial liabilities classified as fair value through profit and loss, are measured in subsequent periods at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a short period, to the net carrying amount on initial recognition.

The Company measures its financial assets and financial liabilities initially at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Company has classified its financial instruments as follows:

<b>Asset/ Liability</b>	<b>Classification</b>	<b>Measurement</b>
Cash and cash equivalents and restricted cash	FVTPL	Fair value
HST receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

The Company had no held-to-maturity or available-for-sale financial assets as at March 31, 2017 and 2016.

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset is impaired. Impairments are measured as the excess of the carrying amount over the fair value and are recognized in the income statement. The fair values of the Company's cash and cash equivalents, amounts receivable and accounts payable approximate their carrying values because of the immediate or short-term to maturity of these financial instruments.

**MANGANESE X ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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***Cash and cash equivalents***

Cash and cash equivalents consist of cash and cash equivalents with initial maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

**Exploration and evaluation assets**

The Company is in the exploration stage with respect to its investment in mineral claims. The Company follows the practice of expensing all costs relating to the acquisition of, exploration for, and development of mineral claims until the receipt of a feasibility study confirming the economic viability of the project. Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with general industry standards, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and, as such, title may be affected.

**Income taxes**

The Company applies the liability method of accounting for income taxes. Deferred income tax assets and liabilities are recognized for the future income tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective tax bases, and for tax losses carried forward.

Deferred income tax assets and liabilities are measured using the substantively enacted tax rates that will be in effect for the year in which the differences are expected to reverse. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available, against which the deductible temporary differences and unused tax losses can be utilized.

Deferred income tax assets and liabilities are recognized directly in income, OCI or equity based on the classification of the item to which they relate.

**Segment reporting**

The Company operates in a single reportable operating segment – the development of mineral properties.

**Share capital**

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

The proceeds from the issue of the units is allocated between common shares and share purchase warrants on a pro-rata basis based on the relative fair values as follows: the fair value of the common share is based on the market closing price on the date the units are issued and fair value of the share purchase warrants is determined using the Black-Scholes Option Pricing Model.

**Share capital issue costs**

Share capital issue costs are applied to reduce the proceeds of share capital issued in the period they are incurred.

**MANGANESE X ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**Share-based Compensation**

The Company grants stock options to buy common shares of the Company to directors, officers, employees and services providers. The board of directors generally grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of share purchase options granted is recognized as an expense or charged to exploration and evaluation assets as appropriate, with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value for share purchase options granted to employees or those providing services similar to those provided by a direct employee is measured at the grant date and each tranche is recognized using the accelerated method basis over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

The fair value for share purchase options granted to non-employees for services provided is measured at the date the services are received. The fair value of the share purchase options granted is measured at the fair value of the services received, unless the fair value of services received cannot be estimated reliably, in which case the fair value of the share purchase options is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

**Basic and diluted loss per share**

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

**Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense ("notional interest").

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

**MANGANESE X ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**Flow-through shares**

The Company will, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders and the premium liability is reversed. The reversal of the premium liability and the deferred tax liability are recognized as tax recoveries to the extent that suitable deferred tax assets are available.

***Fair Value Hierarchy***

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

**Restoration, Rehabilitation and Environmental Obligations**

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as at March 31, 2017 and 2016 as the disturbance to date is minimal.

***Use of Estimates and Judgments***

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the consolidated financial statements are disclosed in note 5.

**MANGANESE X ENERGY CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED MARCH 31, 2017 AND 2016**  
(Expressed in Canadian dollars)

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**5. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts 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 on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions. The estimates and judgments that, in managements' opinion, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

**(i) Fair Value of Financial Instruments**

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

**(ii) Impairment of non-financial assets**

Exploration and evaluation properties are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration property may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company measures, presents and discloses any resulting impairment loss in accordance with IFRS.

Impairment is assessed by management using key impairment indicators of IFRS 6 - Exploration for and evaluation of mineral resources, such assessment is subject to uncertainty.

**(iii) Share-based payment transactions**

The Company measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 13.

**(iv) Taxes**

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

**(v) Restoration, rehabilitation and environmental obligations**

Management's assumption of no material restoration, rehabilitation and environmental obligations is based on facts and circumstances that existed during the period. These facts and circumstances may be open to interpretation.

**(vi) Carrying value of Exploration and Evaluation Properties**

The carrying amount and recoverability of exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

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**6. ACCOUNTING PRONOUNCEMENTS**

***Accounting standard issued for adoption in future periods***

The following standards have been issued but are not yet effective. The Company is assessing the impact of this new standard, but does not expect it to have a significant impact on the consolidated financial statements.

- In July 2014, the IASB published IFRS 9 to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). The improvements introduced by IFRS 9 include a logical model for financial asset classification and measurement, a single, forward-looking 'expected loss' impairment model based on expected credit losses, and a substantially-reformed approach to hedge accounting. This standard applies to fiscal years beginning on or after January 1, 2018; early adoption is permitted. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning on March 1, 2018 and does not expect the adoption of IFRS 9 to have a material effect on its consolidated financial statements based on its current holding of financial instruments.
- On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. There are optional exemptions for short-term leases and leases of low value items. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on March 1, 2019 and does not expect the adoption of IFRS 16 to have a material effect on its consolidated financial statements.

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**7. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are as follows:

	<b>March 31, 2017</b>	March 31, 2016
	<b>\$</b>	\$
Cash Canadian banks	<b>36 928</b>	1 909
Cash Canadian in-trust banks	<b>981 358</b>	272 383
	<b>1 018 286</b>	274 292

The Company raised a total of \$1,192,965 in flow-through funds. Of this amount, \$551,000 remains restricted to be spend on Canadian Exploration Expenditures as at March 31, 2017.

**8. RECEIVABLES AND OTHER**

The accounts receivable are as follows:

	<b>March 31, 2017</b>	March 31, 2016
	<b>\$</b>	\$
Sales tax receivable	<b>113 567</b>	9 365
Other receivables	-	450
	<b>113 567</b>	9 815

**9. INVESTMENT IN AN EQUITY ACCOUNTED INVESTEE**

The Company's investment in its equity accounted investee as at March 31, 2017 was \$Nil (March 31, 2016 - \$1). The Company owned 5,000,000 shares in B&W Milling Inc. Both parties agreed on April 16, 2016 for cancellation of all shares of B&W issued to the Company in full and final settlement in capital, interests, costs and accessories.

B&W agreed to the full release and discharge of all amounts due to and owed by the Company and agreed to repurchase all shares owned by the Company for a price of \$57,883 for cancellation.

Reconciliation of the investment is as follows:

	<b>\$</b>
<b>Balance March 31, 2015</b>	<b>1</b>
Share of loss of the investee	-
<b>Balance March 31, 2016</b>	<b>1</b>
Settlement	(1)
<b>Balance December 31, 2016</b>	<b>Nil</b>

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**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The accounts payable and accrued liabilities are as follows:

	March 31, 2017	March 31, 2016
	\$	\$
Accounts payable	130 890	1 043 225
Accrued liabilities (contingency Peru)	-	341 287
	130 890	1 384 512

Accounts payable includes an amount of \$1,500 (March 31, 2016 - \$824,208) due to related parties (see Note 15). The Company settled various debts of the Company with certain officers, directors and long-term suppliers in the amount of \$905,992 during the year (see note 13). The Company accounted a gain on disposal of \$345,390 (accrued liabilities) due to the disposal of its subsidiary in Peru during the year.

**11. DUE TO ASSOCIATE**

The Company received no advances during the year ended March 31, 2017 from B&W Mining Inc. The balance owing is \$Nil (\$20,495 - March 31, 2016). The total advances were written-off at March 31, 2017, based on mutual agreement from both parties signed on April 16, 2016 (see note 9).

**12. LOANS PAYABLE**

The loan payable to an Officer is in the amount of \$Nil, as at March 31, 2017 (March 31, 2016 - \$27,225), was unsecured, payable on demand and bear interest at 6.5% per annum.

The loan payable to a Director is \$Nil, as at March 31, 2017 (March 31, 2016 - \$7,633), was unsecured, payable on demand and bear interest at 6.5% per annum.

The loan payable to a Director is in the amount of \$Nil, as at March 31, 2017 (March 31, 2016 - \$1,000), was unsecured, payable on demand and bear no interest per annum.

The loans payables to different entities are in the amount of \$Nil, as at March 31, 2017 (March 31, 2016 - \$65,000), were unsecured, payable on demand and bear no interest.

The Company settled all loans payable during the year (see note 13).

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**13. SHARE CAPITAL**

**A Authorized share capital:**

An unlimited number common share, without par value:

**B1 Common Shares Issued**

- a) On December 23, 2015, the Company announced that it was granted a Partial Revocation Order of the Cease Trade Order (“CTO”) by the BCSC. The original CTO was issued to the Company on August 6, 2015 for failure to file the Company’s audited financial statements. Under the Partial Revocation order the Company arranged a private placement of 85,312,996 common flow-through (the “Shares”) at a price of \$0.005 per Share for aggregate gross proceeds of \$426,564.98 (the “Offering”). The Agent was paid commission equal to 8% of the proceeds raised under the Offering and corporate finance fees equal to 2% of the proceeds raised (total paid \$42,565). The Agent will also receive Agent’s warrants equal to 10% of the Shares issued. Each Agent’s warrant will entitle the Agent to purchase one common share at the offering price for a period of 24 months. The subscribers were advised of the Partial Revocation order and other conditions. Of the total amount of the financing, \$37,300 was allocated to the value of the warrants issued with the balance of \$324,189 included with common shares. The warrants issued were valued using a Black-Scholes valuation model with the following inputs; expected volatility of 216%, risk free rate of interest of .48%, dividend yield of 0% and an expected life of 2 years.
- b) On September 16, 2016, Manganese announced that the TSX Venture Exchange has accepted for filing the documentation with respect to a previously announced private placement for the Issuance of 15,500,000 Units of the Company at \$0.05 on a post-consolidated basis (with each Unit being comprised of one (1) common share and one half (1/2) warrant), with each whole warrant giving the warrant-holder the right to purchase one (1) common share for \$0.10 for a period of three (3) years from the date of closing. The warrants expire on July 15, 2019. There is a statutory hold period on the Units, which expires on November 16, 2016, being four months and a day from closing. First Republic Capital Corporation acted as Agent for the Company and received 1,424,000 post-consolidation broker warrants, entitling them to purchase up to 1,424,000 Units at a price of \$0.05 per Unit, and Canaccord Genuity received 126,000 post-consolidation broker warrants entitling them to purchase up to 126,000 Units at a price of \$0.05 per Unit. The broker warrants expire on July 15, 2018. The gross proceeds of this financing, being \$775,000, will be used for general corporate purposes and the development of the Company’s projects, in particular, the Houlton Woodstock Manganese project as announced on June 28, 2016.

The fair value of the 7,750,000 Unit warrants at issue date was \$249,538, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: a 36 months expected average life; share price of \$0.05; 130% expected volatility; risk free interest rate of 0.51%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants. The fair value of the 1,550,000 Unit broker warrants at issue date was \$49,898, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: a 24 months expected average life; share price of \$0.05; 130% expected volatility; risk free interest rate of 0.51%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

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- c) The TSX Venture Exchange also approved during the quarter the settlement of various debts of the Company with certain officers, directors and long-term suppliers. Pursuant to various agreements entered with such creditors, the Company obtained the agreement of the creditors that they reduce their debt from \$905,992.46 to \$95,000 and then further settled the outstanding debt by the issuance of 1,900,000 Units with each Unit being comprised of one (1) common share and one half (1/2) warrant, with each whole warrant giving the warrant-holder the right to purchase one (1) common share for \$0.10 until July 15, 2019.

The fair value of the 950,000 warrants at issue date was \$24,380, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: a 24 months expected average life; share price of \$0.05; 130% expected volatility; risk free interest rate of 0.51%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

- d) On November 30, 2016, the Company announced that the TSX Venture Exchange has accepted the filing documentation relating to the Company's agreement to earn a 100% interest, from Globex Mining Enterprises Inc. (GMX-TSX, G1M-Frankfurt, GLBXF-OTCQX International), in the Houlton Woodstock Manganese Property located in Carleton County, in the Province of New Brunswick. The Company has issued 1,200,000 common shares (see note 13) to the vendors and the finder's fee common shares immediately. All securities issued by the Company in connection with the transaction are subject to a statutory four-month hold period.
- e) In connection with the Company's effort to restructure, the Company has also negotiated debt settlement agreements with various creditors. \$147,665 of outstanding debts were extinguished through the issuance of 295,331 shares at a deemed price of \$0.50 per share. The common shares issued were subject to a four-month hold period.
- f) On January 25, 2017, Manganese announced the closing of a private placement with the issuance of 4,387,000 Units of the Company at \$0.15 for gross proceeds of \$658,050.00 and 2,106,667 flow-through shares at a price of \$0.15 per FT shares for gross proceeds of \$316,000.05. With each Unit being comprised of one (1) common share and one (1) warrant, with each whole warrant giving the warrant-holder the right to purchase one (1) common share for \$0.25 for a period of two (2) years from the date of closing. The warrants expire on January 25, 2019. There is a statutory hold period on the Units, which expires on November 25, 2017, being four months from closing. First Republic Capital Corporation acted as Agent for the Company and received a cash fee representing 10% of the gross proceeds raised in the financing and 438,700 broker warrants, entitling them to purchase up to 438,700 Units at a price of \$0.15 per Unit or per Common Shares. The broker warrants expire on January 25, 2019. The total gross proceeds of this financing, being \$974,050.05, will be used for general corporate purposes and the development of the Company's projects, in particular, the Houlton Woodstock Manganese project as announced on June 28, 2016.

The fair value of the 4,387,000 Unit warrants at issue date was \$393,771, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.16; 130% expected volatility; risk free interest rate of 0.51%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants. The fair value of the 1,088,067 Unit broker warrants at issue date was \$97,663, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.16; 130% expected volatility; risk free interest rate of 0.51%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

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g) On February 23, 2017, Manganese announced the closing of a private placement with the issuance of 3,000,000 flow-through shares at a price of \$0.15 per FT shares for gross proceeds of \$450,000.00. First Republic Capital Corporation acted as Agent for the Company and received a cash fee representing 10% of the gross proceeds raised in the financing and 300,000 broker warrants, entitling them to purchase up to 300,000 Common Shares at \$0.15. The broker warrants expire on February 23, 2019. The total gross proceeds of this financing, will be used for the development of the Company's projects, in particular, the Houlton Woodstock Manganese project as announced on June 28, 2016.

The fair value of the 300,000 broker warrants at issue date was \$45,505, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.15; 130% expected volatility; risk free interest rate of 0.51%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

h) A total of 6,662,204 warrants were exercised during the year, the Company issued 6,662,204 common shares for warrants exercised.

**B2 Share Consolidation**

At the Company's annual general meeting on April 21, 2016, the shareholders approved the consolidation of its common shares based on one (1) new common share for every ten (10) previously issued common shares. On June 28, 2016, the Company announced that it would be proceeding with consolidation. Once finalized, this consolidation had result in 45,193,497 common shares issued and outstanding as at March 31, 2017.

**C Share purchase warrants**

The movement in the number of warrants (post consolidation) outstanding and their weighted average exercise prices are as follows:

	Warrants #	Weighted average exercise price \$
<b>Balance - March 31, 2015</b>	<b>3 140 000</b>	<b>0,15</b>
Warrants Expired	(170 000)	1,00
Private Placement	8 531 299	0,01
<b>Balance - March 31, 2016</b>	<b>11 501 299</b>	<b>0,03</b>
Warrants Expired	(2 970 000)	(0,10)
<i>Total pre-consolidation</i>	<i>8 531 299</i>	<i>0,01</i>
Consolidation 10:1	(7 678 170)	-
Private Placement	7 750 000	0,10
Private Placement	4 387 000	0,25
Private Placement	2 325 000	0,05
Private Placement	1 388 067	0,15
Settlement of debts	950 000	0,10
Warrants exercised	(6 662 204)	-
<b>Balance - March 31, 2017</b>	<b>10 990 992</b>	<b>0,15</b>

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As at March 31, 2017, the outstanding share purchase warrants were as follows:

Exercise price	Number outstanding and exercisable	Weighted average	
		remaining contractual life (years)	Expiry
\$0,05	193 500	1,3	July 2018
\$0,25	4 387 000	1,8	January 2019
\$0,15	1 088 067	1,8	January 2019
\$0,15	300 000	1,9	February 2019
\$0,10	4 072 425	2,3	July 2019
\$0,10	950 000	2,3	July 2019
	<b>10 990 992</b>	<b>2,0</b>	

**D Stock options**

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors. The option activity, under the share option plan and information concerning outstanding and exercisable options is as follows:

	No. of Options		Weighted Average Exercise Price (\$)
	Vested		
<b>Balance – March 31, 2015</b>	<b>493 000</b>	<b>1,70</b>	
Expired	(16 500)	1,00	
Expired	(190 500)	2,00	
<b>Balance – March 31, 2016</b>	<b>286 000</b>	<b>1,50</b>	
Expired	(286 000)	1,50	
Issuance	1 550 000	0,15	
Issuance	300 000	0,18	
Issuance	400 000	0,21	
Issuance	500 000	0,22	
Issuance	1 000 000	0,16	
<b>Balance – March 31, 2017</b>	<b>3 750 000</b>	<b>0,17</b>	

The fair value of the 1,350,000 stock options at the issue date (September 29, 2016) was \$39,204, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: a 36 months expected average life; share price of \$0.05; 130% expected volatility; risk free interest rate of 0.51%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

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The fair value of the 200,000 stock options at the issue date (November 30, 2016) was \$19,653, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: 36 months expected average life; share price of \$0.135; 130% expected volatility; risk free interest rate of 0.51%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

The fair value of the 300,000 stock options at the issue date (January 25, 2017) was \$37,448, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: 36 months expected average life; share price of \$0.18; 130% expected volatility; risk free interest rate of 0.51%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

The fair value of the 400,000 stock options at the issue date (February 23, 2017) was \$64,052, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: 36 months expected average life; share price of \$0.21; 130% expected volatility; risk free interest rate of 0.51%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

The fair value of the 500,000 stock options at the issue date (March 2, 2017) was \$55,950, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: 36 months expected average life; share price of \$0.215; 130% expected volatility; risk free interest rate of 0.51%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

The fair value of the 1,000,000 stock options at the issue date (March 31, 2017) was \$114,971, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: 36 months expected average life; share price of \$0.155; 130% expected volatility; risk free interest rate of 0.51%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

As at March 31, 2017 stock option issued and outstanding are as follows:

<b>Options granted and Weighted Average</b>		
<b>exercisable</b>	<b>Exercise Price (\$)</b>	<b>Expiry dates</b>
500 000	0,22	March 2018
1 350 000	0,15	September 2019
200 000	0,15	November 2019
300 000	0,18	January 2020
400 000	0,21	February 2020
1 000 000	0,16	March 2020
<b>3 750 000</b>	<b>0,17</b>	

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**14. EXPLORATION PROPERTIES**

Mineral exploration and evaluation expenses on the properties may be subject to exploration and/or mining restrictions. At the date of this report, management is not aware of any restrictions to its exploration activities.

***Houlton Woodstock Manganese Property***

On June 28, 2016 the Company announced that it will be entering into an option agreement with Globex Mining Enterprises. The Company having met certain conditions of a previously concluded agreement announced the conclusion of an option agreement for a manganese property in the province of New Brunswick. Pursuant to the agreement, it had agreed to issue up to 4 million shares of its share capital and pay up to \$200,000 in order to acquire a 100% interest in the property, details as follows:

- i) Pay \$200,000 in cash to the vendor as follows: \$100,000 on or before the 5<sup>th</sup> day after TSX-Venture Exchange acceptance of the Option agreement and \$100,000 on or before the date that is 12 months from the Effective date of the option agreement. The cash payments are a firm obligation and must be made even in the event the Company chooses not to complete the option agreement.
- ii) Issue 4,000,000 post consolidation shares as follows: 1,000,000 shares on or before the 5<sup>th</sup> day after TSX-Venture Exchange acceptance of the Option agreement; a further 1,000,000 shares on or before the 1<sup>st</sup> anniversary of the Effective date of the option agreement (these first two share issuance are a firm commitment); and a further 2,000,000 shares on or before the 2<sup>nd</sup> anniversary of the Effective date of the option agreement.
- iii) Spend \$1,000,000 in exploration expenditures on the property as follows: \$500,000 on or before the 1<sup>st</sup> anniversary of the Effective date of option agreement and an additional \$500,000 on or before the 2<sup>nd</sup> anniversary of the on or before the 2<sup>nd</sup> anniversary of the Effective date of the option agreement.
- iv) Deliver to the Vendor a Preliminary Economic Assessment (“PEA”) drawn up in accordance with then current professional standards.

The Company made the first cash payment deposit of \$100,000 on April 28, 2016 and a final cash payment of \$100,000 on February 3, 2017.

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**15. RELATED PARTY TRANSACTIONS AND BALANCES**

In addition to share issuances, transactions with related parties were as follows:

<b>For the twelve-month period ended March 31,</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Consulting fees paid to a company controlled by officers	60 000	3 350
Legal fees paid to a company controlled by a shareholder	-	16 539
Consulting fees paid to directors	46 889	30 020
	<b>106 889</b>	<b>49 909</b>

Amounts payable to related parties included in the non-current liabilities and in the accounts payable and accrued liabilities were as follows:

<b>Included in the accounts payable and accrued liabilities</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>\$</b>	<b>\$</b>
Consulting fees due to a company controlled by an officer	1 500	51,100
Legal fees due to a company controlled by a shareholder	-	103,169
Compensation payable to directors	-	124,000
Compensation payable to officers	-	545,939
	<b>1 500</b>	<b>824,208</b>

The Company settled during the year related parties' payables to certain former officers, directors and shareholders for the total amount due (see note 13).

Included in stock based compensation is \$173,650 of expense for stock options granted to directors and officers.

**16. EARNINGS PER SHARE ("EPS")**

*(a) Basic EPS*

Basic EPS is computed by dividing net loss for a period by the weighted average number of common shares outstanding during that period.

*(b) Diluted EPS*

Diluted EPS is computed by dividing net loss for a period by the diluted number of common shares. Diluted common shares includes the effects of instruments, such as share options, which could cause the number of common shares outstanding to increase.

The Company reported net losses for the periods ended March 31, 2017 and 2016; the Company has accordingly presented basic and diluted EPS, which are the same, on a single line in the statements of comprehensive loss. Diluted loss per share did not include the effect of share purchase options and warrants as they were anti-dilutive

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**17. SEGMENTATION INFORMATION**

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral property interests and in Canada only since the disposal of its subsidiary in Peru during the year. The total assets and the capital assets identifiable with these geographic areas are as follows:

	<b>March 31, 2017</b>	March 31, 2016
	<b>\$</b>	<b>\$</b>
Canada	<b>1 257 022</b>	284 108
Peru	-	-
<b>Total assets</b>	<b>1 257 022</b>	284 108
Canada	<b>(130 890)</b>	(1 164 578)
Peru	-	(341 287)
<b>Total liabilities</b>	<b>(130 890)</b>	(1 505 865)
Canada	<b>(763 595)</b>	(34 587)
Peru	-	-
<b>Net income (loss)</b>	<b>(763 595)</b>	(34 587)

**18. DISPOSAL OF SUBSIDIARY**

During the period, the Company changed its focus from exploration in Peru to acquiring and advancing high potential mining prospects located in North America. As a result, the Company disposed of its Peruvian subsidiary to an arm's length party for a nominal amount. As a result, the Company recognized a gain on disposal of \$345,390 with the intent of supplying value added materials to the lithium ion battery and other alternative energy industries.

**19. CAPITAL MANAGEMENT**

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company currently manages its capital structure and makes adjustments to it, based on cash resources expected to be available to the Company, in order to support the planned exploration and development of mineral property interests. Management has not established a quantitative capital structure. Capital needs are reviewed on a regular basis by management relative to the stage of development of the business entity.

The Company currently is dependent on externally provided equity financing to fund its future exploration activities. In order to carry out planned exploration and development and fund administrative costs, the Company will allocate its existing capital and plans to raise additional amounts as needed through equity and related party advances if available management reviews the capital management approach on an ongoing basis and believes that this approach is reasonable for the current state of the markets and exploration industry.

The Company and its subsidiary are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of March 31, 2017, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

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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 changes in the Company's approach to capital management during the years.

**20. INCOME TAXES**

	<b>2017</b>	2016
Loss before income taxes	<b>(738 339)</b>	(51 004)
Statutory tax rate	<b>27.0%</b>	27.0%
Expected tax recovery	<b>(199 500)</b>	(13 770)
Permanent differences	-	(16 200)
Change in deferred tax assets not recognized	<b>199 500</b>	29 970
Income taxes	-	-

The Company has operating losses and other costs which are being carried forward and which can reduce future income taxable income. The components of the net future income tax assets (liabilities) were as follows:

	<b>2017</b>	2016
Non capital losses	<b>1 743 000</b>	1 813 000
Mineral properties	<b>165 000</b>	-
Deferred tax assets not recognized	<b>(1 908 000)</b>	(1 813 000)
Net deferred income tax assets recognized	-	-

As at March 31, 2017 the Company had cumulative Canadian operating losses of approximately \$6,215,500 which has not been recognized and will expire if unused as noted below:

<b>Expiry</b>	<b>\$</b>
<b>2029</b>	<b>419 000</b>
<b>2030</b>	<b>1 032 000</b>
<b>2031</b>	<b>525 000</b>
<b>2032</b>	<b>1 419 000</b>
<b>2033</b>	<b>1 309 000</b>
<b>2034</b>	<b>1 129 000</b>
<b>2035</b>	<b>187 000</b>
<b>2036</b>	<b>50 500</b>
<b>2037</b>	<b>145 000</b>
	<b>6 215 500</b>

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**21. FINANCIAL INSTRUMENTS**

At March 31, 2017, the Company's financial instruments include cash and cash equivalents, other receivable, related party receivables, accounts payable and loan payable for which there are no differences in the carrying values and fair values, due to their short-term nature. The types of risk exposures are detailed below.

The Company is required to classify fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

Cash and cash equivalents are measured using Level 1 inputs. The warrant liability is measured using Level 2 inputs.

**22. FINANCIAL RISK FACTORS**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow and fair value interest rate risk); credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge these risks.

***Market risk***

*Foreign exchange risk*; the Company's subsidiaries are exposed to financial risks that arise from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company realized a substantial portion of its operations in Peruvian Nuevo Soles ("PNS") and U.S. currency before the disposal of its Peruvian's subsidiary during this quarter. The Company does not hold derivative financial instruments to manage the fluctuation of exchange rate risk. The following presents the accounts that were expose to foreign exchange volatility:

	<b>PNS</b>	<b>Total Can\$ Equivalent</b>
<b>March 31, 2017</b>		
Accounts payable and accrued liabilities	-	-
<b>March 31, 2016</b>		
Accounts payable and accrued liabilities	873 302	341 287

The company recorded a foreign exchange loss of \$25,256 related to its foreign operations for the year ended March 31, 2017.

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*Cash flow and fair value interest rate risk:* The Company is exposed to fluctuation in its future cash flows arising from changes in interest rates through its variable rate financial assets and liabilities. Other liabilities negotiated at a fixed rate expose the Company to fair value interest rate risk. The Company does not hold any interest-bearing debt.

*Commodity price risk:* while the value of the Company's core mineral resource is related to the price of precious metals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect of its operational activities. Precious metal prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors. Adverse movements in the prices of precious metals may also negatively affect the Company's ability to raise capital and meet its financial commitments.

### **Credit risk**

Credit risk arises from cash with banks and financial institutions. The Company reduces this risk by dealing with creditworthy financial institutions. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is subject to concentrations of credit risk through cash, and receivables.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuance. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The liquidity risk for the Company is considered high.

## **23. SUBSEQUENT EVENTS**

There were no subsequent events.