

# **Manganese X Energy Corp.**

## **Management's Discussion and Analysis**

### **For the six months period ending September 30, 2021**

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#### **GENERAL INFORMATION**

Management's Discussion and Analysis ("MD&A") of the financial position and of the results of operations is the responsibility of management and has been reviewed and approved by the Board of Directors of Manganese X Energy Corp. ("Manganese", "MN" or the "Company") on Nov 26, 2021.

Manganese X Energy Corp. 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.

On April 30, 2020, Manganese X Energy Corp. acquired a U.S. HVAC (heating, ventilation and air conditioning), patent for an air purification and disinfection process through its 100% owned subsidiary Disruptive Battery Corp. (DBC). On November 16, 2020, DBC executed a Definitive Agreement acquiring a 50-per-cent Joint Venture (JV) equity stake in PureBiotics, an air quality control company. Together they formed a Joint Venture, Pure Biotic Air Corp., for the purpose of providing a safe and effective air purification process by controlling air and surface contamination, thereby resulting in healthier homes and buildings. This air purification process incorporates the company's U.S. patented HVAC distribution system, designed to circulate Air Disinfection Agents (ADAs) through a building's HVAC system, as well as PureBiotics Air Mist Solutions, proven, safe and effective proprietary biological solutions for the purification of air and surfaces. At the end of 2020, Disruptive Battery Corp. (DBC), and its U.S. JV partner PureBiotic Air Inc., arranged for Virginia State University (VSU) to research and test the PureBiotics HVAC delivery system for the mitigation of COVID-19 and other contaminants. VSU's research and testing laboratory, which has a classification of biological safety Level 2, works with a list of agents permitted under that classification. There have been positive preliminary results from the VSU research study, indicating that PureBiotic Air Mist Solutions can potentially be effective at deconstructing biofilm which the Center for Disease Control and Prevention (CDC) calculate is responsible for 80 per cent of all infections. The deconstruction of biofilm reduces the risk of infection from pathogenic bacteria and viruses, including SARS-CoV-2 virus, the cause of the COVID-19 pandemic. Delays in testing have been caused by the COVID-19 restrictions, thereby limiting access to VSU testing facilities, as well as a reduction in staff availability. VSU testing will resume shortly on a regular basis as long as there are no additional COVID-19 interruptions.

The Company's shares are listed under the symbol MN on the TSX Venture Exchange (the "Exchange"). The registered office of the Company is located at 145 Graveline, Saint-Laurent, Quebec, Canada and it maintains a place of business at 120 Carlton St. Suite 219 in Toronto.

The following discussion and analysis should be read in conjunction with the unaudited interim condensed consolidated financial statements for the period ended September 30, 2021 and with the related notes attached thereto. These interim condensed consolidated financial statements have been prepared in accordance with international accounting standards for financial reporting.

The MD&A is provided to enable the reader to assess material changes in financial position and results of operations for the period ended September 30, 2021, in comparison to the corresponding period the year before. This MD&A is also intended to supplement and complement the audited consolidated financial statements of Manganese and accompanying notes for the year ended March 31, 2021 and should be read in conjunction therewith.

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The MD&A is prepared in conformity with NI 51-102F1 and unless expressly stated otherwise, all references to dollar amounts are in Canadian dollars, the functional currency of the Company.

The Company has now completed the dividenting out to its shareholders of the shares of its former subsidiary Graphano Energy Limited ("GEL") which is now trading separately on the Exchange under the trading symbol GEL.

#### **FORWARD-LOOKING STATEMENTS AND GOING CONCERN CAUTION**

This MD&A for the period ended September 30, 2021 may contain or refer to certain forward-looking statements relating, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "intend", "estimate", "may", and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

Any forward-looking information that may be presented in this MD&A is identified as such. Statements regarding the adequacy of cash resources to carry out our exploration and development programs or the need for future financing are forward-looking statements. Any forward-looking information is based on current expectations that involve a number of business risks and uncertainties. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Current shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested forward-looking statements.

Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur.

#### **GOING CONCERN DISCLOSURE**

The ability of the Company to continue as a going concern is uncertain and is dependent upon its ability to fund its working capital and other requirements, complete the development of its explorations, and eventually to generate positive cash flows from operations and/or raise the capital necessary to undertake new projects. Management plans to explore alternatives possible, including joint ventures, debt and equity financings, and merger opportunities.

The accompanying 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.

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 the Company 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

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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.

The ability of the Company to continue as a going concern (as is assumed in the presentation of financial statements) 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 alternatives possible, including joint ventures, debt and equity financings, and merger opportunities.

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 six-month period ended September 30, 2021, the Company recorded a net comprehensive loss of \$1,445,834 (September 30, 2020 – \$1,622,554) and had an accumulated deficit of \$19,479,152 (March 31, 2021 - \$18,033,317) but at that date had a positive shareholders' equity of \$4,833,649 and cash of \$4,513,995. While the "Going concern uncertainty" may still be justified in the longer term, the Company presently is in sound financial condition to maintain its operations for the next 18 months and beyond.

These interim condensed 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 such adjustments, if necessary, could be material.

#### **CORPORATE OVERVIEW**

The following individuals are currently members of the Company's board of directors: Martin Kepman, Roger Dahn, James Richardson, Robert Tjandra and Luisa Moreno. James Richardson is the Chief Financial Officer.

Wasserman Ramsay, Chartered Accountants, are currently the Company's auditors. Shimmy Posen, a Partner of Garfinkle, Biderman LLP, MN's corporate counsel and solicitors, is the Corporate Secretary.

The principal activities of MN 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 recent venture into the HVAC business is an opportunistic endeavour in an unrelated business area which has been prompted by the worldwide Covid crisis with its need for significantly improved air quality systems, a need which is expected to continue indefinitely into the future.

MN intends to provide a secure ethically sourced manganese supply by exploring and developing its manganese rich deposit near Woodstock New Brunswick, the Battery Hill Project.

#### ***Battery Hill/Houlton Woodstock Manganese Property***

On June 28, 2016, the Company announced that it would be entering into an option agreement with Globex Mining Enterprises (GMX). 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 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 5th 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 were a firm obligation and were made and

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required even in the event the Company chose not to complete the option agreement and have been completely satisfied.

- ii) Issue 4,000,000 common shares as follows: 1,000,000 shares on or before the 5th day after TSX-Venture Exchange acceptance of the Option agreement; a further 1,000,000 shares on or before the 1st anniversary of the Effective date of the option agreement (these first two share issuances were firm commitments); and a further 2,000,000 shares on or before the 2nd anniversary of the Effective date of the option agreement. All these shares have now been Issued as below.
- iii) Spend \$1,000,000 in exploration expenditures on the property as follows: \$500,000 on or before the 1st anniversary of the Effective date of the option agreement and an additional \$500,000 on or before the 2nd anniversary of the Effective date of the option agreement. This commitment has been satisfied.

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. As at March 31, 2018, a total of 2,400,000 shares were issued as per the option agreement including 400,000 shares as finder's fees common shares. The Company made the first share payment of 1 million shares on December 4<sup>th</sup> 2016 and an additional second share payment of 1 million shares on April 22, 2017. On November 30, 2018 the Company issued the final tranche of shares required under the option agreed by issuing 2,000,000 common shares at a value of \$0.12 each for a total value of \$240,000 (see note 11 of the interim condensed consolidated financial statements) and now owns 100% of the claims subject to a 3% Gross Metals Royalty.

#### ***Peter Lake Copper-Nickel-Cobalt Property***

On August 23, 2018, the Company signed a Property Option Agreement (the "Agreement") with a group of Vendors in Québec (the "Vendors"). Pursuant to the terms of the Agreement, the Company has acquired a 40% interest in the Property.(on which a net smelter royalty ("NSR") of 2% shall be payable to the Vendors on all metals produced from the Property with a right at any time to buy back one percent (1%) of the NSR from the Vendors for one million dollars (\$1,000,000)).

The Company made two cash payments totalling \$25,000 during the year ended March 31, 2019 and issued a total of 833,333 common shares and 500,000 warrants exercisable for a two year period at \$0.25 per share and valued at \$34,000 (now expired unexercised) as per the option agreement at a stated price of \$0.15 each for a total value \$125,000 (see note 11).

#### ***Lac Aux Bouleaux Property***

The Company acquired 100% interest in the Lac Aux Bouleaux Graphite ("LAB") Property under an agreement signed July 18, 2019, by paying \$10,000 cash and issuing 307,000 common shares of the Company valued at \$.12 per share. The Property consists of 14 mineral claims in one contiguous block totalling 738.12 hectares near the town of Mont-Laurier, in southern Québec. The Company has completed an updated NI 43-101 technical report which describes historical exploration work on the property and is available on SEDAR and on the Company's website.

The LAB Property has been dividended out to MN's shareholders through a former subsidiary of the Company known as Graphano Energy Ltd. ("Graphano"). Graphano's shares have been distributed to MN's shareholders as a dividend pursuant to the terms of a Scheme of Arrangement by which the Company distributed 15,559,049 common shares of Graphano ("Graphano Shares") to shareholders of record of Manganese X

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common shares ("Manganese X Shares") as of August 24, 2021 (the "Record Date"), on the basis of one Graphano Share for every eight shares of Manganese X held on the Record Date. The sale of the LAB property to Graphano Energy Limited and dividend distribution are booked at the carrying value in MN's books which has been a nominal value of \$1. GEL's shares are now listed for trading on the Exchange and began trading on September 30, 2021 under the trading symbol "GEL". Three members of MN's management and Board of Directors are presently three of the five members of Graphano's Board of Directors and management. Graphano has raised by way of private placements approximately \$4.1 m by issuing 82,278,660 Subscription Receipts to enable it to commence its exploration and development of the LAB Property. Owing to technical requirements of the Exchange, all shares of GEL have been consolidated on a one for 6.5 basis.

#### QUALIFIED PERSON AND QA/QC

Roger Dahn, B.Sc., P.Geo (New Brunswick), Manganese X Energy's Chair, is designated as the Qualified Person in compliance with National Instrument 43-101 as well as Perry MacKinnon, P.Geo, the Company's VP Exploration, who is also a Qualified Person regarding the Company's Houlton Woodstock Battery Hill manganese property located in Carleton County, New Brunswick.

#### FINANCIAL POSITION AND LIQUIDITY

The financial position of Manganese at September 30, 2021 is:

	<b>Sep 30, 2021</b> \$	March 31, 2021 \$	Sep 30, 2020 \$
Current assets	<b>4,868,178</b>	5,846,315	2,607,204
Non-current assets	<b>127,500</b>	135,000	545,000
Total assets	<b>4,995,678</b>	5,981,315	3,152,204
Current liabilities	<b>162,029</b>	243,514	96,821
Shareholder's Equity	<b>4,833,649</b>	5,737,801	3,055,383
Total liabilities and Equity	<b>4,995,678</b>	5,981,315	3,152,204
Working capital	<b>4,706,149</b>	5,602,801	2,510,384

Cash at September 30, 2021 was \$4,513,995 (including \$Nil in restricted flow-through funds) compared to \$5,562,483 (including \$Nil in restricted flow-through funds) at March 31, 2021. The Company is very gratified that it has been so successful in raising the working capital necessary to fund all of its projects for at least the next 15 months at increasing share prices.

As of September 30, 2021, Manganese had working capital of \$4,706,149 compared to \$5,602,801 at March 31, 2021 and \$2,510,384 at September 30, 2020. This significant increase in working capital is attributable to warrant and share Option exercises and the above noted success in its recent share offerings at increasing prices and in anticipation of further exploration and development work on its Battery Hill Project.

The Company continues to focus on advancing the Battery Hill Project and DBC's Joint Venture but will continue to be watchful for potential opportunities for raising additional funds, with which it continues to be very successful.

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Cash flows used in operating activities, for the six-months period ended September 30, 2021, were \$1,091,163 compared to \$720,286 used in the same period ended September 30, 2020. The net loss for the period was \$1,445,834 in 2021 compared to a net loss of \$1,622,554 in 2020 for the comparative same period, primarily reflecting unusually large non-cash costs associated with the stock-based compensation costs identified in detail in the accompanying financial statements as well as increasing exploration and other operating expenses.

Cash flows used in investing activities for the six-months period ended September 30, 2021, were \$Nil compared to \$345,000 for the same period ended Sep 30, 2020.

Cash flows from financing activities for the six-months period ended September 30, 2021, were \$42,675 compared to \$2,878,016 for the same period ended Sep 30, 2020, again arising from the Company's warrant exercises.

Other current assets (excluding cash) at September 30, 2021 were \$354,184 compared to \$283,832 at March 31, 2021. Other current assets are prepaid expenses and Canadian sales tax receivable which is expected to be received in cash in the next two months.

The Company's interest in Mountain Spring Oil and Gas Limited ("MSOG") a private company incorporated to invest in operating Oil and Gas properties in the province of Alberta has now been fully provided for and the Company continues to take under advisement the possibility of further legal action for recovery of its losses arising from this investment.

On April 30, 2020, the Company acquired by way of a definitive agreement, a US patent for a system and method for air quality disinfection, sterilization and deodorization. Further testing has been encouraging and more detailed testing is now being undergone. The acquisition of this patent will add new technology to our Disruptive Battery Corp. ("DBC") subsidiary. It is intended that Disruptive Battery Corp. will work in partnership with universities, chemical labs and global HVAC companies and experts in the field of environmental science, especially the University of Virginia with whom the Company now has an agreement for work to be conducted via its 50% owned joint venture subsidiary. The terms of the acquisition were 1.5 million shares at a value of \$0.10 each (\$150,000) plus a 2% royalty on future sales by DBC deriving from the patent. DBC has the option to repurchase 1/2 of the royalty for the sum of \$250,000. The Company has further advanced an amount of US\$50,000 (CAD\$66,555) as its share of the research costs to further test and develop products related to this patent. The research is being completed in tandem with DBC. The amount incurred for research has, in accordance with the Company's accounting policy, been expensed.

	<b>Opening</b>	<b>Additions</b>	<b>Amortization</b>	<b>Net</b>
Patent	\$ 135,000	\$ -	\$ 7,500	\$ 127,500

Accounts payable and accrued liabilities were \$162,029 at September 30, 2021 compared to \$243,514 at March 31, 2021. Included in the accounts payable and accrued liabilities for this period is an amount of \$109,050 (March 31, 2021 - \$118,617) due to related parties of the Company (See Related Party Transactions for additional information). This is attributable to the greater operating activity levels of the Company and ensuing increase in management fee costs

Shareholders' Equity was positive \$4,833,649 at September 30, 2021 compared to \$5,737,801 at March 31, 2021 and \$3,055,383 at September 30, 2020. The detail of the Shareholders' Equity is:

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	<b>Sep 30, 2021</b>	March 31, 2021	Sep 30, 2020
	\$	\$	\$
Share capital	<b>17,343,669</b>	17,292,628	12,920,324
Reserves	<b>6,969,132</b>	6,478,490	4,988,807
	<b>24,312,801</b>	23,771,118	17,909,131
Deficit	<b>(19,479,152)</b>	(18,033,317)	(14,853,748)
<b>Total shareholders' equity</b>	<b>4,833,649</b>	5,737,801	3,055,383

The Company has no ongoing revenue streams (nor does it expect to develop any in the immediate future) and relies primarily on equity financing (but could include loans) to meet its obligations. The accumulated deficits continue to rise in the context of the Company's expanding activities and its routine and expected absence of revenues.

**CAPITAL RESOURCES**

***Common shares***

a) On April 10, 2019, Manganese closed a private placement with the issuance of 4,150,000 Units of the Company at \$0.12 for gross proceeds of \$497,500 (\$330,250 of the cash for this placement was received in 2019 with each Unit being comprised of one (1) common share and one (1) warrant, with each warrant giving the warrant-holder the right to purchase one (1) common share for \$0.145 expiring on April 10, 2022. The fair value of the 4,150,000 Unit warrants at issue date was \$294,387, as calculated using a Black-Scholes option pricing model with the following assumptions: 36 months expected average life; share price of \$0.12; 112% expected volatility; risk free interest rate of 2.50%; 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.

On September 3, 2020, Manganese announced the closing of a private placement with the issuance of 24,999,145 Units of the Company at 8 cents for gross proceeds of \$2,000,000, with each Unit being comprised of one (1) common share and one (1) warrant giving the warrant-holder the right to purchase one (1) common share for 15 cents expiring on September 3, 2023. In connection with the private placement the Company paid finder's fees in an aggregate amount of \$20,160 and issued compensation warrants for 172,000 common shares at \$0.15 per share for three (3) years from closing. All securities issued pursuant to the financing are subject to a four-month hold period. The total gross proceeds of this financing are anticipated to be used for metallurgy and drilling at the company's Woodstock Battery Hill manganese project, costs associated with the planned spinout of the company's Lac Aux Bouleaux graphite property, marketing and investor relations, and general working capital. The fair value of the 24,999,145 warrants at issue date was \$1,223,914, as calculated using a Black-Scholes option pricing model with the following assumptions: 36 months expected average life; share price of \$0.08; 121.87% expected volatility; risk free interest rate of 0.26%; and an expected dividend yield of 0%. The allocation of the total proceeds to share capital and warrant reserve was effected by pro-rating the current trading value of the shares with the Black-Scholes calculated value of the warrants over the total purchase consideration.

On October 15, 2020, Manganese completed a private placement of 6,000,000 Units of the Company at \$0.255 per unit for gross proceeds of \$1,530,000 with each Unit being comprised of one (1) common share and one (1) warrant exercisable into one (1) common share at \$0.40 per share expiring on October 21,

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2022. The Offering was closed on October 21, 2020. No finder's fees were paid in connection with the Offering.

On February 11, 2021, Manganese announced it had completed a non-brokered private placement offering for gross proceeds of \$1,636,210 through the issuance of up to 4,958,212 units at a price of \$0.33 per Unit. Each Unit of the Offering was comprised of one common share in the capital of the Company and one common share purchase warrant being exercisable into one additional Common Share at a price of \$0.44 per share until February 11, 2023. The Company paid cash fees of \$29,482.20 and issued 89,340 finder's warrants, which each entitle the holder thereof to purchase one Common Share at a price of \$0.44 until February 11, 2023 to a registered finder. The net proceeds received by the Company from the Offering are expected to be used for exploration, business development and general working capital purposes.

- b) On July 18, 2019 the Company issued 307,000 common shares (see note 12 of the interim condensed consolidated financial statements), for the Lac Aux Bouleaux Property located in the Province of Québec, to the vendors as per the purchase agreement at a value of \$36,840.
- c) On April 30, 2020 the Company issued 1,500,000 common shares (see note 9 of the interim condensed consolidated financial statements) with a value of \$150,000, for the acquisition by DBC of a US patent for a system and method for air quality disinfection, sterilization and deodorization.
- d) On May 19, 2020, the Company has issued 100,000 common shares at a deemed price of 12 cents per share to an arm's length consultant pursuant to a consulting agreement under which services were provided from December 1, 2019 to the date thereof.
- e) A total of 284,500 warrants were exercised during the six-month period ended September 30, 2021, the Company issued 284,500 common shares for warrants exercised and \$42,675 was received.

There were 124,534,907 common shares issued and outstanding as at September 30, 2021 compared to 124,250,407 as at March 31, 2021.

#### ***Share purchase warrants***

As at September 30, 2021, the movement in the number of warrants outstanding and their weighted average exercise prices are as follows:

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	Warrants #	Weighted average exercise price \$
<b>Balance - March 31, 2019</b>	<b>10,358,325</b>	<b>0.20</b>
Issued	4,150,000	0.145
Warrants exercised	(1,497,850)	0.12
Warrants expired	(1,911,475)	0.10
Warrants expired	(6,449,000)	0.25
<b>Balance - March 31, 2020</b>	<b>4,650,000</b>	<b>0.16</b>
Issued	24,999,145	0.15
Warrant issued	172,000	0.15
Warrants expired	(500,000)	0.25
Warrants exercised	(3,950,000)	0.145
Issued	6,000,000	0.400
Issued	4,958,212	0.44
Warrant issued	89,340	0.44
Warrants exercised	(11,810,705)	0.15
<b>Balance -Mar 31, 2021</b>	<b>24,607,992</b>	<b>0.27</b>
Warrants exercised	(284,500)	0.15
<b>Balance -June 30, 2021</b>	<b>24,323,492</b>	<b>0.27</b>
	-	-
<b>Balance -Sep 30, 2021</b>	<b>24,323,492</b>	<b>0.27</b>

For fair value of the 4,150,000 warrants (first line, above, year ended March 31, 2020) refer Note subsection (a) of section (B) "Common shares issued" above.

The fair value of the 24,999,145 warrants at issue date (in the prior year) was \$1,223,914, as calculated using a Black-Scholes option pricing model with the following assumptions: 36 months expected average life; share price of \$0.08; 121.87% expected volatility; risk free interest rate of 0.26%; and an expected dividend yield of 0%. The allocation of the total proceeds to share capital and warrant reserve was effected by pro-rating the then current trading value of the shares with the Black-Scholes calculated value of the warrants over the total purchase consideration.

The fair value of the 172,000 Units (also prior year) warrants issued with a strike price of \$.15 during the second quarter was \$27,636, as calculated using a Black-Scholes option pricing model with the following assumptions: 36 months expected average life; share price of \$0.21; strike price of \$.0.15; 124.51% expected volatility; risk free interest rate of 0.25%; and an expected dividend yield of 0%.

The fair value of the 6,000,000 warrants issued as part of Units during the prior year's third quarter was \$1,319,321, as calculated using a Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.32; strike price of \$.0.40; 152.36% expected volatility; risk free interest rate of 0.25%; and an expected dividend yield of 0%. The allocation of the total proceeds to share capital and warrant reserve was effected by pro-rating the then current trading value of the shares with the Black-Scholes calculated value of the warrants over the total purchase consideration.

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The fair value of the 4,958,212 warrants at issue date (in Q4 of the prior year) was \$2,484,621, as calculated using a Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.63; 163.69% expected volatility; risk free interest rate of 0.22%; and an expected dividend yield of 0% and pro-rated similarly as above.

The fair value of the 89,340 warrants issued as part of Units with a strike price of \$0.44 during the prior year was \$44,769, as calculated using a Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.63; strike price of \$.0.44; 163.69% expected volatility; risk free interest rate of 0.22%; and an expected dividend yield of 0% and pro-rated similarly as above.

As at September 30, 2021, the outstanding share purchase warrants were as follows:

<b>Exercise price</b>	<b>Number outstanding and exercisable</b>	<b>Weighted average remaining contractual life (years)</b>	<b>Expiry dates</b>
\$0.150	13,103,940	2.3	Sep 2023
\$0.150	172,000	2.3	Sep 2023
\$0.400	6,000,000	1.3	Oct 2022
\$0.440	4,958,212	1.6	Feb 2023
\$0.440	89,340	1.6	Feb 2023
<b>Balance -Sep 30, 2021</b>	<b>24,323,492</b>	<b>1.9</b>	

***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, not less than the previous day's Closing Price, 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:

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	No. of Options Vested	Weighted Average Exercise Price (\$)
<b>Balance – March 31, 2019</b>	<b>5,325,000</b>	<b>0.15</b>
Options issued	1,950,000	0.12
Options exercised	(100,000)	0.12
Options expired	(825,000)	0.10
Options expired	(1,250,000)	0.15
Options expired	(800,000)	0.16
Options expired	(300,000)	0.18
Options expired	(950,000)	0.20
Options expired	(400,000)	0.21
<b>Balance - March 31, 2020</b>	<b>2,650,000</b>	<b>0.11</b>
Options issued	300,000	0.12
Options issued	2,100,000	0.20
Options issued	700,000	0.86
Options issued	800,000	0.25
Options exercised	(1,820,000)	0.12
Options expired	(560,000)	0.12
Options issued	2,600,000	0.63
Options exercised	(750,000)	0.20
Options expired	(120,000)	0.12
<b>Balance - Mar 31, 2021</b>	<b>5,900,000</b>	<b>0.46</b>
Options issued	300,000	0.50
<b>Balance - June 30, 2021</b>	<b>6,200,000</b>	<b>0.47</b>
	-	-
<b>Balance - Sep 30, 2021</b>	<b>6,200,000</b>	<b>0.47</b>

The fair value of the 1,950,000 stock options at the issue date (September 11, 2019) was \$195,078, calculated using the Black-Scholes option pricing model with the following assumptions: 60 months expected average life; share price and strike price of \$0.12; 122% expected volatility; risk free interest rate of 1.43%; and an expected dividend yield of 0%.

The fair value of the 300,000 stock options at the issue date (May 19, 2020) was \$20,239, calculated using the Black-Scholes option pricing model with the following assumptions: 36 months expected average life; share price and strike price of \$0.10; 120% expected volatility; risk free interest rate of 0.50%; and an expected dividend yield of 0%.

The fair value of the 2,100,000 stock options at the issue date (September 4, 2020) was \$376,828, calculated using the Black-Scholes option pricing model with the following assumptions: 36 months expected average life; share price and strike price of \$0.20; 125.22% expected volatility; risk free interest rate of 0.28%; and an expected dividend yield of 0%.

The fair value of the 700,000 stock options at the issue date (September 15, 2020) was \$445,315 calculated using the Black-Scholes option pricing model with the following assumptions: 36 months expected average life; share price and strike price of \$0.86; 129.7% expected volatility; risk free interest rate of 0.27%; and an expected dividend yield of 0%.

# Manganese X Energy Corp.

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### For the six months period ending September 30, 2021

The fair value of the 800,000 stock options at the issue date (December 29, 2020) was \$190,801 calculated using the Black-Scholes option pricing model with the following assumptions: 36 months expected average life; share price and strike price of \$0.30; 139.85% expected volatility; risk free interest rate of 0.26%; and an expected dividend yield of 0%.

The fair value of the 2,600,000 stock options at the issue date (February 1, 2021) was \$1,403,896 calculated using the Black-Scholes option pricing model with the following assumptions: 60 months expected average life; share price and strike price of \$0.63; 130.82% expected volatility; risk free interest rate of 0.18%; and an expected dividend yield of 0%. One third of the options vest on the date of grant and one third of the options will vest on each of the 12 and 24 months anniversary of the date of grant. The total value of the options in the amount of \$1,403,896 will be amortized over the vesting period.

The fair value of the 300,000 stock options at the issue date (April 4, 2021) was \$148,995 calculated using the Black-Scholes option pricing model with the following assumptions: 60 months expected average life; share price and strike price of \$0.50; 132.26% expected volatility; risk free interest rate of 0.49%; and an expected dividend yield of 0%.

As at September 30, 2021, stock options issued and outstanding are as follows:

	Options granted	Options exercisable	Weighted Average Exercise Price (\$)	Expiry dates
	300,000	300,000	0.12	September 2024
	1,500,000	1,500,000	0.20	September 2023
	700,000	700,000	0.86	September 2023
	800,000	800,000	0.25	December 2023
	2,600,000	866,667	0.25	February 2026
	300,000	300,000	0.50	April 2026
<b>Balance -Sep 30, 2021</b>	<b>6,200,000</b>	<b>4,466,667</b>	<b>0.31</b>	

As at September 30, 2021 the share structure of the Company is as follows:

Outstanding Shares	Warrants	Options	Fully Diluted
124,534,907	24,323,492	6,200,000	155,058,399

As on date of filing the share structure of the Company is as follows:

Outstanding Shares	Warrants	Options	Fully Diluted
124,534,907	24,323,492	6,200,000	155,058,399

While the share structure has been increased, management believes this is very much to the benefit of the shareholders as it has provided significant additional capital and liquid financial resources by which to pursue its business objectives.

# Manganese X Energy Corp.

## Management's Discussion and Analysis

### For the six months period ending September 30, 2021

#### RESULTS OF OPERATIONS

The Company has currently no operations generating sales and revenues. Detail for the periods ended September 30, 2021 and 2020 are:

For the periods ended September 30,	Three months ended		Six months ended	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Revenues</b>	-	-	-	-
<b>Cash Expenses</b>				
Exploration expenses (note 12)	51,625	94,733	308,907	116,152
Research cost	54,679	-	73,859	-
Other operating expenses	16,357	148,221	35,886	22,061
Management fees	63,000	-	119,545	70,200
Professional and consulting fees	19,831	77,745	107,589	184,696
Printing, Postage and mailing expense re: Plan of Arrangement	2,529	-	171,539	10,576
Advertising and marketing	45,754	-	118,831	74,725
Foreign exchange loss	119	1,194	3,171	1,762
	<b>253,895</b>	<b>321,893</b>	<b>939,327</b>	<b>480,172</b>
<b>Non-cash Expenses/(income)</b>				
Stock-based compensation- Non-Cash (note 11)	175,007	822,143	499,008	842,382
Amortisation	3,750	-	7,500	-
Provision for loss on investment (note 8)	-	-	-	300,000
Profit on sale of property (note 12)	(1)	-	(1)	-
	<b>178,756</b>	<b>822,143</b>	<b>506,507</b>	<b>1,142,382</b>
<b>Net loss and comprehensive loss</b>	<b>432,650</b>	<b>1,144,036</b>	<b>1,445,834</b>	<b>1,622,554</b>
Loss per share - basic & diluted	<b>0.003</b>	0.015	<b>0.012</b>	<b>0.022</b>
Weighted average number of shares outstanding	<b>124,534,907</b>	78,037,293	<b>124,457,699</b>	<b>73,631,868</b>

Total expenses for the six-months period ended September 30, 2021 were \$1,445,834 compared to \$1,622,554 in 2020, down by \$176,719 (-11%).

The significant changes year over year in expenses are as noted below:

The stock-based compensation was \$499,008, down by \$343,374 (-41%) if compared to last year at \$842,382. Stock-based compensation expense is mostly a function of the number of options issued in a year and the stock's volatility and the grants of options which create this expense are undertaken only intermittently.

The printing and mailing expense incurred to comply with Regulatory requirements of the Plan of Arrangement for spinning out the LAB property to Graphano was extraordinary and of such a magnitude because of the large size of the document required and the large number of shareholders which the company is blessed to have. This is not expected to be a recurring item and the Company would urge Regulators to consider the desirability of permitting such information distribution to be undertaken digitally.

The Other operating expenses of \$35,886, up by \$13,825 (63%) if compared to last year at \$22,061 reflect an increase in the Company's activity level.

# Manganese X Energy Corp.

## Management's Discussion and Analysis

### For the six months period ending September 30, 2021

The professional and consulting fees of \$107,589, down by \$77,107 (-42%) if compared to last year at \$184,696 reflect greater activity levels throughout the Company's business.

For the six-months period ended September 30, 2021 the exploration expenses were \$308,907 (2020 - \$116,152), up by \$192,755 (166%). This increase has been necessary in the context of the Company's announced desire to complete a Preliminary Economic Assessment by the end of 2021. The Advertising and marketing expense increase results from the Company's desire to increase public awareness of the Company and its significant achievements. Management fees increased as a result of the increasing demands being placed on Board members and senior management as a result of its very significantly increased activities.

Shareholders should expect the Company's exploration expenses to continue to increase as it works to complete its Preliminary Economic Assessment of its Battery Hill Project. Coupled with the innovative metallurgical work that is being undertaken on behalf of the Company by Kemetco, the end result is intended to be a unique North American source of battery grade Magnesium Sulphate of extremely high purity. Further developments will be published by way of timely press releases as developments warrant.

Under IFRS, the Company has chosen to expense all costs related to mineral exploration incurred prior to the point of defining a NI 43-101 compliant resource, attaining economic feasibility, and the acquisition of a mining permit. While written off for financial statement purposes, the Company continues to track them separately by property and kind of expenditure. 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.

#### SUMMARY QUARTERLY INFORMATION

Selected quarterly information for the most recently completed quarters is presented below in Canadian Currency (\$):

Quarter ended	Consolidated			
	Revenues	Net loss and Net comprehensive loss for the	Net loss per share	Number of shares
	\$	\$	\$	\$
September 30, 2021	-	(432,650)	(0.003)	124,534,907
June 30, 2021	-	(1,013,185)	(0.008)	124,534,907
March 31, 2021	-	(2,057,887)	(0.017)	124,250,407
December 31, 2020	-	(1,200,387)	(0.011)	106,731,490
September 30, 2020	-	(1,144,036)	(0.011)	99,933,990
June 30, 2020	-	(478,519)	(0.007)	69,164,845
March 31, 2020	-	(196,473)	(0.003)	67,564,845
December 31, 2019	-	(174,222)	(0.003)	67,564,845
September 30, 2019	-	(418,606)	(0.006)	67,564,845
June 30, 2019	-	(133,316)	(0.002)	65,989,995

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## Management's Discussion and Analysis

### For the six months period ending September 30, 2021

The increasing losses at the same time as the Company is being accorded increased share prices in trading in its shares is a reflection of the greater respect that the Company is experiencing and the positive expectations that many investors have for its continuing and ultimate success.

Since mid-2011, the junior mineral exploration industry in general had been struggling to access capital. The TSX-Venture exchange, which is heavily weighted towards the mining industry, had declined 58%, reflecting the malaise of the industry. Recently there has been some significant reversal of these trends owing primarily to a rebound in gold and other precious metal prices, but also to increased interest in what are broadly referred to as battery metals, including manganese and graphite. In this environment, the Company's focus has been on taking advantage of the capital raising opportunities presented and deploying this additional capital in ways that may be greatly to its shareholders' benefit. It believes it is now well positioned in a mineral resource sector of increasing strategic importance in North America and the world as a whole.

#### Results of Operations - Selected Annual and quarterly Information

Period ended,	Sep 30, 2021 (6 months)	March 31, 2021 (12 months)	Sep 30, 2020 (6 months)	March 31, 2020 (12 months)	March 31, 2019 (12 months)
Net Revenues	-	-	-	-	-
Total Expenses	1,445,834	4,880,829	1,622,554	922,617	1,204,963
<b>Net Loss</b>	<b>1,445,834</b>	<b>4,880,829</b>	<b>1,622,554</b>	<b>922,617</b>	<b>(1,204,963)</b>
<b>Net Comprehensive Loss</b>	<b>1,445,834</b>	<b>4,880,829</b>	<b>1,622,554</b>	<b>922,617</b>	<b>(1,204,963)</b>
Loss per share (Basic)	0.012	0.053	0.022	0.015	(0.021)
Loss per share (Diluted)	0.012	0.053	0.016	0.012	(0.016)
<b>Total Assets</b>	<b>4,995,678</b>	<b>5,981,316</b>	<b>3,152,204</b>	<b>1,074,341</b>	<b>1,728,562</b>
<b>Total Liabilities</b>	<b>162,029</b>	<b>243,514</b>	<b>94,901</b>	<b>128,801</b>	<b>750,123</b>

#### Additional Disclosures for Venture Issuers without Significant Revenue

	Exploration Expenses	Stock-based Compensation	General Administrative Expenses	Amortisation	Other Operating Expense	Professional, Consulting and Management fees	Provision for loss on Investment
Exploration expenditures for six month period ended Sep 30, 2021	308,907						
Other expenses for six month period ended Sep 30, 2021		499,008	403,287	7,500	119,545	107,589	-
Exploration expenditures for six month period ended Sep 30, 2020	116,152						
Other expenses for six month period ended Sep 30, 2020		842,382	163,338	-	15,986	184,696	300,000

The exploration expenditures include acquisition costs and exploration costs.

The General Administrative costs include the following expenses from the statement of Comprehensive Loss: operating expenses including filing, insurance and general office expenses and shareholder and public relations expenses to keep its shareholders and other interested investors informed of its activities and professional and consulting fees for the management of all of its operations including its increasing number of subsidiaries.

#### TRANSACTIONS WITH RELATED PARTIES

# Manganese X Energy Corp.

## Management's Discussion and Analysis

### For the six months period ending September 30, 2021

In addition to share issuances to which many of its Insiders were Subscribers, transactions with related parties were as follows:

<b>For the six-months period ended Sep 30,</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Management and other fees paid to companies controlled by Officers and Directors	<b>119,545</b>	46,200
Exploration expenditures paid to an officer as geological consultant to the company	<b>29,442</b>	27,583
Legal and professional fees paid to a firm of which Company's Secretary is a partner	<b>137,599</b>	108,997
Stock-Based compensation expense - directors and officers	<b>391,311</b>	-
	<b>677,898</b>	182,780

<b>For three months period ended Sep 30,</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Management fees paid to companies controlled by officers	<b>63,000</b>	22,700
Exploration expenditures paid to an officer	<b>15,672</b>	20,538
Legal and professional fees paid to a firm of which Company's Secretary is a partner	-	48,542
Stock-Based compensation expense - directors and officers	<b>121,158</b>	-
	<b>78,672</b>	91,780

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>Sep 30, 2021</b>	<b>March 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Consulting fees payable to companies controlled by officers and Directors	<b>7,627</b>	5,367
Exploration expenditures due to directors	<b>1,423</b>	4,039
Owing to a legal firm in which the corporate secretary is a partner	<b>100,000</b>	109,211
	<b>109,050</b>	118,617

## SUBSEQUENT EVENTS

There are no significant events since September 30, 2021.

## CURRENT AND FUTURE CHANGES IN ACCOUNTING POLICY

### ***Statement of compliance***

These interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and effective as of September 30, 2021.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the six-month period ended September 30, 2021 may not be indicative of the results that may be expected for the year ending March 31, 2022. These interim condensed consolidated financial statements of the Company have been prepared using historical costs and fair values of certain items. Items measured at fair value include cash held in foreign currencies, warrants, and share based payments. Certain comparative figures have been reclassified to conform to the current year's presentation.

# **Manganese X Energy Corp.**

## **Management's Discussion and Analysis**

### **For the six months period ending September 30, 2021**

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#### ***Basis of consolidation***

The subsidiaries are fully consolidated from the date of acquisition and continue to be consolidated until the date control over the subsidiary's ceases. The annual consolidated financial statements of the Company include the accounts of its 100% wholly owned subsidiaries, 7712898 Canada Inc. Disruptive Battery Corp. and, until August 2021, Graphano Energy Ltd ("Graphano"), all located in Canada. All significant inter-company transactions and balances have been eliminated upon consolidation. Graphano was dividdened out to its shareholders (see Note 12) on August 24, 2021 and as such has been de-consolidated. The net investment in Graphano, pursuant to the Company's policy of writing off mining properties and related expenditures, was a nominal amount and therefore not disclosed separately.

#### ***Investments subject to significant influence***

Investments over which the Company exercises significant influence are accounted for using the equity method. The equity method is a basis of accounting for investments whereby the investment is initially recorded at cost, 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. There are no investments in this category presently.

#### ***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 other comprehensive income ("OCI"). This applies primarily to the DBC subsidiary and its joint venture.

#### ***Functional and presentation currency***

These interim condensed consolidated financial statements are presented in Canadian dollars, which is Company's functional currency.

## **FUTURE ACCOUNTING PRONOUNCEMENT**

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after September 30, 2021. There are currently no such pronouncements that are expected to have a significant impact on the Company's interim condensed consolidated financial statements upon adoption.

## **SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements in conformity with IFRS requires management to make estimates and judgments 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 management's 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

# **Manganese X Energy Corp.**

## **Management's Discussion and Analysis**

### **For the six months period ending September 30, 2021**

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uncertainty.

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

Exploration and evaluation properties, if capitalized, would be 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 would be assessed by management using key impairment indicators of IFRS 6 - Exploration for and evaluation of mineral resources, such assessment is subject to uncertainty. The Company does not capitalize its exploration properties.

#### **(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 11 to the interim condensed consolidated financial statements.

#### **(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**

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, and 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 September 30, 2021.

## **RISK AND UNCERTAINTIES**

MN's strategy emphasizes developing properties in order to leverage its intellectual property and drive the creation of shareholder value. This strategy has required, and continues to require, significant financings, and is subject to risks associated with mineral prices, mineral resources and operations as well as share price fluctuations. Due to the nature of the Company's business and the present stage of development of its mineral

# **Manganese X Energy Corp.**

## **Management's Discussion and Analysis**

### **For the six months period ending September 30, 2021**

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resource projects, readers should carefully review and consider the financial, environmental and operational risk factors affecting the Company.

#### ***Need for Additional Financing***

The Company currently has no source of operating cash flow, and there is no assurance that additional funding will be available to the Company as and when needed for further exploration and development of its projects, or to fulfill its obligations to its existing creditors. Volatile markets may make it difficult or impossible for the Company to obtain adequate debt or equity financing in the future, or on terms acceptable to the Company. The failure to obtain additional financing could force the Company to liquidate its assets to satisfy creditor claims. The Company is gratified that its recent experience of availability to it of additional capital resources from the markets has been very positive.

#### ***No Production Revenues***

To date, the Company has not achieved revenue from mining operations. There can be no assurance that significant additional losses will not occur in the near future, or that the Company will be profitable in the future. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, and the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of new properties and other factors, many of which are beyond the Company's control. In particular, the Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel, and equipment associated with advancing exploration, development and commercial production of its properties are added. The Company does not expect to receive revenues from mining operations in the foreseeable future. The Company expects to continue to incur losses until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any revenues or achieve profitability.

#### ***Dependence on Management***

The Company's business and operations are dependent on recruiting and retaining the services of a small number of key members of management and qualified personnel. The success of the operations and activities of the Company are dependent, to a significant extent, on the efforts and abilities of the management of the Company. Investors must be willing to rely, to a significant extent, on the discretion and judgment of the management of the Company. Furthermore, while the Company believes that it will be successful in attracting qualified personnel and retaining its current management team, there can be no assurance of such success. The Company does not maintain key employee insurance on any of its employees or contractors.

#### ***Competition***

The business of the Company is intensely competitive. The Company competes with other mining companies for the acquisition of mineral rich properties that can be developed economically, technical expertise and skilled labour in finding, developing and operating such properties and funding. The Company competes with other mining companies that have greater financial and technical resources and experience. Many competitors not only explore for and mine precious metals, but also conduct refining and marketing operations on a worldwide basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees, or to acquire the capital necessary to fund its operations and develop its properties. The inability of the Company to compete with other mining companies for these resources could have a material adverse effect on the Company's results of operations and business.

#### ***Title of Mineral Property Rights***

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties for which it holds concessions, mineral leases, licenses, or which are the subject of joint

# **Manganese X Energy Corp.**

## **Management's Discussion and Analysis**

### **For the six months period ending September 30, 2021**

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ventures, there can be no assurance that the Company has valid title to such mineral properties or that its title thereto will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. The Company does not carry title insurance with respect to any of its mineral properties in which it currently holds an interest. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to explore or mine that property, likely without compensation for its prior expenditures relating to the property.

#### ***Risks and Hazard Relating to Mineral Exploration and Exploitation***

Mineral exploration and exploitation involve a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities.

The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of some properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining, or to upgrade existing infrastructure. There can be no assurance that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Company are affected by many factors, many outside the control of the Company, including the cost of operations, variations in the grade of ore mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful.

#### ***Risks Relating to Government Regulation***

The Company's operations and properties are subject to laws and regulations governing mineral concession acquisition, mine development and prospecting, mining, production, occupational health and safety, labour standards, employment, waste disposal, toxic substances, land use, environmental protection, use of water, exports, taxes, royalties and other matters. It is possible that the Company may not be able to comply with existing and future laws and regulations. In addition, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes to the terms of the Company's permits and agreements, which could have a material adverse impact on the Company's current operations and future development projects. The Company may experience increased costs and delays in production as a result of the need to comply with applicable laws, regulations and permits. Permits are subject to the discretion of government authorities and there is no assurance that the Company will be able to obtain all required permits on reasonable terms or on a timely basis.

Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in enforcement actions thereunder, including the loss of the Company's mining concessions, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, fines, penalties or other liabilities. The Company may be required to compensate those suffering loss or damage by reason of its mining operations and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

#### ***Regulations and Permits***

The Company will be required to obtain certain permits in order to carry on operations at its mineral properties. There is no guarantee that such permits, if and when required, will be granted or renewed on terms acceptable

# **Manganese X Energy Corp.**

## **Management's Discussion and Analysis**

### **For the six months period ending September 30, 2021**

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to the Company. Furthermore, the Company may be required to obtain additional licenses and permits from various governmental authorities to continue and expand its development and production activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licences, permits and approvals that may be required for future development, construction and operations.

The Company's activities are also subject to a wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all.

The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

#### ***Dividends Unlikely for extended period of time***

The Company has not declared or paid any dividends since the date of its incorporation and does not currently anticipate that dividends will be declared in the short or medium term. Earnings, if any, would be retained to finance further development of the Company's business.

#### ***Uninsurable Risks***

Mineral exploration and exploitation activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position and the value of the common shares of the Company. The Company does not maintain insurance against environmental risks.

#### ***Inability to Enforce Legal Rights in Certain Circumstances***

In the event a dispute arises in a foreign jurisdiction, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. Similarly, to the extent that the Company's assets are governed or located outside of Canada, investors may have difficulty collecting from the Company any judgments obtained in the Canadian courts and predicated on the civil liability provisions of securities legislation. The Company's interests are primarily in Canada with a lesser amount in the United States whose rule of law is generally similar to our own, albeit at generally greater cost.

#### ***Exchange Rate Fluctuations***

Exchange rate fluctuations may adversely affect the Company's financial position and results. The Company incurs certain costs in U.S. dollars, Euros and British Pounds, while financial results are reported in Canadian dollars. Currency exchange fluctuations may materially adversely affect the Company's future cash flows,

# **Manganese X Energy Corp.**

## **Management's Discussion and Analysis**

### **For the six months period ending September 30, 2021**

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results of operations and financial condition. The Company does not currently engage in hedging or have a policy in place for managing or controlling foreign currency risks. Recent experience suggests that such risks have not resulted in material adverse effects for the Company.

#### ***Share Price Fluctuations***

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly development stage companies, have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations in the Company's share price will not occur.

#### ***Conflicts of Interest***

Certain of the Company's directors and officers may serve as directors or officers of other companies, companies providing services to the Company, or companies in whom they may have significant shareholdings. To the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. Non-conflicted Directors will be especially vigilant in these circumstances and may consider the advisability of establishing an Independent Committee to review any such transactions.

In accordance with the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interest of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

#### ***Potential Dilution***

The issue of Common Shares of the Company upon the exercise of outstanding options and warrants will "dilute" the ownership interest of the Company's current Shareholders. The Company may also issue additional option and warrants or additional Common Shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be "diluted" but with a corresponding increase in liquid resources by which to pursue its business plans. Seen in this context, "dilution" is perhaps not an appropriate overall characterization.

#### ***Covid-19***

In early 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed and other quarantine periods and social and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and periodic weakness. Governments and central banks have reacted with significant monetary and fiscal interventions (which may carry their own risks) designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The recent news on the development and rapid implementation of several vaccines which appear to have very good effect on the virus has generated considerable optimism that life will get to a more normal pace and practice during the course of 2021/2. This is clearly a continuously developing dynamic situation as "fourth wave" incidence of the virus has

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varied significantly around the country and around the globe and caution as to its further development is still appropriate.

#### ***Off Balance Sheet Arrangements***

The Company does not have any off-balance sheet arrangements.

Readers are encouraged to read and consider the risk factors, which are incorporated in this MD&A, and additional information regarding the Company available on the SEDAR website at [www.sedar.com](http://www.sedar.com) or the company's own website at [www.manganesexenergycorp.com](http://www.manganesexenergycorp.com).

Readers are also encouraged to provide their feedback as to how this report could be more useful to them and submit any questions they may have with respect to it.

Signed: "Martin Kepman"

Martin Kepman  
Chief Executive Officer

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Manganese X Energy Corp.  
November 26, 2021  
Saint-Laurent, Quebec  
Canada