

MANGANESE X ENERGY CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTH-PERIOD ENDED DECEMBER 31, 2017 AND 2016

UNAUDITED
(Expressed in Canadian dollars)

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Notice of Disclosure of Non-auditor review of the Interim Financial Statements

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company for the interim periods ended December 31, 2017 and 2016 have been prepared in accordance with international accounting standards for interim financial reporting under IAS 34. The accompanying unaudited interim consolidated financial statements are the responsibility of the Company's management.

The Company's independent auditors, Wasserman Ramsay, Chartered Accountants, have not performed a review of these interim financial statements in accordance with the standards established for a review of interim financial statements by an entity's auditor.

February 27, 2018

/s/ Martin Kepman

Chief Executive Officer

MANGANESE X ENERGY CORP.
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited, expressed in Canadian dollars)

As at,	December 31, 2017	March 31, 2017 (audited)
	\$	\$
ASSETS		
Current assets		
Cash & cash equivalents (note 6)	273 989	467 286
Cash - restricted flow-through funds (note 6)	200 000	551 000
Prepaid expenses	-	125 169
Receivables and other (note 7)	24 400	113 567
Total assets	498 389	1 257 022
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	58 617	130 890
Total Liabilities	58 617	130 890
SHAREHOLDERS' EQUITY		
Share capital (note 9)	7 691 935	7 413 947
Reserves	3 512 717	3 476 551
Deficit	(10 764 880)	(9 764 366)
Total shareholders' equity	439 772	1 126 132
Total liabilities & shareholders' equity	498 389	1 257 022

Going concern (Note 2) and subsequent events (Note 18)

The Company's board of directors approved these interim consolidated financial statements on February 27, 2018.

APPROVED BY THE BOARD OF DIRECTOR

Signed "Martin Kepman" Director

Signed "Mark Billings", Director

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

MANGANESE X ENERGY CORP.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2017 AND 2016
(Unaudited, expressed in Canadian dollars)

	SHARE CAPITAL		RESERVES	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		DEFICIT	TOTAL	
	#	\$		\$	\$			\$
Balance, as at March 31, 2016	101 422 956	5 293 816	2 485 198	74 935	(9 075 706)	(1 221 757)		
Net income (loss) for the period	-	-	-	(4 102)	(175 484)	(179 586)		
Balance, as at June 30, 2016	101 422 956	5 293 816	2 485 198	70 833	(9 251 190)	(1 401 343)		
Consolidation 10:1	(91 280 661)	-	-	-	-	-		
Private placements	15 500 000	373 484	323 816	-	-	697 300		
Stock-options issued	-	-	39 204	-	-	39 204		
Settlement of debts	1 900 000	95 000	-	-	-	95 000		
Net income (loss) for the period	-	-	-	-	882 189	882 189		
Balance, as at September 30, 2016	27 542 295	5 762 300	2 848 218	70 833	(8 369 001)	312 350		
Acquisition of Houlton property	1 200 000	162 000	-	-	-	162 000		
Proceeds received from share subscriptions	-	330 656	-	-	-	330 656		
Stock-options issued	-	-	19 653	-	-	19 653		
Settlement of debts	295 331	40 873	-	-	-	40 873		
Warrants exercised	4 454 129	559 513	(559 513)	-	-	-		
Net income (loss) for the period	-	-	-	(528)	(864 393)	(864 921)		
Balance, as at December 31, 2016	33 491 755	6 855 342	2 308 358	70 305	(9 233 394)	611		
Private placements	9 493 667	388 430	512 559	-	-	900 989		
Stock-options issued	-	-	272 421	-	-	272 421		
Settlement of debts	-	(24 380)	24 380	-	-	-		
Warrants exercised	2 208 075	194 555	358 833	-	-	553 388		
Sale of subsidiary	-	-	-	(49 679)	49 679	-		
Net income (loss) for the period	-	-	-	(20 626)	(580 651)	(601 277)		
Balance, as at March 31, 2017	45 193 497	7 413 947	3 476 551	-	(9 764 366)	1 126 132		

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MANGANESE X ENERGY CORP.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2017 AND 2016
(Unaudited, expressed in Canadian dollars)

	SHARE CAPITAL		RESERVES	ACCUMULATED	DEFICIT	TOTAL
	#	\$		INCOME (LOSS)		
Balance, as at March 31, 2017	45 193 497	7 413 947	3 476 551		(9 764 366)	1 126 132
Net income (loss) for the period	-	-	-	-	(481 247)	(481 247)
Balance, as at June 30, 2017	45 193 497	7 413 947	3 476 551	-	(10 245 613)	644 885
Acquisition of Houlton property	1 200 000	222 000	-	-	-	222 000
Stock-options issued	-	-	54 829	-	-	54 829
Net income (loss) for the period	-	-	-	-	(414 585)	(414 585)
Balance, as at September 30, 2017	46 393 497	7 635 947	3 531 380	-	(10 660 198)	507 129
Warrants exercised	373 250	55 988	(18 663)	-	-	37 325
Net income (loss) for the period	-	-	-	-	(104 682)	(104 682)
Balance, as at December 31, 2017	46 766 747	7 691 935	3 512 717		(10 764 880)	439 772

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

MANGANESE X ENERGY CORP.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2017 AND 2016
(Unaudited, expressed in Canadian dollars)

For the period ended December 31,	Three months ended		Nine months ended	
	2017	2016	2017	2016
	\$	\$	\$	\$
Revenues	-	-	-	-
Expenses				
Bank charges	273	106	283	1 367
Exploration expenses (note 10)	55 062	382 000	678 917	488 100
Foreign exchange (gain) loss	1 105	-	3 525	19 158
Stock based compensation	-	19 653	54 829	58 857
Operating expenses	9 232	276 483	45 803	330 209
Professional and consulting fees	39 010	303 610	217 157	533 838
	104 682	981 852	1 000 514	1 431 529
Net income (loss) before income taxes	(104 682)	(981 852)	(1 000 514)	(1 431 529)
Other income (expense)				
Gain on disposal of subsidiary	-	-	-	345 390
Gain on settlement of debts	-	117 459	-	928 451
Net income (loss) before income taxes	(104 682)	(864 393)	(1 000 514)	(157 688)
Deferred income tax expense	-	-	-	-
Net income (loss) for the period	(104 682)	(864 393)	(1 000 514)	(157 688)
Other comprehensive loss				
Exchange gain (loss) on foreign operations	-	(528)	-	(4 630)
Net comprehensive income (loss)	(104 682)	(864 921)	(1 000 514)	(162 318)
Loss per share - basic & diluted	(0,002)	(0,026)	(0,021)	(0,005)
Weighted average number of shares outstanding	46 766 747	33 491 755	46 766 747	33 491 755

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

MANGANESE X ENERGY CORP.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2017 AND 2016
(Unaudited, expressed in Canadian dollars)

For the nine-month periods ended,	December 31, 2017	December 31, 2016
	\$	\$
Cash used in operating activities		
Net income (loss) for the period	(1 000 514)	(162 318)
<i>Adjustments for items not involving cash:</i>		
Gain on settlement of debts and loans	-	(928 451)
Gain on disposal of subsidiary	-	(345 390)
Stock based compensation	54 829	58 857
Issuance of shares for property acquisition	222 000	162 000
Issuance of shares for debts settlement	-	95 000
<i>Changes in non-cash working capital items:</i>		
Receivables and other	89 167	(58 019)
Prepaid expenses	125 169	-
Accounts payable and accrued liabilities	(72 273)	104 622
	(581 622)	(1 073 699)
Cash used in investing activities	-	-
Cash flows from financing activities		
Proceeds from issue of shares (net)	37 325	697 300
Proceeds received from share subscriptions	-	330 656
Loans	-	(2 133)
	37 325	1 025 823
Increase (decrease) in cash and cash equivalents	(544 297)	(47 876)
Cash and cash equivalents, beginning of the period	1 018 286	274 292
Cash and cash equivalents, end of the period	473 989	226 416
Supplemental information:		
Cash & cash equivalents	273 989	126 046
Cash - restricted flow-through funds	200 000	100 370
Cash and cash equivalents, end of the period	473 989	226 416

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

MANGANESE X ENERGY CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
NINE-MONTH PERIOD ENDED DECEMBER 31, 2017 AND 2016
(Unaudited, expressed in Canadian dollars)

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 interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on February 27, 2018.

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 nine-month period ended December 31, 2017, the Company recorded a net comprehensive loss of \$1,000,514 (December 31, 2016 – a loss of \$162,318), and had an accumulated deficit of \$10,764,880 (March 31, 2017 - \$9,764,366). The Company, at December 31, 2017, has a working capital of \$439,772 (March 31, 2017 – \$1,126,132).

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 interim 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS
NINE-MONTH PERIOD ENDED DECEMBER 31, 2017 AND 2016
(Unaudited, expressed in Canadian dollars)

3. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE WITH IAS 34

Statement of compliance

These interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The management in accordance with IAS 34, Interim Financial Reporting, effective as of December 31, 2017, has prepared these interim consolidated financial statements of the Company.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the nine-month period ended December 31, 2017 may not be indicative of the results that may be expected for the year ending March 31, 2018.

The interim consolidated financial statement of the Company has 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Readers should refer to the March 31, 2017 annual audited consolidated financial statements for the accounting policies used in the preparation of these interim consolidated financial statements. The IASB continues to amend and add to current IFRS standards and interpretations with several projects underway.

Accordingly, the accounting policies adopted by the Company for the Company's IFRS annual consolidated financial statements will be determined as at March 31, 2018. In the event that accounting policies adopted at March 31, 2018 differ materially from the accounting policies used in the preparation of these Financial Statements, these Financial Statements will be restated to retrospectively account for the application of those policies adopted at March 31, 2018.

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 interim 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 this period. All significant inter-company transactions and balances have been eliminated upon consolidation.

Functional and presentation currency

The presentation and functional currency of the Company is the Canadian dollar.

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.

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5. 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.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	December 31, 2017	March 31, 2017
	\$	(audited) \$
Cash Canadian banks	273 989	36 928
Cash Canadian in-trust banks	200 000	981 358
	473 989	1 018 286

The Company raised in total \$1,192,565 in flow-through funds. Of this amount, \$200,000 remains restricted to be spend on Canadian Exploration Expenditures as at December 31, 2017.

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7. RECEIVABLES AND OTHER

Receivables and other at December 31, 2017 are sales tax receivable of \$24,400 (March 31, 2017 - \$113,567).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Trade payables as at December 31, 2017 are \$58,617 (March 31, 2017 - \$130,890). Accounts payable includes an amount of \$1,500 (March 31, 2017 - \$1,500) due to related parties (see Note 11). The Company settled various debts of the Company with certain officers, directors and long-term suppliers in the amount of \$905,992 during last year ending March 31, 2017 (see note 9). The Company also accounted a gain on disposal of \$345,390 (accrued liabilities) due to the disposal of its subsidiary in Peru during last year ending March 31, 2017.

9. 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.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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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: 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: 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.

- 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: 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 10) 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.

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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.

- 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 ended March 31, 2017, the Company issued 6,662,204 common shares for warrants exercised.
- i) On April 21, 2017, for 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 10) to the vendors and the finder's fee common shares as per the option agreement. The shares were issued during the quarter ended December 31, 2017.
- j) A total of 373,250 warrants were exercised during the quarter ended December 31, 2017, the Company issued 373,250 common shares for warrants exercised.

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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 \$
Balance - March 31, 2015	3 140 000	0,15
Warrants Expired	(170 000)	1,00
Private Placement	8 531 299	0,01
Balance - March 31, 2016	11 501 299	0,03
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)	-
Balance - March 31, 2017	10 990 992	0,15
No transaction	-	-
Balance - September 30, 2017	10 990 992	0,15
Warrants exercised	(373 250)	0,10
Balance - December 31, 2017	10 617 742	0,15

As at December 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	0,6	July 2018
\$0,25	4 387 000	1,1	January 2019
\$0,15	1 088 067	1,1	January 2019
\$0,15	300 000	1,2	February 2019
\$0,10	4 649 175	1,6	July 2019
	10 617 742	0,9	

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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 Vested	Weighted Average Exercise Price (\$)
Balance – March 31, 2015	493 000	1,70
Expired	(16 500)	1,00
Expired	(190 500)	2,00
Balance – March 31, 2016	286 000	1,50
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
Balance – March 31, 2017	3 750 000	0,17
No transaction	-	-
Balance – June 30, 2017	3 750 000	0,17
Cancelled	(500 000)	0,22
Issuance	975 000	0,10
Balance – September 30, 2017	4 225 000	0,15
No transaction	-	-
Balance - December 31, 2017	4 225 000	0,15

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:

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 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.

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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.

The fair value of the 975,000 stock options at the issue date (September 6, 2017) was \$54,829, 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 \$0.09; 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 December 31, 2017 stock option issued and outstanding are as follows:

Options granted and exercisable	Weighted Average Exercise Price (\$)	Expiry dates
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
975 000	0,10	September 2019
4 225 000	0,15	

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10. 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 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 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 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 issuance are a firm commitment); and a further 2,000,000 shares on or before the 2nd 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 1st anniversary of the Effective date of option agreement and an additional \$500,000 on or before the 2nd anniversary of the on or before the 2nd 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. As at December 31, 2017, a total of 2,400,000 shares were issued as per the option agreement including 400,000 shares as finder’s fees common shares (see note 9).

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11. RELATED PARTY TRANSACTIONS AND BALANCES

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

For the three-month period ended December 31,	2017	2016
	\$	\$
Consulting fees paid to companies controlled by officers	19 500	-
Management fees paid to officers	19 233	7 500
	38 733	7 500

For the nine-month period ended December 31,	2017	2016
	\$	\$
Consulting fees paid to companies controlled by officers	58 500	-
Legal fees paid to a company controlled by a shareholder	-	37 500
Management fees paid to officers	55 800	25 177
	114 300	62 677

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

Included in the accounts payable and accrued liabilities	December 31, 2017	March 31, 2017
	\$	(audited)
	\$	\$
Consulting fees paid to companies controlled by officers	1 500	1 500
	1 500	1 500

12. 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 include 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 December 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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13. SEGMENTATION INFORMATION

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

	December 31, 2017	December 31, 2016	March 31, 2017
	\$	\$	\$
Canada	498 389	294 251	1 257 022
Peru	-	-	-
Total assets	498 389	294 251	1 257 022
Canada	(58 617)	(293 640)	(130 890)
Peru	-	-	-
Total liabilities	(58 617)	(293 640)	(130 890)
Canada	(1 000 514)	(162 318)	(763 595)
Peru	-	-	-
Net income (loss)	(1 000 514)	(162 318)	(763 595)

14. DISPOSAL OF SUBSIDIARY

During last year, 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.

15. 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 December 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.

16. FINANCIAL INSTRUMENTS

At December 31 30, 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.

17. 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. The Company does not hold derivative financial instruments to manage the fluctuation of exchange rate risk. There are no accounts that are exposed to foreign exchange volatility as at December 31, 2017. The company recorded a foreign exchange loss of \$3,525 related to its foreign operations for the nine-month period December 31, 2017.

Cash flow and fair value interest rate risk: The Company is expose 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

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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.

18. SUBSEQUENT EVENTS

- On February 22, 2018, the Company announced that it has closed a private placement in the amount of \$792,750. A total of 5,285,000 common shares were issued at a price of \$0.15 per common share and each share was accompanied by one common share purchase warrant each whole warrant provides the holder the right to purchase one (1) additional share for \$0.25 per Share. The warrants expire in 24 months from the closing. There are no acceleration rights on the warrants. Proceeds will be used for exploration, growth, research and development, marketing, and general working capital purposes.