MINCO EXPLORATION LIMITED

CONDENSED INTERIM CARVE-OUT CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

As at, and for the six-month period ended 30 June 2019

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Condensed Interim Carve-out Consolidated Statements of Financial Position

As at 30 June 2019

Unaudited

Expressed in Euros	**Notes**	**30 June 2019**	**31 December 2018**
Assets		**€**	**€**
Current assets			
Cash and cash equivalents	**8**	6,118	15,682
Trade and other receivables		2,171	26,880
Total current assets		8,289	42,562
Non-current assets			
Exploration and evaluation assets	**6**	792,804	789,054
Total non-current assets		792,804	789,054
Total assets		801,093	831,616
Equity and liabilities			
Current liabilities			
Trade and other payables		23,503	52,284
Total current liabilities		23,503	52,284
Shareholder's Equity			
Owner's investment		777,590	779,332
Total shareholder's equity		777,590	779,332
Total shareholder's equity and liabilities		801,093	831,616

COMMITMENTS AND CONTINGENCIES (Notes 2, 3 and 10)

The financial statements were approved by the Board of Directors on 28 October 2019 and signed on its behalf by:

Signed "John F. Kearney" , Director   Signed "Patrick Downey" , Director

See accompanying notes to the condensed interim carve-out consolidated financial statements

MINCO EXPLORATION LIMITED

Condensed Interim Carve-out Consolidated Statements of Loss and Comprehensive Loss

For the six-month period ended 30 June 2019

Unaudited

Expressed in Euros	**Notes**	**Six months ended June 30,**	
		2019	**2018**
		€	**€**
General and administrative expenses:			
Professional fees		2,081	500
Corporate expense		-	367
Office expenses		9,169	9,532
Management fee (income)/expense	5	53,891	71,707
Foreign exchange		143	-
Total loss and comprehensive loss for the period		65,284	82,106

See accompanying notes to the condensed interim carve-out consolidated financial statements

MINCO EXPLORATION LIMITED

Condensed Interim Carve-out Consolidated Statements of Changes in Equity
For the six-month period ended 30 June 2019
Unaudited

Expressed in Euros	**Owner's Investment**
	€
Balance as at 31 December 2017	553,956
Transfers to/from Buchans	263,610
Total comprehensive loss for the period	(82,106)
Balance as at 30 June 2018	735,460
Transfers to/from Buchans	71,305
Total comprehensive loss for the period	(27,433)
Balance as at 31 December 2018	779,332
Transfers to/from Buchans	63,542
Total comprehensive loss for the period	(65,284)
Balance as at 30 June 2019	777,590

See accompanying notes to the condensed interim carve-out consolidated financial statements

MINCO EXPLORATION LIMITED

Condensed Interim Carve-out Consolidated Statements of Cash Flow

For the six-month period ended 30 June 2019

Unaudited

Expressed in Euros	Notes	30 June 2019 €	30 June 2018 €
Cash flow from operating activities			
Loss for the period		(65,284)	(82,106)
		(65,284)	(82,106)
Movements in working capital			
(Decrease)/increase in trade and other receivables		24,709	(7,732)
(Increase)/decrease in trade and other payables		(28,781)	(4,889)
Net cash flows used in operating activities		(69,356)	(94,727)
Cash flows from investing activities			
Investment in exploration and evaluation assets		(3,750)	(122,749)
Net cash flows from/(used in) investing activities		(3,750)	(122,749)
Cash flows from financing activities			
(Decrease)/increase in advances from owners		63,542	263,610
Net cash flows from financing activities		63,542	263,610
Net (decrease)/increase in cash and cash equivalents		(9,564)	46,134
Cash and cash equivalents at the beginning of the year		15,682	8,874
Cash and cash equivalent at the end of the period	**9**	6,118	55,008

See accompanying notes to the condensed interim carve-out consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

These condensed interim carve-out financial statements reflect the financial position, statement of operations and comprehensive loss, equity and cash flows related to assets and liabilities (the "Minco Exploration Net Assets") which were transferred to Minco Exploration Limited ("Minco Exploration" or "the Company") by its parent company Buchans Resources Limited ("Buchans") in 2019, and which has been previously transferred to Buchans Resources Limited by its then parent company, Minco plc in 2017 and 2015.

As Minco Exploration has not historically prepared financial statements for the Minco Exploration Net Assets, the carve-out financial statements have been prepared from the financial records of Buchans on a carve-out basis. The Carve-out Statements of Financial Position include all of the Minco Exploration Net Assets. The Carve-out Statements of Operations and Comprehensive Loss for each of the periods ended 30 June 2019 and 2018 reflect all expenses and other income directly attributable to the Minco Exploration Net Assets and Buchans' general and administrative expenses incurred in each of those periods, as these expenditures were shared by the Minco Exploration Net Assets. In some instances, certain expenses were not allocated as they would have related directly to Buchans. All inter-entity balances and transactions have been eliminated.

The carve-out financial statements were approved by the Board of Directors of Minco Exploration on 28 October 2019.

These condensed interim carve-out consolidated financial statements of the Company and its subsidiaries have been prepared applying principles in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These condensed interim carve-out consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited carve-out consolidated financial statements for the year ended 31 December 2018 prepared in accordance with IFRS.

These condensed interim carve-out consolidated financial statements have been prepared based upon the historical cost basis, with the exception of certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except cash flow information.

2. BASIS OF PRESENTATION

Minco Exploration Limited (the "Company" or "Minco Exploration") was incorporated on 28 May 2019 under the laws of Ireland. The Company is a wholly owned subsidiary of Buchans Resources Limited. The Company has interests in exploration and evaluation properties located in Ireland and the United Kingdom. Substantially all of the Company's efforts are devoted to financing and developing these properties. The Company's head office is located at Coolfore Road QME, Ardbraccan, Navan, Co. Meath, Ireland.

The business of mining and exploring for minerals 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 and evaluation assets and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. The Company's properties may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and regulatory, environmental and social requirements.

Minco Exploration has incurred losses in all periods provided and has a working capital deficiency at 30 June 2019. Minco Exploration has been dependent on its parent company, Buchans, to provide financing cash flows to date. There can be no assurance that financing activities will continue, or if the Company will be able to arrange other sources of financing. These results represent material uncertainty and cast significant doubt about the ability of Minco Exploration to continue as a going concern. These consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

Expressed in Euros, unless noted and per share amounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The standards and interpretations within IFRS are subject to change and accordingly, the accounting policies that are relevant to the Company will be finalized only when the annual IFRS financial statements are prepared for the year ending December 31, 2019. The accounting policies chosen by the Company have been applied consistently to all periods presented.

Accounting Changes
On 1 January 2019, the Company adopted the new and amended IFRS pronouncements, including IFRS 16, Leases ("IFRS 16"), in accordance with transitional provision outlined in the respective standards. The adoption of these standards did not have a material impact on the consolidated results and financial position of the Company with the exception of IFRS 16, See Note 7.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS Standards issued but not yet effective:

IAS 1	Presentation of financial statements
IFRS 3	Business combinations
IFRS 3 and IFRS 11	Joint arrangements
IFRS 10 and IAS 28	Investments in Associates and Joint Ventures

The Company has not yet determined the impact of these amendments on its financial statements.

4. REORGANIZATION OF SUBSIDIARIES

In June 2019, in a group reorganization, the Company acquired the shares and receivables in subsidiaries from its parent company, Buchans, in consideration for the issue of 600,000 ordinary shares of €1.00 each at a deemed fair value of €2,625,000. Subsequently on October 3, 2019 these ordinary shares were subdivided into 60,000,000 ordinary shares of €0.01 each.

The owner's net investment in these carve-out financial statements is recorded as Buchans' net investment in Minco Exploration, as Minco Exploration was not a separate legal entity for the entire period presented. Changes in owner's net investment include net income/(loss) and net transfers to and from Buchans at the book values recorded by Buchans.

5. RELATED PARTY TRANSACTIONS

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

In June 2019, pursuant to a subscription agreement, Minco Exploration acquired from Buchans all the shares and intercompany advances as at June 30, 2019 of Buchans' four subsidiaries, Norsub Limited, Minco Ireland Limited, Westland Exploration Limited and Minco Mining Limited in consideration for €2,625,000 which was satisfied by the issue to Buchans of a total of 600,000 ordinary shares of €1.00 each (subsequently subdivided into 60,000,000 ordinary shares of €0.01 each) to Buchans. As this was a related party transaction, the acquisition cost of these assets was recorded in these carve-out financial statements at Buchans' book value of the assets acquired.

These carve-out financial statements include an allocation of general and administrative expenses estimated to relate to the Company and presented as management fees in the statement of loss.

The remuneration of Directors, who are the key management personnel of the Company, is set out below in accordance with IAS 24 'Related Party Disclosures'.

No fees were paid by the Company to directors for their services as directors of the Company in the periods ended 30 June 2019 and 2018.

Expressed in Euros, unless noted and per share amounts

5. RELATED PARTY TRANSACTIONS (CONTINUED)

The subsidiaries of the Company at 30 June 2019 were as follows:

Name of Company	Registered office	Effective Holding	Principal Activity
Norsub Limited	Box 25, Regency Court, Glategny St. Peter Port, Guernsey, GY1 3AP	100%	Investment
Minco Ireland Limited Westland Exploration Limited	Ardbraccan, Navan, Co. Meath, Ireland Ardbraccan, Navan, Co. Meath, Ireland	100% 100%	Exploration Exploration
Minco Mining Limited	9 Little Trinity Lane, London EC4V 2AN	100%	Exploration

6. EXPLORATION AND EVALUATION ASSETS

The following table shows the Company's exploration and evaluation assets:

	June 30 2019	Additions	December 31 2018	Additions	December 31 2017
	€	€	€	€	€
Navan	350,360	2,050	348,310	6,717	341,593
Moate	251,530	-	251,530	13,247	238,283
Kells	81,829	850	80,979	80,979	-
Slieve Dart	109,085	850	108,235	108,235	-
Total	792,804	3,750	789,054	209,178	579,876

All exploration and evaluation assets are carried at cost less any applicable impairment provision. No impairment provision was recognized at 31 December 2018.

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

The realisation of the exploration and evaluation assets is dependent on the successful development of economic resources, including the ability to raise finance to develop the projects. Should this prove unsuccessful the value included in the statement of financial position would be written off. By its nature there is inherent uncertainty in such expenditure as to the value of the asset.

Ireland
The Company, through its wholly owned subsidiary Minco Ireland Limited, holds two Prospecting Licenses, 1228 and 1229, in County Westmeath, Ireland. Under the terms of these licences, Minco is required to spend a total of €150,000 in staged programmes, by March 1, 2024.

The Company holds indirectly a 20% interest in Licence 1440R (Tatestown), which is being explored under a Joint Venture agreement with Boliden Tara Mines Limited (80%), and which hosts part of the Tatestown–Scallanstown zinc-lead mineral deposit located adjacent to Boliden's large Tara zinc-lead mine at Navan, County Meath, about 50 km northwest of Dublin.

The Company, through its wholly owned subsidiary Minco Ireland Limited, has entered into a joint venture agreement with Boliden Tara Mines on PL 3373, at Kells near Navan, County Meath, contiguous to the west with PL 1440R. Under the terms of this agreement, the Company can earn a 75% joint venture interest through expenditures of €250,000 in staged programmes, by March 2024. Boliden has the right of off-take to purchase or toll process all ore that may be produced from the license area.

The Company, through its wholly owned subsidiary Minco Ireland Limited, has entered into an agreement with Boliden Tara Mines, subject to the approval of the Minister, on twelve licenses at Slieve Dart in County Galway. Minco can earn a 50% interest through expenditure of €385,000 in staged programmes, by 31 July 2024. During 2018, the Company incurred expenditures of €108,235 with respect to the licences and earned the right to a 20% joint venture interest. Boliden has the right of off-take to purchase or toll process all ore that may be produced from the license area.

7. CASH AND CASH EQUIVALENTS

At 30 June 2019, the Company had a cash balance of €6,118.

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value, with a maturity of three months or less from the date of investment.

8. CAPITAL STOCK

The authorised share capital of the Company at June 30, 2019 was €1,000,000.00 divided into 1,000,000 ordinary shares of €1.00 each, of which 600,100 were outstanding at the date. Subsequently on October 3, 2019 the authorised capital was subdivided into 100,000,000 ordinary shares of €0.01 each.

9. COMMITMENTS AND CONTINGENCIES

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

10. FINANCIAL INSTRUMENTS

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

Fair value
The Company has designated its short-term investments as fair value through profit or loss ("FVPL"), which are measured at fair value. Cash and receivables and other assets are measured at amortized cost. Trade and other payables and due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost.

As at 30 June 2019, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair Value Hierarchy
The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). At 30 June 2019, the Company's financial instruments that are carried at fair value, consisting of marketable securities, have been classified as Level 1 within the fair value hierarchy.

Interest rate risk
The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by major banks with a credit rating of at least BBB-. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

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

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

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

Market Risk
Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk with respect to its marketable securities and unfavourable market conditions could result in dispositions of marketable securities at less than favorable prices.

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

10. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk
Although the Company is incorporated in Ireland, the Company has operations in UK, none of which presently generate cash from operations, and holds cash investments in US Dollars, Euros or Sterling. The functional currencies of the majority of the Company's operations are the Euro and UK Sterling; the reporting currency of the Company is the Euro. However, expenditures are not considered to be a monetary asset, and have been translated to the functional currency at the rates of exchange ruling at the dates of the original transactions. The Company also has transactional currency exposures. Such exposures arise from expenses incurred by the Company in currencies other than the functional currency.

The impact of foreign currencies has been determined based on the balances of financial assets and liabilities at 31 December 2018. The sensitivity analysis includes outstanding foreign currency denominated monetary items and largely results from payables and receivables, and adjusts their translation at the period end for a 5% change in foreign currency rates. A five percent change in the US Dollar and UK Sterling exchange rate will not lead to material impact on net income.

11. CAPITAL MANAGEMENT

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

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

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

There were no significant changes to the Company's approach to capital management during the periods ended 30 June 2019 and 2018. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

12. SUBSEQUENT EVENT

On October 3, 2019, the authorised capital of the Company was subdivided into 100,000,000 ordinary shares of €0.01 each. Subsequently on October 28, 2019, 141,284 subdivided shares previously issued to Buchans were canceled, resulting in a total of 59,868,716 ordinary shares outstanding at that date.

On October 28, 2019, the Company entered into an Arrangement Agreement with Buchans and Canadian Manganese Company Inc. to effect a Plan of Arrangement involving a group reorganisation whereby Buchans agreed to distribute to its shareholders, pro rata, all of the shares of Canadian Manganese Company Inc.; and exchangeable warrants entitling such shareholders to receive shares of the Company or additional shares of Buchans, at their option.

Under the Plan of Arrangement, if approved, one share of Canadian Manganese and one Buchans exchangeable warrant will be issued to Buchans shareholders for each Buchans share held, with such exchangeable warrant entitling such shareholders to acquire one share of the Company or 0.25 additional shares of Buchans for each exchangeable warrant held. Any exchangeable warrants which remain unexercised on the first anniversary of the date the Plan of Arrangement becomes effective will be automatically exchanged for shares of the Company.