Euro Manganese Inc.

2021 ANNUAL REPORT

ARBN 627 968 567

Assembly of the Chvaletice Manganese Project Demonstration Plant

TSXV: EMN | ASX: EMN | OTCQX: EUMNF WWW.MN25.CA

CORPORATE DIRECTORY

Board of Directors	John Webster Marco A. Romero David B. Dreisinger Gregory P. Martyr Thomas M. Stepien	Non-Executive Chairman President and Chief Executive Officer Non-Executive Director Non-Executive Director Non-Executive Director
Management	Marco A. Romero Martina Blahova Andrea Zaradic Fausto Taddei Jan Votava	President and Chief Executive Officer Chief Financial Officer Vice President Operations VP Corp. Development and Corp. Secretary Managing Director, Mangan Chvaletice s.r.o.
Incorporation Details	*Business Corporations Act* (British Columbia)	
Registered Office	Suite 1700 - 666 Burrard Street, Vancouver, British Columbia V6C 2X8 Canada	
Head Office	#709 - 700 West Pender Street, Vancouver, British Columbia, V6C 1G8 Canada	Tel: + 1 604 681 1010
Website **e-mail**	www.mn25.ca info@mn25.ca	
Share Registry	Australia: Computershare Investor Services Pty Limited Level 4, 60 Carrington Street Sydney NSW 2000, Australia	Canada: Computershare Investor Services Inc. 510 Burrard Street, 3rd Floor Vancouver, British Columbia V6C 3B9 Canada
Legal Counsel	Australia: MinterEllison Level 40, Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000 Australia	Canada: Stikeman Elliott LLP Suite 1700 - 666 Burrard Street, Vancouver, British Columbia V6C 2X8 Canada
Auditors	PricewaterhouseCoopers LLP 250 Howe Street, Suite 1400, Vancouver, British Columbia V6C 3S7 Canada	

CONTENTS PAGE

LETTER TO SHAREHOLDERS

16 December 2021

Dear Fellow Shareholders,

Fiscal 2021 was another challenging year for much of the world, with new variants of the COVID-19 virus, on-going and ever-changing travel restrictions, supply-chain disruptions and rising prices. Despite these challenges, our team members stayed safe and made good progress on our flagship Chvaletice Manganese Project. This progress was made possible by two sizeable private equity placements which raised gross proceeds of $40 million. Another $2.5 million was raised through the exercise of options and broker warrants. This is expected to be sufficient funding to complete the evaluation and pre-development work on the Project, as summarized below.

During the year, we secured the support of EIT InnoEnergy, an arm of the EU-backed European Institute of Innovation and Technology. This step will draw on EIT InnoEnergy's extensive government and industry connections to help accelerate the Chvaletice Manganese Project's integration into the EU's battery supply chain and help facilitate government-backed sources of funding. We also entered into agreements to terminate an existing 1.2% NSR interest in the Project for aggregate consideration of USD$4.5 million. Part of this was paid during the year, leaving USD$3.6 million to be paid in January 2022. The elimination of this royalty is estimated to save around US$91 million in costs over the Project life, increasing its after-tax NPV by about US$25 million based on the results of the 2019 preliminary economic assessment, which results will be updated in connection with the feasibility study.

From a market standpoint, the year represented a profound turning point for the global electric vehicle and lithium-ion battery industries. During the last year, several additional European and North American automakers announced long-term plans to use lithium-ion battery chemistries that contain manganese, and the projected demand for battery-grade manganese products continued to grow. In the meantime, governments in key jurisdictions put forward policy initiatives designed to accelerate the electrification of mobility and the building of local and sustainable battery supply chains. The European Union unveiled its "Fit for 50" legislative package, which set the stage for increasingly stringent regulations that require only the greenest batteries, with the greenest materials, to be sold in Europe and, for those that do not comply, to be penalized.

We continue to experience significant interest in our high-purity manganese products. As a result, we have restarted our pilot plant to provide small product samples to prospective customers in advance of larger-scale samples that will come from our demonstration plant. The original pilot plant, which operated in 2018, produced exceptionally pure manganese products during process design studies for the Project's PEA. Fabrication of our demonstration plant's components is complete, and assembly of the plant modules recently began at a facility in China. Its assembly will be followed by cold-commissioning and shipment of the modules to site in the Czech Republic, expected early in the New Year. Its hot-commissioning and start-up is targeted for the second quarter of 2022. The high-purity product samples from the pilot plant and the demonstration plant will allow our prospective customers to continue or initiate the necessary supply chain qualification work.

Work on the Project's feasibility study continues, with approximately 78% of physical progress completed as at the end of October. All verification test work is complete. Progress continues on the engineering studies. The Company is targeting completion of the feasibility study in the first half of calendar 2022.

The Chvaletice Manganese Project continues to receive the support of the Czech government. Our eligibility timeline for certain investment incentives was extended by two years to March 2025 by the Czech Ministry of Industry and Trade. These amount to approximately $27 million in investment tax credits based on the first €100 million in capital expenditures. The Ministry of the Environment granted an extension to our exploration licences by three years to May 31, 2026. It also granted a new Preliminary Mining Permit, valid until May 31, 2026, which secures our rights to the Chvaletice tailings resource.

In early 2021, the Czech Ministry of the Environment concluded its six-month screening of the Chvaletice Manganese Project's preliminary Environmental Impact Assessment, following which, the Company was given the green light to proceed with the Project's Final Environmental and Social Impact Assessment (ESIA). This is the biggest and most important step on the way to earning regulatory approval and full permitting for the Project. It will include valuable input from our extensive and ongoing engagement with local stakeholders. We anticipate the ESIA will be completed and submitted to permitting authorities in the first half of calendar 2022.

In 2021, the Company also began pursuing other potential business opportunities. These included investigating the production of new value-added manganese specialty products to seize emerging market opportunities, as well as the potential to upgrade impure manganese outputs from lithium-ion battery recycling back to battery-grade products. We are also seeking to leverage our core technical and commercial expertise as a potential partner/developer of other high-purity manganese development projects. We recently entered into a joint development agreement with Nano One Materials Corp., a clean technology company with patented processes for the low-cost, low-environmental footprint production of high-performance cathode materials used in lithium-ion batteries. Our collaboration is aimed at developing low-cost, environmentally sustainable applications of high-purity manganese in next-generation cathode materials.

This year, we began a global search for a new Chief Executive Officer to carry the Company through its next stage of development as an operating company at the heart of the European battery supply chain. We expect to announce the new CEO's appointment shortly.

Our principal targets for 2022 are as follows:

- to deliver small scale samples from our pilot plant;
- to commission, start-up and initiate production at our demonstration plant to advance the supply chain qualification of our products;
- to complete the feasibility study;
- to complete the Final Environmental and Social Impact Assessment process;
- to conclude offtake agreements with high quality customers;
- to complete negotiations for the acquisition of certain land rights and access; and
- to reach a final investment decision by the end of 2022.

We aim to establish the Chvaletice Manganese Project as a sustainable and reliable producer of exceptional quality battery raw materials to satisfy the needs of producers of lithium-ion batteries for electric vehicles, as well as those of other high-technology applications. We remain committed to seizing this unprecedented commercial opportunity in an effective, efficient and prudent manner, while adhering to the best practices in corporate governance, application of technology, environmental excellence and social responsibility.

We would like to express our gratitude to our employees, fellow directors, shareholders, national and local governments, community members, partners, suppliers, prospective customers and other stakeholders for their support over the past year. We look forward to a positive, healthy and productive 2022.

Yours faithfully,

(Signed) "*John Webster*"
Non-Executive Chairman

Financial Statements

Notes to the Consolidated Financial Statements

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Euro Manganese Inc. (the "Company") were prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 to these consolidated financial statements.

Management has established processes that are in place to provide management with sufficient knowledge to support its opinion that it has exercised reasonable diligence such that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, the results of operations and cash flows of the Company, as of the date and for the period presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

16 December 2021

(Signed) ***"Marco Romero"***

President and Chief Executive Officer

(Signed) ***"Martina Blahova"***

Chief Financial Officer

Independent auditor's report

To the Shareholders of Euro Manganese Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Euro Manganese Inc. and its subsidiary (together, the Company) as at September 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at September 30, 2021 and 2020;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Lana Kirk.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
December 16, 2021

Consolidated Statements of Financial Position

Euro Manganese Inc.
(Expressed in Canadian dollars)

	Note	**September 30, 2021**	September 30, 2020
		$	$
ASSETS			
Current assets			
Cash		**31,218,582**	2,730,739
Prepaid expenses		**364,894**	378,378
Accounts receivable		**179,334**	30,084
		31,762,810	3,139,201
Non-current assets			
Exploration and evaluation assets	4	**6,693,544**	1,249,086
Property, plant and equipment	5	**2,737,162**	364,688
Other assets	6	**507,598**	239,534
Option	6	**1,634,576**	815,000
Total assets		**43,335,690**	5,807,509
LIABILITIES			
Current liabilities			
Accounts payable		**854,884**	169,662
Due to related parties	9	**48,801**	20,717
Liability for land deposits	6	**82,152**	—
Lease liability		**122,674**	27,110
Liability for royalty buy back	4	**4,576,367**	—
		5,684,878	217,489
Non-current liabilities			
Lease liability		**165,484**	—
Government loan	7	**—**	40,000
Long term liability for land deposits	6	**82,152**	—
Total liabilities		**5,932,514**	257,489
EQUITY			
Share capital	8	**67,498,015**	28,608,578
Equity reserve		**5,096,807**	2,592,667
Deficit		**(35,191,646)**	(25,651,225)
Total equity		**37,403,176**	5,550,020
Total liabilities and shareholders' equity		**43,335,690**	5,807,509

Approved on behalf of the Board of Directors on December 16, 2021

"Marco Romero"

Marco Romero, Director

"John Webster"

John Webster, Director

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

Consolidated Statements of Loss and Comprehensive Loss

Euro Manganese Inc.
(Expressed in Canadian dollars)

	Year ended September 30, 2021	2020
	$	$
Project evaluation expenses		
Engineering	**2,981,762**	1,663,702
Remuneration	**781,625**	943,624
Share-based compensation	**415,733**	138,104
Drilling, sampling and surveys	**133,460**	3,690
Metallurgical	**—**	41,408
Travel	**13,118**	63,782
Legal and professional fees	**373,581**	154,542
Geological	**121,894**	78,887
Market studies	**96,009**	83,043
Supplies and rentals	**33,292**	27,179
	4,950,474	3,197,961
Other expenses		
Remuneration	**1,532,023**	1,022,307
Share-based compensation	**417,721**	271,707
Total remuneration	**1,949,744**	1,294,014
Legal and professional fees	**751,928**	566,811
Investor relations	**605,627**	227,713
Product sales and marketing	**130,319**	284,033
Travel	**17,414**	83,906
Filing and compliance fees	**400,564**	293,209
Accretion expense	**20,718**	102,035
Office, general and administrative	**156,877**	91,054
Insurance	**119,088**	109,421
Conferences	**39,603**	27,813
Depreciation	**103,375**	71,928
Foreign exchange	**294,690**	25,595
	4,589,947	3,177,532
Loss and comprehensive loss for the year	**9,540,421**	6,375,493
Weighted average number of common shares outstanding - basic and diluted	**337,294,064**	190,921,092
Basic and diluted loss per common share	**$0.03**	$0.03

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

Consolidated Statements of Changes in Shareholders' Equity

Euro Manganese Inc.

(Expressed in Canadian dollars)

		Attributable to equity shareholders of the Company				
		Share Capital	Share Capital	Equity Reserves	Deficit	Shareholders' Equity (Deficit)
	Note	#	$	$	$	$
Balance at September 30, 2019		175,065,435	22,973,236	2,182,856	(19,275,732)	5,880,360
Shares issued in private placement, net of expenses		72,818,494	4,543,278	—	—	4,543,278
Shares issued as payment of services		6,945,625	792,064	—	—	792,064
Shares issued as repayment of deferred consideration		3,333,333	300,000	—	—	300,000
Share-based compensation		—	—	409,811	—	409,811
Loss and comprehensive loss for the period		—	—	—	(6,375,493)	(6,375,493)
		83,097,452	5,635,342	409,811	(6,375,493)	(330,340)
Balance at September 30, 2020		**258,162,887**	**28,608,578**	**2,592,667**	**(25,651,225)**	**5,550,020**
Shares issued in private placement, net of expenses		110,444,445	37,822,210	—	—	37,822,210
Options exercised		3,119,333	869,404	(354,028)	—	515,376
Warrants exercised		5,756,750	2,448,595	(504,070)	—	1,944,525
Warrants issued in private placement		—	(2,250,772)	2,250,772	—	—
Deferred share consideration	**8d)**	—	—	278,012	—	278,012
Share-based compensation		—	—	833,454	—	833,454
Loss and comprehensive loss for the period		—	—	—	(9,540,421)	(9,540,421)
		119,320,528	**38,889,437**	**2,504,140**	**(9,540,421)**	**31,853,156**
Balance at September 30, 2021		**377,483,415**	**67,498,015**	**5,096,807**	**(35,191,646)**	**37,403,176**

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

Consolidated Statements of Cash Flows

Euro Manganese Inc.
(Expressed in Canadian dollars)

	Note	Year ended September 30, 2021 $	2020 $
Operating activities			
Net loss for the year		**(9,540,421)**	(6,375,493)
Less non-cash transactions:			
Share-based compensation		**833,454**	409,811
Shares issued for services		**—**	535,368
Depreciation		**103,375**	71,928
Loss on disposal of fixed assets		**1,176**	—
Lease liability accretion		**20,718**	77,873
Accretion expense		**—**	24,162
Non-cash foreign exchange loss		**241,053**	—
Other income		**(9,651)**	(46,571)
		(8,350,296)	(5,302,922)
Changes in non-cash working capital items:			
Accounts payable		**682,290**	(412,060)
Accounts receivable		**(149,250)**	15,064
Prepaid expenses		**13,484**	34,485
Due to related parties		**28,084**	(149,901)
Cash used in operating activities		**(7,775,688)**	(5,815,334)
Financing activities			
Common shares issued for cash	8	**40,149,390**	4,543,278
Share issue costs paid	8	**(2,327,180)**	—
Share subscriptions received	8	**278,012**	—
Exercise of warrants	8	**1,944,525**	—
Exercise of stock options	8	**515,376**	—
Lease principal and interest payments		**(99,260)**	(111,289)
(Repayment of) Proceeds from government loan	8	**(30,000)**	40,000
Cash generated from financing activities		**40,430,863**	4,471,989
Investing activities			
Property & equipment acquisition	5	**(2,120,251)**	(4,317)
Proceeds from sale of equipment		**—**	447
Payment for royalty buy back	4	**(1,105,698)**	—
Option, deposit for land and land acquisition	5,6	**(941,383)**	(6,740)
Cash used in investing activities		**(4,167,332)**	(10,610)
Increase (decrease) in Cash		**28,487,843**	(1,353,955)
Cash - beginning of year		**2,730,739**	4,084,694
Cash - end of year		**31,218,582**	2,730,739

Supplemental cash flow information (Note 14)

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

1. Nature of Operations and Liquidity

Euro Manganese Inc. (the "Company") was incorporated under the British Columbia Business Corporations Act on November 24, 2014. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") and CHESS Depository Interests ("CDIs", with each CDI representing one common share) are traded on the Australia Securities Exchange ("ASX"), under the symbols "EMN.V" and "EMN.AX", respectively. On June 15, 2021, the Company's shares started trading on the OTC Best Market ("OTCQX") under the symbol "EUMNF". The Company is focused on the development of the Chvaletice deposit, which involves the re-processing of a readily leachable manganese deposit hosted in the tailings of a decommissioned mine in the Czech Republic (the "Chvaletice Manganese Project"), for the production of high-purity electrolytic manganese metal ("HPEMM"), high-purity manganese sulphate monohydrate ("HPMSM") and other high-purity manganese products, principally for use in lithium-ion batteries.

The Company's corporate offices are located at 700 West Pender Street, Suite 709, Vancouver, B.C., Canada, and its registered offices are located at Suite 1700, 666 Burrard Street, Vancouver, B.C., Canada.

These consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"), which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company is an early-stage resource development company that does not own any properties with established reserves and has no operating revenues. Further, there is no assurance that the evaluation and acquisition activities executed or planned by the Company for the Chvaletice Manganese Project will result in the development of a profitable commercial operation. The Company will most likely continue to operate at a loss while the Company is evaluating the Chvaletice Manganese Project and planning its potential development.

The Company continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and on the Chvaletice Manganese Project. Throughout the pandemic, the Company has taken a number of measures to safeguard the health of its employees while continuing to advance work related to the Project. The Company has experienced delays due to the COVID-19 pandemic, largely as a result of travel restrictions and supply chain disruptions. Despite the easing of certain travel restrictions and some improvement in the global economy during 2021, the duration of the pandemic and its impact on the Company's ability to progress the development of its project remain uncertain, especially in light of the recent surge in OCID-19 cases in the Czech Republic. Additionally, while productivity has seen improvements in recent months in part due to widespread vaccinations, the COVID-19 Delta variant outbreak and the newly-discovered Omicron variant may result in new or extended travel restrictions being implemented which could further impact the Project schedule.

2. Basis of Preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The accounting policies presented in Note 3 were consistently applied to all periods presented.

These consolidated financial statements were prepared by management and approved by the Board of Directors of the Company (the "Board") on December 16, 2021.

2.2 Basis of measurement

These consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. In addition, these consolidated financial statements have been prepared on the historical cost basis.

2. Basis of Preparation (continued)

2.3 Basis of consolidation

These consolidated financial statements incorporate the accounts of the Company and the entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements include the accounts of the Company's subsidiaries from the date of control commences until the date that control ceases. The financial statements of its wholly-owned subsidiary, Mangan Chvaletice s.r.o. ("Mangan"), are included in the consolidated financial statements for both periods presented. All significant intercompany transactions and balances have been eliminated.

3. Significant Accounting Policies, Estimates and Judgments

3.1 Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange prevailing at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

3.2 Mineral exploration and evaluation costs

Mineral exploration and evaluation costs include costs to acquire the rights to explore, geological studies, exploratory drilling and sampling, and directly attributable management costs.

Exploration and evaluation costs that are incurred prior to the Company obtaining a material legal interest in a property, are expensed in the period incurred. In addition, exploration and evaluation costs, other than direct acquisition costs, incurred prior to management establishing that the resource exists and that the costs can be economically recovered, are expensed in the period incurred.

Exploration and evaluation costs are capitalized as mineral interests when the technical feasibility and commercial viability of the extraction of a mineral resource of a property has been determined.

Therefore, prior to capitalizing such costs, management determines that the following conditions have been met:

a) There is a probable future benefit that will contribute to future cash inflows;

b) The Company can obtain the benefit and control access to it; and

c) The transaction or event giving rise to the benefit has already occurred.

Once the technical feasibility and commercial viability of a property has been determined, the exploration and evaluation assets are first tested for impairment, and then reclassified as a mineral project cost within property, plant and equipment.

3. Significant Accounting Policies, Estimates and Judgments (continued)

The capitalized costs of a producing mineral project are amortized on a unit-of-production basis over the estimated ore reserves of the project. Costs incurred after a project is placed into production that increase production volumes or extend the life of the project are capitalized.

Proceeds from the sale of properties or projects, or cash proceeds received from option payments, are recorded as a reduction of the cost of the related mineral interest.

3.3 Impairment of non-financial assets

At each financial position reporting date, the carrying amounts of the Company's non-current non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. The recoverable amount is the higher of fair value less costs of disposal and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arms-length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the prevailing market assessment of the time-value of money and the risks specific to the asset. Future cash flows are based on forecast estimates of production, product prices, and operating, capital, and reclamation costs.

Assumptions underlying future cash flow estimates are subject to risks and uncertainties. Any differences between assumptions used and actual market conditions and the Company's performance, could have a material effect on the Company's financial position and results of operations.

Impairment is normally assessed at the level of cash generating units, which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of comprehensive loss for the period.

When an impairment loss reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, provided such revised estimate may not exceed the carrying amount of the asset prior to the recognition of impairment losses recorded in previous periods. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

3.4 Property and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The carrying amount of a replaced asset is derecognized when replaced. Information technology hardware and software, and equipment and furniture are amortized on a straight-line basis over three years. Land is not depreciated.

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and separately depreciates each such part. Residual values, method of amortization, and useful lives of the assets are reviewed annually and adjusted if appropriate. Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the statement of comprehensive loss.

3. Significant Accounting Policies, Estimates and Judgments (continued)

3.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. There were no cash equivalents at September 30, 2021, and 2020.

3.6 Share and warrant based compensation

a) Options **-** Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of equity instruments issued. If it is determined the fair value of the goods and services cannot be reliably measured and are recorded at the date of the goods or services are received. The corresponding amount is recorded to the option reserves.

The fair value of the options is determined using the Black-Scholes Option Pricing Model or when they are issued in settlement of compensation, measured at the fair value of the services rendered. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest (Note 9(b)).

b) Warrants - Warrant-issued payments as part of financing efforts are measured, at the time of issue, at the fair value of the services rendered, or, if the value of the services rendered is not determinable, using the Black-Scholes Option Pricing Model.

3.7 Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable or recoverable on the taxable income for the period, using tax rates enacted or substantially enacted at the end of the reporting period.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantially enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets will be recovered. Deferred tax assets and liabilities, where recognized, are presented as non-current.

3. Significant Accounting Policies, Estimates and Judgments (continued)

3.8 Financial instruments

The Company's financial instruments consist of cash, receivables, accounts payable, due to related parties and liabilities for royalty buy back and land deposits. Cash and receivables are classified as loans and receivables. Accounts payable, due to related parties and liabilities for royalty buy back and land deposits are classified as other financial liabilities.

i) Classification

Classification of financial instruments is determined at initial recognition.

A financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. Payments made to date to purchase the shares of E.P. Chvaletice s.r.o. ("EPCS") are classified as FVTPL (Note 6). The Company's cash and accounts receivable are classified as measured at amortized cost.

A financial liability is measured at amortized cost, unless it is required to be measured at FVTPL such as instruments held for trading or derivatives, or the Company opted to measure the liability as FVTPL. The Company's accounts payable, due to related parties and liabilities for royalty buy back and land deposits are classified as measured at amortized cost.

ii) Measurement

Financial assets and liabilities at FVTPL - Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in the consolidated statement of income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in the consolidated statement of loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income ("OCI").

Financial assets at FVOCI - Investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes from initial recognition recognized in OCI.

Financial assets and liabilities at amortized cost - Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

iii) Impairment of financial assets

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The application of the simplified approach to measuring the ECL, uses a lifetime expected loss allowance for all trade receivables. This has no impact on the carrying amounts of the Company's financial assets given the accounts receivable are mostly taxes receivable and therefore outside of scope of IFRS 9.

3. Significant Accounting Policies, Estimates and Judgments (continued)

iv) Derecognition

Financial assets are derecognized when the investments mature or are sold, and substantially all the risks and rewards of ownership have been transferred. A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. Gains and losses on derecognition are recognized within finance income and finance costs, respectively. Gains or losses on financial assets classified as FVOCI remain within accumulated OCI.

v) Fair value of financial instruments

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the financial asset's specific circumstances.

3.9 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU assets are subsequently depreciated to the earlier of the end of the useful life of the ROU asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

Lease payments included in the measurement of the lease liability comprise: fixed payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under any residual value guarantee, and the exercise price under any purchase option that the Company would be reasonably certain to exercise; lease payments in any optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for any early termination of a lease unless the Company is reasonably certain not to terminate early.

3. Significant Accounting Policies, Estimates and Judgments (continued)

The Company elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to the statement of loss on a straight-line basis over the lease term.

3.10 Related party transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

3.10 Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. If the Company incurs a net loss in a fiscal period, basic and diluted loss per share are the same.

3.11 Asset Retirement Obligation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development and ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. 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. As at September 30, 2021 and 2020, the Company does not have any asset retirement obligations.

3.12 Accounting for government grants and disclosure of government assistance

A forgivable loan is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. The benefit of a government loan at a below-market rate of interest is treated as a government grant which is recognized and measured in accordance with IFRS 9 *Financial instruments*. The benefit of the below-market rate of interest is the difference between the initial carrying value of the loan, discounted over the term of the loan using the incremental borrowing rate for the Company, and the proceeds received.

3.13 Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB were issued but not yet adopted by the Company. The Company is currently assessing the impact of the following pronouncements on the consolidated financial statements:

Amendments to IAS 16 *Property, Plant and Equipment* ("IAS 16"): Proceeds before Intended Use prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, amounts received will be recognized as sales proceeds and the related cost in profit or loss. The effective date of the amendment is for annual periods beginning on or after January 1, 2022. The amendment must be applied retrospectively to certain items of property.

3. Significant Accounting Policies, Estimates and Judgments (continued)

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases*) with amendments that address issues that might affect financial reporting related to financial instruments and hedge accounting resulting from the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 1, 2021 and are to be applied retrospectively.

Amendments to IAS 12 *Income Taxes:* Deferred Tax related to Assets and Liabilities arising from a Single Transaction clarifies the accounting for deferred tax on transactions such as leases and decommissioning obligations by removing the initial recognition exemption for transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual periods beginning on or after January 1, 2023.

3.14 Critical Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The estimates and the underlying assumptions are based on the judgment of management, including historical experience and other factors that management believes to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. A revision to an accounting estimate is recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

The following are critical judgments and estimates that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

a) Management is required to assess exploration and evaluation assets for impairment at each period end. The triggering events are defined in IFRS 6 Exploration for and Evaluation of Mineral Resources ("IFRS 6"). In making the assessment, management is required to make judgments as to whether impairment indicators exist when assessing the following factors: the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future, substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned, sufficient data exists to support that extracting the resources will not be technically feasible or commercially viable and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The nature of exploration and evaluation activity is such that only a small proportion of projects are ultimately successful, and some assets are likely to become impaired in future periods.

   Management has determined that there were no triggering events present as defined in IFRS 6 for the exploration and evaluation assets and as such, no impairment test was performed at September 30, 2021 and 2020.

b) The Company applied significant judgment in determining the fair value of the option payments made pursuant to an option agreement with EPCS ("EPCS Option Agreement") and their classification as a financial instrument at FVTPL (Note 6), including the impact of the COVID-19 pandemic on the Company and the Project.

4. Exploration and Evaluation Assets

The Company holds two exploration licenses for the Chvaletice Manganese Project (the "Licenses"). The Company was also issued a Preliminary Mining Permit by the Czech Ministry of Environment, referred to by the Ministry as the prior consent of the establishment of the Mining Lease District (the "Preliminary Mining Permit"). The Preliminary Mining Permit covers the areas included in Licenses and secures the Company's rights for the entire deposit. The Preliminary Mining Permit forms one of the prerequisites for the application for the establishment of the Mining Lease District and represents one of the key steps towards final permitting for the Project. The establishment of the Mining Lease District, the application for the final Mining Permit, and applications for permits relating to the construction of infrastructure required for the Project, are required prior to operation at the Chvaletice Manganese Project. At September 30, 2021, the Licenses and the Preliminary Mining Permit were both valid until May 31, 2026.

The acquisition of Mangan included the grant of a 1.2% net smelter royalty interest ("NSR") and the issue, over a four-year period, of common shares of the Company in five equal tranches, each valued at $300,000.

On May 31, 2021, the Company entered into royalty termination agreements with the original owners of Mangan to purchase and extinguish the NSR in the Chvaletice Manganese Project for an aggregate consideration of USD4,500,000 ($5,424,458), payable in two instalments: 20% in cash, amounting to USD900,000 ($1,085,698) which was paid May 31, 2021; and 80%, amounting to USD3,600,000 ($4,338,760), on or before January 31, 2022, by a combination of cash and up to 50% in common shares, at the sole option of the Company, based on a price per share equal to the 20-day volume weighted average price on the TSX-V prior to the date of issuance. The Company also incurred $20,000 in transaction costs. The liability for the royalty buy back increased to $4,576,367 at September 30, 2021 due to the movement in the foreign exchange rate.

The total carrying value of the Company's exploration and evaluation assets of $6,693,544 also includes the fair value of the initial share consideration following the acquisition date of Mangan on May 13, 2016, as well as the discounted value of the deferred share consideration, as determined by the Company on the acquisition date, totaling $1,249,086. The deferred consideration was fully settled on May 13, 2020.

(Expressed in Canadian dollars)

5. Property and Equipment

	September 30, 2021				
	Assets under construction [a]	Equipment	Land	Lease assets [b]	Total
	$	$	$	$	$
Cost					
October 1, 2020	—	85,755	318,729	50,665	455,149
Additions	2,064,835	33,357	14,602	364,231	2,477,025
Disposals	—	(6,609)		(50,665)	(57,274)
September 30, 2021	**2,064,835**	**112,503**	**333,331**	**364,231**	**2,874,900**
Accumulated depreciation					
October 1, 2020	—	(58,080)	—	(32,381)	(90,461)
Additions	—	(26,659)	—	(76,716)	(103,375)
Disposals	—	5,433		50,665	56,098
September 30, 2021	**—**	**(79,306)**	**—**	**(58,432)**	**(137,738)**
Net Book Value					
October 1, 2020	—	27,675	318,729	18,284	364,688
September 30, 2021	**2,064,835**	**33,197**	**333,331**	**305,799**	**2,737,162**

a) Represents demonstration plant under construction.

b) Includes head office lease in Canada and lease of premises for the demonstration plant in the Czech Republic, expiring in December 2023 and August 2023, respectively. The weighted average incremental borrowing rate for lease liabilities at recognition was 8%.

(Expressed in Canadian dollars)

5. Property and Equipment (continued)

September 30, 2020	Equipment	Land	Lease assets	Total
	$	$	$	$
Cost				
October 1, 2019	82,447	318,729	—	401,176
Adoption of IFRS 16	—	—	97,781	97,781
Additions	4,317	—	4,827	9,144
Disposals and adjustments	(1,009)	—	(51,943)	(52,952)
September 30, 2020	85,755	318,729	50,665	455,149
Accumulated depreciation				
October 1, 2019	(32,224)	—	—	(32,224)
Additions	(26,417)	—	(45,511)	(71,928)
Disposals	561	—	13,130	13,691
September 30, 2020	(58,080)	—	(32,381)	(90,461)
Net Book Value				
October 1, 2019	50,223	318,729	—	368,952
September 30, 2020	27,675	318,729	18,284	364,688

6. EPCS Option and Other Assets

a) Option

On October 17, 2018, the Company, through its Czech subsidiary, Mangan, made the first option payment of 14 million Czech Koruna ($815,000) as stipulated in an option agreement for the purchase of a 100% interest in EP Chvaletice s.r.o. ("EPCS") dated on August 13, 2018 ("EPCS Option Agreement"). EPCS is a Czech operating company whose principal asset is a large parcel of industrial zoned land adjacent to the Chvaletice Manganese Project, where the Company proposes to develop its high-purity manganese processing facility. On August 13, 2021, the Company exercised the option to extend the payment term of the following instalments by one year. As part of this extension, the Company made a payment of 14 million Czech Koruna ($819,576) to EPCS, which represents a portion of the final instalment. The fee for the extension is 2,100,000 Czech Koruna (approximately $121,472), payable together with the deferred instalment in 2022.

Pursuant to the EPCS Option Agreement, the Company, after exercising the option to extend the payment terms, has the right to acquire a 100% interest in EPCS by making two additional instalments aggregating 112 million Czech Koruna (approximately $6.48 million) as follows:

i. an instalment of 42,000,000 Czech Koruna (approximately $2.43 million at September 30, 2021), due within 60 days of final approval of the environmental impact assessment for the Chvaletice Manganese Project, but no later than on August 13, 2022, four years after signing the EPCS Option Agreement, which was extended from three years following the extension described above; and

(Expressed in Canadian dollars)

6. EPCS Option and Other Assets (continued)

ii. a final instalment of 70,000,000 Czech Koruna (approximately $4.05 million at September 30, 2021), due upon receipt of all development permits for the Chvaletice Manganese Project, but no later than five years after signing the EPCS Option Agreement.

The first and second payments made on October 17, 2018, and August 13, 2021, respectively, are derivatives classified as FVTPL due to the following:

i. The option is for the acquisition of shares of EPCS rather than a non-monetary asset;
ii. It does not meet any of the scope exceptions from recognition as a derivative asset under IFRS 9 *Financial Instruments*;
iii. Control of the Company over EPCS is not present until the last option payment is made. The remaining two payments are dependent on the Board's approval and are not legally enforceable by the shareholder of EPCS.

For the year ended September 30, 2021, the fair value of the option increased by the $819,576 payment made to the EPCS on August 13, 2021. There were no other changes in the fair value of the option in the year ended September 30, 2020.

b) Other assets

Other assets, representing additional land purchases and land option agreements, are as follows:

		September 30,	
		2021	2020
		$	$
Miscellaneous land parcels and second railway switch (plant area)	a)	**227,667**	227,667
Land for buffer zone and infrastructure corridor (tailings area)	b)	**11,867**	11,867
Additional land and rail spur extension (plant area)	c)	**268,064**	—
Balance at September 30, 2021		**507,598**	239,534

a) On February 7, 2019, the Company signed an amendment to the EPCS Option Agreement (the "Amendment"), funding, through EPCS, the purchase of several land parcels adjacent to the land owned by EPCS, and thus increasing the Option Agreement value by 3,500,000 Czech Koruna ($203,220). Pursuant to the Amendment, in the event that EPCS is not ultimately acquired under the EPCS Option Agreement, the ownership of these land parcels will be transferred to Mangan at no additional cost. The Company also incurred transaction costs of $24,447.

b) On May 11, 2019, the Company signed a purchase contract with the Municipality of Trnavka for a 2.96-hectare parcel of land adjacent to the Chvaletice Manganese Project tailings, on which the Company plans to construct a visual and acoustic barrier between Trnavka and the Chvaletice Manganese Project tailings. The first payment, representing 10% of the total amount, 202,699 Czech Koruna ($11,867) was paid on May 20, 2019. Subsequent payments are based on permitting milestones over the period to March 2029.

c) On December 18, 2020, the Company paid the first installment of $86,373 pursuant to the agreement with Sprava Nemovitosti Kirchdorfer CZ s.r.o. to acquire a 49,971 m² parcel of land, including a rail spur extension that provides additional room and flexibility for the proposed Chvaletice commercial plant layout. The cost of the land is CZK 18,739,125 (approximately $1.1 million) and is to be paid in five annual installments of approximately $80,000, followed by the remaining balance of approximately $700,000 in the final year. The Company has the option to terminate the contract after the third installment in October 2022. During the year, the Company recognized a liability for the two payments due in October 2021 and 2022 in the total amount of $160,857, which increased to $164,304 at September 30, 2021 due to the change in the foreign exchange rate. The Company also incurred transaction costs of $20,834.

(Expressed in Canadian dollars)

7. Government loan

On April 23, 2020, the Company received, through its Canadian banking institution, $40,000 from the Canada Emergency Business Account, which provides support for Canadian business during COVID-19 pandemic. The loan was interest-free until December 31, 2022, after which it would convert into a three-year loan with an interest rate of 5% per annum. If 75% of the principal was repaid before December 31, 2022, the remainder of the loan would be forgiven. The loan proceeds received approximated the fair value. Accordingly, the loan was recorded at its nominal value. The Company repaid the loan on April 6, 2021, with a gain on repayment of $10,000.

8. Equity

a) **Common shares**

The Company has unlimited authorized common shares with no par value.

	Share price		Number of common shares	Share capital
	$			$
Balance at October 1, 2020			258,162,887	28,608,578
Shares issued in private placements				
	0.19	(a)	60,000,000	11,339,829
	0.45		444,445	200,000
	0.58	(b)	50,000,000	28,609,561
Less: Cash expenses paid				(2,327,180)
			110,444,445	37,822,210
Add:				
Options exercised	0.17		3,119,333	515,376
Broker warrants exercised	0.34		5,756,750	1,944,525
Total shares issued for cash			119,320,528	40,282,111
Less: non-cash expenses:				
Broker warrants issued				(2,250,772)
Add:				
Non-cash value of exercised options				354,028
Non-cash value of exercised broker warrants				504,070
Balance at September 30, 2021			377,483,415	67,498,015

[a] Includes 58,066,754 CDIs issued for AUD0.20 per CDI.
[b] All 50,000,000 CDIs were issued for AUD0.60 per CDI.

The following is a summary of shares issued during the year ended September 30, 2021:

During the three months ended December 31, 2020, the Company completed a two-tranche brokered private placement of 1,933,246 common shares and 58,066,754 CDIs, at a price of $0.19 per common share or AUD0.20 per CDI, respectively for aggregate gross proceeds of $11,339,829 ("Offering A"). Fees payable in cash by the Company in connection with Offering A consisted of AUD571,568 ($547,990) to the lead manager and bookrunner and $119,557 to the Company's financial advisor. Additionally, the lead manager was issued 6,000,000 broker warrants exercisable any time on or prior to December 16, 2023, with one-half of such broker warrants having an exercise price of $0.30 per share and one-half of such broker warrants having an exercise price of $0.35 per share.

(Expressed in Canadian dollars)

8. Equity (continued)

On January 7, 2021, the Company closed a non-brokered private placement consisting of 444,445 common shares at a price of $0.45 per common share for proceeds of $200,000.

On March 30, 2021, and May 10, 2021, the Company completed the first and second tranches, respectively, of a two-tranche brokered private placement of 50,000,000 CDIs, at a price of AUD0.60 per CDI for aggregate gross proceeds of AUD30,000,000 ($28,609,561) ("Offering B"). Fees payable in cash by the Company in connection with Offering B consisted of AUD1,470,930 ($1,403,060) to the lead manager and bookrunner and $27,995 to the Company's financial advisor. Additionally, the lead manager was issued 2,500,000 broker warrants having an exercise price of $0.58 per share and exercisable any time on or prior to May 10, 2023.

The Company incurred additional share issue costs of $228,578 in connection with the private placements.

b) **Share options**

The Company has a rolling share-based compensation plan (the "Plan") allowing for the reservation of a maximum 10% of the common shares issued and outstanding at any given time for issuance under the Plan. Under the Plan, all share options are granted at the discretion of the Company's Board of Directors. The term of any option granted may not exceed ten years and the exercise price may not be less than the market value of the Company shares.

Current outstanding options have an expiry date of ten years and vest over a period of 24 months, except for 900,000 options granted to certain officers of the Company which vest in 5 years from the date of grant and 350,000 options granted to a consultant, vesting one-third on the date of grant and one-third on each of the four- and eight-month anniversaries of the date of grant. A continuity summary of the share options granted and outstanding under the Plan for the year ended September 30, 2021 and 2020 is presented below:

	Year ended September 30,			
		2021		2020
	Number of share options	**Weighted average exercise price ($/per share)**	Number of share options	Weighted average exercise price ($/per share)
Balance, beginning of the year	**19,725,000**	0.16	15,500,000	0.17
Options granted during the year	**2,850,000**	0.59	4,800,000	0.12
Options exercised during the year	**(3,119,333)**	0.17	—	—
Options expired	**(300,002)**	0.28	(575,000)	0.10
Options forfeited	**(184,667)**	0.20	—	—
Balance, end of the year	**18,970,998**	0.23	19,725,000	0.16

During the year ended September 30, 2021 the Company recorded share-based compensation expense of $833,454 (2020 - $409,811) of which $415,733 has been allocated to project expenses (2020 - $138,104) and $417,721 to administrative expenses (2020 - $271,707). During the year ended September 30, 2021, the weighted average share price on the dates when the share options were exercised, was $0.54 per share.

(Expressed in Canadian dollars)

8. Equity (continued)

The balance of options outstanding and exercisable at September 30, 2021, is as follows:

	Options outstanding & exercisable		**Options exercisable**	
Exercise price ($/Share)	Number of share options	Weighted average remaining contractual life (years)	Number of share options	Weighted average remaining contractual life (years)
0.08	1,425,000	4.6	1,425,000	4.6
0.10	1,075,000	5.5	1,075,000	5.5
0.11	6,687,667	7.7	5,405,003	7.4
0.13	500,000	9.0	333,334	9.0
0.20	2,925,000	6.4	2,925,000	6.4
0.25	1,466,667	7.2	1,416,667	7.2
0.28	2,041,664	7.4	2,041,664	7.4
0.59	500,000	9.7	166,668	9.7
0.61	2,350,000	9.5	600,003	9.5
0.23	18,970,998	7.4	15,388,339	6.9

Option pricing models require the input of highly subjective assumptions. The expected life of the options considered such factors as the average length of time similar option grants in the past have remained outstanding prior to exercise and the vesting period of the grants. Volatility was estimated based on volatility assumptions of comparable companies. Changes in the subjective input assumptions can materially affect the estimated fair value of the options.

In the years ended September 30, 2021 and 2020, the Company applied the fair value-based method of accounting to determine the value of stock options granted to employees, including directors, and non-employees on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year ended September 30,	
	2021	2020
Risk free rate	**0.16 %**	0.21 %
Expected life (years)	**9.0**	9.0
Annualized volatility	**90 %**	90 %
Dividend rate	**— %**	— %
Forfeiture rate	**— %**	— %
Option exercise price	**$0.59**	$0.12
Grant date fair value	**$0.49**	$0.08

(Expressed in Canadian dollars)

8. Equity (continued)

c) Warrants

	September 30, 2021		September 30, 2020	
	Number of warrants	**Weighted-average exercise price**	Number of warrants	Weighted-average exercise price
		$		$
Outstanding, beginning of the year	5,756,750	0.34	5,756,750	0.34
Issued	8,500,000	0.40	—	—
Exercised	(5,756,750)	0.34	—	—
Outstanding, end of the year	8,500,000	0.40	5,756,750	0.34

As at September 30, 2021, the following warrants were outstanding:

Expiry date	**Weighted average exercise price**	**Number of warrants**	**Weighted average remaining contractual life (years)**
December 16, 2023	0.30	3,000,000	2.2
December 16, 2023	0.35	3,000,000	2.2
May 10, 2023	0.58	2,500,000	1.6
	0.40	8,500,000	2.0

In connection with Offering A, the Company issued Broker Warrants exercisable anytime prior to December 16, 2023, with one-half of such Broker Warrants having an exercise price of $0.30 per share and one-half of such Broker Warrants having an exercise price of $0.35 per share. Based on Black-Scholes pricing model using a risk-free rate of 0.32%, an expected life of 3.0 years, an annualized volatility of 90% (based on volatility assumptions of comparable companies), a dividend rate of nil, and a share price of $0.445 (share price on the date of special general meeting approving the issue of the warrants), these warrants were assigned an estimated total value of $1,666,414.

In connection with Offering B, the Company issued Broker Warrants having an exercise price of $0.58 per share and exercisable anytime prior to May 10, 2023. Based on Black-Scholes pricing model using a risk-free rate of 0.28%, an expected life of 2 years, an annualized volatility of 90%, a dividend rate of nil, and a share price of $0.52 (share price on the date of special general meeting approving the issue of the warrants), these warrants were assigned an estimated total value of $584,358.

a) Deferred Share Consideration

On February 22, 2021, the Company entered into an agreement with EIT InnoEnergy, a Knowledge and Innovation Community supported by the European Institute of Innovation and Technology, securing their support for the Chvaletice Manganese Project. In connection with their support, EIT InnoEnergy will invest €250,000 over three installments that will go towards ongoing work on a detailed feasibility study and demonstration plant. The first and second investment tranches of €62,500 ($92,850) and €125,000 ($185,162) were advanced on March 24, 2021 and July 26, 2021, respectively. Accordingly, the Company will issue 147,380 and 330,647 common shares to EIT InnoEnergy at the price of $0.63 and $0.56 per share, respectively, in connection with the first and second installment tranches, with such common shares expected to be issued in early January 2022. The third installment tranche of €62,500 is expected to be made in the first calendar quarter of 2022 and common shares related to that instalment are expected to be issued in early January 2023.

(Expressed in Canadian dollars)

9. Related Party Transactions

Transactions between the Company and its subsidiary have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below. Related parties include the Board of Directors, officers and advisory board, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

a) Key management compensation

Key management personnel include the Board of Directors, President and Chief Executive Officer, Chief Financial Officer, Vice President, Corporate Development and Corporate Secretary, Vice President, Operations, Chief Technology Officer and the Managing Director of the Company's Czech subsidiary. During the years ended September 30, 2021, and 2020, the Company incurred the following expenses to officers or directors of the Company or companies with common directors:

	Year ended September 30,	
	2021	2020
	$	$
Salaries and fees	**1,787,234**	1,160,479
Share-based compensation	**192,908**	243,663
	1,980,142	1,404,142

b) Related party transactions during the year

Fees provided by PRK Partners s.r.o. ("PRK"), a legal firm associated with a former director and a former advisory board member, for the year ended September 30, 2021 amounted to $27,757 (2020 - $149,519). Fees paid to the advisory board members for the year ended September 30, 2021 amounted to $25,000 (2020 - $9,314).

c) The balances payable to related parties at the period ends were as follows:

	September 30,	
	2021	2020
	$	$
Salaries and fees payable to directors and officers	**33,803**	16,158
Fees provided by a legal firm associated with a director	**—**	576
Outstanding payables due to directors and officers	**14,998**	3,983
	48,801	20,717

These transactions were incurred in the normal course of operations.

10. Fair Value Measurement of Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

10. Fair Value Measurement of Financial Instruments (continued)

The fair values of the Company's cash, accounts receivable, accounts payable, due to related parties, liabilities for royalty buy back and land deposits approximate carrying values, which are the amounts recorded on the consolidated statement of financial position due to their short-term nature.

The option payments pursuant to the EPCS Option Agreement (Note 6) are a derivative. It is a financial instrument measured at fair value through profit and loss using Level 3 inputs as there is no observable market data available. The option was initially recognized at fair value which equaled the initial cash payment of $815,000 as stipulated in the EPCS Option Agreement and increased by $819,576 on August 13, 2021 representing the second payment under the EPCS Option Agreement. No factors affecting the fair value of the EPCS Option in the time from the initial recognition to the period end were identified. Factors that were considered in this assessment were: compliance with EPCS Option Agreement, changes in intended land use, demand for high purity manganese products and price development, project progress and changes in local economy and legislation.

There were no transfers between the levels of the fair value hierarchy in the year ended September 30, 2021.

11. Financial Risk Management

a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. Management believes that the credit risk concentration with respect to these instruments is remote as they primarily consist of amounts on deposit with a major financial institution.

At September 30, 2021 and 2020, the Company's maximum exposure to credit risk was its cash balance of $31,218,582 and $2,730,739, respectively.

b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation (Note 1). At September 30, 2021, the maturity of accounts payable, due to related parties balances, liability for royalty buy back and half of the liability for land deposits is under one year. The remaining half of the liability for land deposits is due in under two years.

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and price risk.

<u>Interest Rate risk</u>

The Company has cash balances and no interest-bearing debt. The Company invests a portion of its cash in an interest-bearing account with a major Canadian bank.

(Expressed in Canadian dollars)

11. Financial Risk Management (continued)

Foreign currency risk

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency rates. The Company's financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the functional currency of the entity that holds them. Exchange gains and losses in these situations impact earnings. At September 30, 2021, a 10% fluctuation in the $/USD would result in an approximate increase/decrease of $450,000 in net loss due to the change in the royalty buy back liability.

12. Segmented Information

The Company's operations are all conducted in one segment, the exploration and development of exploration and evaluation assets. The Company's exploration and evaluation assets and property and equipment are in the Czech Republic.

13. Commitments

At September 30, 2021, the Company was committed to make the minimum annual cash payments, as follows:

	Payments due by period		
	Total	Less than one year	1 - 2 years
	$	$	$
Minimum office lease payments (1)	7,496	5,657	1,839
Operating expenditure commitments (2)	43,355	43,355	—
Total contractual obligations	50,851	49,012	1,839

(1) The Company has one non-cancellable operating office leases expiring within two years.

(2) Operating expenditure commitments relate to the evaluation work on the Chvaletice Manganese Project.

In addition to the commitments disclosed above, the Company has entered into various agreements related to the feasibility study and the demonstration plant. These contracts can be canceled by the Company upon notice without penalty, subject to the costs incurred up to and in respect of the cancellation.

The Company has entered into employment agreements with its executive officers in which the individuals are entitled to a combination of base salary, extended benefits, specified milestones payments, and may be eligible for annual performance-based bonus as determined by the Board in its sole discretion. Following termination without cause, executive officers are also entitled to 12-month written notice or pay in lieu of notice of termination equivalent to 12 months' salary. Further, upon a change of control, as defined in their employment agreements, certain executives are entitled to lump sum payments of twenty-four months of their base salaries. Total maximum commitment upon change of control would amount to $1.5 million.

The Company agreed to acquire a right-of-way for a period of 30 years having an annual rental of CZK 60,000 (approximately $3,000).

(Expressed in Canadian dollars)

14. Supplemental Cash Flow Information

Non-cash financing and investing transactions in the year ended September 30, 2021 and 2020 were as follows:

	Year ended September 30,	
	2021	2020
	$	$
Shares issued in private placement as settlement of payable	—	300,000
Transfer of reserves on exercise of share options	**354,028**	—
Fair value of broker warrants issued from private placement	**2,250,772**	—
Transfer of reserves on exercise of broker warrants	**504,070**	—
Recognition of liability for land deposits	**160,857**	—
Repayment of deferred consideration commitment	**—**	300,000
Recognition of liability for royalty buy back	**4,338,760**	—

15. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to pursue suitable business opportunities and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the evaluation stage and has not achieved commercial operations from its projects, its principal source of funds is from the issuance of common shares. Further information related to liquidity risk is disclosed in Note 1 and 11.

In the management of capital, the Company includes the components of equity. The Company manages and adjusts its capital structure considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain and adjust the capital structure, the Company may attempt to issue new shares, enter joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary, depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board.

The Company's investment policy is to invest its cash in high-quality, highly liquid short-term interest-bearing investments with maturities or three months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company is uncertain as to whether its current capital resources will be sufficient to carry on its evaluation and development plans and operations through its current operating period and, accordingly, management is reviewing the timing and scope of current evaluation plans and is also pursuing other financing alternatives to fund the Company's operations. The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management in the period.

(Expressed in Canadian dollars)

16. Income Taxes

A reconciliation of the income tax recoveries at the statutory tax rate of 27% (2020 - 27%) is as follows:

	September 30, 2021	2020
	$	$
Loss for the year	**(9,540,421)**	**(6,375,493)**
Expected income tax recovery	**(2,575,914)**	(1,721,383)
Non-deductible expenses and other	**225,279**	146,570
Effect of foreign tax rates and tax rate changes	**625,170**	403,692
Effect of deductible temporary difference not recognized	**1,725,465**	1,171,121
Income tax recovery	**—**	—

The Company has not recognized any deferred tax assets as realization is not probable. The significant components of the Company's deferred tax assets are as follows:

	September 30, 2021	2020
	$	$
Equipment	**27,969**	19,346
Exploration and evaluation assets	**3,353,712**	2,249,657
Share issuance costs	**666,394**	402,540
Tax operating losses	**3,654,449**	2,784,381
	7,702,524	5,455,924
Unrecognized deferred income tax assets	**(7,702,524)**	(5,455,924)
Deferred income tax assets	**—**	—

At September 30, 2021, the Company had the following estimated tax operating losses available to reduce future taxable income, including losses for which deferred tax assets are not recognized as listed in the table above. Losses expire at various dates and amounts between 2022 and 2040.

At September 30, 2021	$
Canada	13,255,300
Czech Republic	3,904,800
Tax operating losses	17,160,100

1. Introduction

The principal business and current focus of Euro Manganese Inc. (the "Company" or "EMN") is the proposed development of the Chvaletice Manganese Project (the "Project"), in which the Company has a 100% ownership interest. The Project involves the re-processing of a readily leachable manganese deposit hosted in the tailings of a decommissioned mine in the Czech Republic. The Company's goal is to produce high-purity manganese products in an economically, socially and environmentally-sound manner, principally for use in lithium-ion batteries.

EMN was incorporated under the British Columbia Business Corporations Act on November 24, 2014. The Company's corporate offices are located at 700 West Pender Street, Suite 709, Vancouver, B.C., Canada, and its registered offices are located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, B.C., Canada. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") and on the OTC Best Market ("OTCQX") under the symbols "EMN.V" and "EMN.AX", respectively. CHESS Depository Interests ("CDIs", with each CDI representing one common share) are also traded on the Australia Securities Exchange ("ASX") under the symbol "EMN.AX".

This management's discussion and analysis ("MD&A") of the financial condition and results of operations, prepared as of December 16, 2021, supplements, but does not form part of the audited consolidated financial statements of the Company for the year ended September 30, 2021 (the "September 2021 Financial Statements"), which can be found along with other information of the Company on SEDAR at www.sedar.com. The Company prepares its financial statements in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (the "IASB"). The Company's significant accounting policies are set out in Note 3 of the September 2021 Financial Statements.

Additional information relating to the Company, including the Annual Information Form for the year ended September 30, 2021, is available on SEDAR at www.sedar.com, and on the Company's website www.mn25.ca.

The technical information in this MD&A concerning the Chvaletice Manganese Project was prepared under the supervision of Ms. Andrea Zaradic, P. Eng., a Qualified Person under the National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101").

This MD&A contains "forward-looking statements" that are subject to risk factors as set out in a cautionary note contained in section 19. The financial information presented in this MD&A is in Canadian dollars, unless otherwise stated.

2. Overview

The Chvaletice Manganese Project is located in the Czech Republic, within the townships of Chvaletice and Trnavka, in the Labe River valley, approximately 90 kilometres to the east of the country's capital, Prague. The Project site is adjacent to established infrastructure, including an 820-megawatt coal-fired power station that supplies the Czech Republic's national grid, a major railway line, a highway and a natural gas line. The surrounding region is industrialized and skilled labour is expected to be available from local markets. The Chvaletice Manganese Project resource is contained in flotation tailings piles that were emplaced on flat terrain immediately below the site of a flotation mill site, adjacent to the former Chvaletice open pit mine. The tailings were deposited during historical milling operations for the recovery of pyrite used for the production of sulfuric acid. The tailings, which consist of three separate piles ranging from 12 to 28 meters in thickness, cover a cumulative surface area of approximately one square kilometer.

2. Overview (continued)

The Company has significantly advanced the Chvaletice Manganese Project since 2015 and believes that the Project's environmentally-friendly tailings reprocessing to produce ultra-high-purity manganese products should enable it to become Europe's only primary producer of such products, with a best-in-class environmental footprint. The Chvaletice Manganese Project is also expected to result in the environmental remediation of a polluted former mine site, bringing it into full compliance with modern Czech and European Union environmental standards and regulations.

The Chvaletice Manganese Project is targeting production of ultra-high-purity electrolytic manganese metal ("HPEMM") with specifications exceeding 99.9% Mn and ultra-high-purity manganese sulphate monohydrate ("HPMSM") with a minimum manganese content of 32.34%, both of which exceed typical industry standards. These products will be selenium, fluorine and chromium-free and are designed to contain very low levels of deleterious impurities.

HPEMM and HPMSM are critical components of Li-ion batteries and few sources of manganese are suitable for the sustainable and economic production of high-purity manganese products. As such, demand for high-purity manganese products is growing rapidly, fueled largely by the Li-ion and electric vehicle ("EV") markets. The Company has entered into five technical and commercial collaboration memorandums of understanding ("MOU") with consumers of high-purity manganese products, intended to result in the supply chain qualification of the Project's products and the eventual offtake thereof. The Company is also in active discussions and negotiations with several other parties, including battery, chemical and automobile manufacturers, with the intent to enter into additional MOUs. An overview of the high-purity manganese market can be found in section 6 of this MD&A.

The Company's wholly-owned subsidiary, Mangan Chvaletice s.r.o. ("Mangan") holds two licenses covering mineral exploration rights for the Chvaletice Manganese Project ("Licenses"), which are both valid until May 31, 2026. On July 20, 2021, Mangan was also issued a new Preliminary Mining Permit, referred to by the Czech Ministry of Environment as the Prior Consent for the Establishment of a Mining Lease District, which is valid until May 31, 2026. The Preliminary Mining Permit represents one of the key steps towards final permitting for the Chvaletice Manganese Project, covers the areas included in the Licenses, and secures Mangan's exploration rights for the entire deposit. The establishment of the Mining Lease District, the application for the Final Mining Permit, and applications for permits relating to the construction of infrastructure and operation of a processing facility required for the Chvaletice Manganese Project, must be submitted and approved prior to any commercial extraction and processing activities at the Project.

The Company has experienced ongoing collaboration and support for the Project at various levels of the Czech Government, which approved the Company's application for certain investment incentives in the form of investment tax credits on eligible project expenditures, and in March 2020, issued a ruling under European Union's Natura 2000, which determined that the Project is not expected to adversely impact endangered and protected species habitat.

The area of interest for the Chvaletice Manganese Project overlies several privately-owned land parcels with surface rights. To date, Mangan has received the consent to access the site from landowners whose surface properties underlie the tailings, for the purpose of conducting exploration and other project development related activities. At present, Mangan does not hold surface rights to the Chvaletice Manganese Project area, which includes those parcels of land underlying and immediately surrounding the three tailings deposits comprising the Chvaletice Manganese Project.

The Company is currently negotiating the acquisition of the remaining surface rights, leases, rights of way, or other arrangements in those areas where it intends to develop its operations, site facilities and infrastructure. There is no assurance that areas needed for these activities and facilities will be secured. Mangan has, however, signed an option agreement giving it the right to acquire 100% of a company that owns a 19.94-hectare parcel of land intended to be the site of Mangan's ultra-high purity processing plant (section 6 of this MD&A). The Company also agreed to acquire rights to several additional strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant.

2. Overview (continued)

The land for the proposed processing plant is already zoned for industrial use and the Company has initiated the rezoning process for the tailings land. Both adjoining municipalities have voted unanimously to proceed with the required land-use plan change after an intensive community consultation which has been ongoing for several years, with overwhelmingly positive feedback and has continued to receive valuable local resident project planning and design input.

The Company filed a Technical Report having an effective date of January 29, 2019, prepared by Tetra Tech Canada Inc. ("Tetra Tech"), which reported an updated Mineral Resource estimate and the results of a Preliminary Economic Assessment ("PEA") for the Chvaletice Manganese Project (section 6 of this MD&A).

The Company continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and on the Chvaletice Manganese Project. Throughout the pandemic, the Company has taken a number of measures to safeguard the health of its employees while continuing to advance work related to the Project. The Company has experienced delays due to the COVID-19 pandemic, largely as a result of travel restrictions and supply chain disruptions. Despite the easing of certain travel restrictions and some improvement in the global economy during 2021, the duration of the pandemic and its impact on the Company's ability to progress the development of its project remain uncertain, especially in light of the recent surge in COVID-19 cases in the Czech Republic. Additionally, while productivity has seen improvements in recent months in part due to widespread vaccinations, the COVID-19 Delta variant outbreak and the newly-discovered Omicron variant may result in new or extended travel restrictions being implemented which could further impact the Project schedule.

3. Financial and Project Highlights

The following is a summary of the Company's highlights during the year ended September 30, 2021, and to the date of this MD&A:

- In October 2021, the pilot plant, which was originally operated in 2018, was restarted to produce product samples for certain prospective customers to continue or initiate their supply chain qualification work in advance of larger samples delivered from the Project's Demonstration Plant.

- On September 24, 2021, Mangan was issued the construction permit to upgrade two industrial buildings at the planned commercial plant site, which will host the demonstration plant, and the upgrade work commenced in October 2021.

- On September 16, 2021, the Company received the globally recognized ISO 27001 certification for Information Security Management Systems confirming that the Company is in line with information security best practice. The Company also plans to obtain a TISAX certification, which is based on the ISO 27001 standard, in order to be recognized as a trusted service provider to the European automotive industry.

- On October 4, 2021, the Company entered into a Joint Development Agreement with Nano One Materials Corp. Joint activities will focus on developing manganese products expected to be produced by the Company for use in cathode materials made by Nano One Materials Corp., in the context of rapidly rising demand for high-purity manganese products.

- On July 26, 2021, the Company received an investment instalment of €125,000 ($185,162) from EIT InnoEnergy, an EU-backed organization. The first installment of €62,500 ($92,850) was made on March 24, 2021. These represent two of the three investment installments in the Project which aggregate €250,000. EIT InnoEnergy will also provide assistance in securing customer off-take agreements and access to Project financing.

- On July 20, 2021, the Czech Ministry of the Environment granted Mangan a new Preliminary Mining Permit, valid until May 31, 2026. The permit secures Mangan's exclusive rights to the Chvaletice tailings resource and the Company's right to conduct the Project's Final Environmental and Social Impact Assessment ("Final ESIA"), which is expected to be completed and filed with permitting authorities in the first half of calendar 2022.

3. Financial and Project Highlights (continued)

- On July 2, 2021, the Czech Ministry of the Environment granted Mangan an extension of its exploration licences by three years to May 31, 2026. The extension allows work to continue on all aspects of the manganese resource development, including the tailings extraction for the Project's demonstration plant.
- On June 15, 2021, the Company's shares started trading on the OTC Best Market ("OTCQX") under the symbol "EUMNF".
- On May 31, 2021, the Company entered into royalty termination agreements to purchase and extinguish an aggregate 1.2% net smelter royalty interest in the Manganese Chvaletice Project for aggregate consideration of USD4.5 million (approximately $5.5 million) payable in two instalments: USD0.9 million ($1.1 million) which was paid May 31, 2021; and USD3.6 million (approximately $4.5 million), on or before January 31, 2022, by a combination of cash and up to 50% in common shares, at the sole option of the Company, based on a price per share equal to the 20-day volume weighted average price on the TSX-V prior to the date of issuance.
- On May 10, 2021, the Company completed the second tranche of a two-tranche brokered private placement of 50.0 million CDIs at a price of AUD0.60 for aggregate gross proceeds of AUD30.0 million ($28.6 million) and net proceeds of AUD28.5 million ($27.2 million).
- On January 14, 2021, the Company announced the conclusion of a six-month screening of the Project's preliminary Environmental Impact Assessment ("EIA") conducted by the Czech Ministry of Environment (the "Ministry"). Based on the official notification received from the Ministry, the Company can now proceed with the next stage of the environmental permitting process, which is the preparation of the Final ESIA.
- On January 7, 2021, the Company completed a non-brokered private placement of 444,445 common shares at a price of CAD $0.45 per Share, raising $200,000 for general working capital purposes.
- On November 18, 2020, the Company placed the order for the demonstration plant and resumed the confirmatory test work and various engineering studies for the feasibility study.
- On December 16, 2020, the Company completed the second tranche of a two-tranche brokered private placement of 1.9 million common shares and 58.1 million CDIs, at a price of $0.19 per common share or AUD$0.20 per CDI, respectively for aggregate gross proceeds of $11.3 million (the "Offering") and net proceeds of $10.6 million.
- In December 2020, the Company agreed to acquire rights to three strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant.

4. Outlook

During the year ended September 30, 2021, the Company secured what is expected to be sufficient funding to complete the evaluation and pre-development work on the Project, including the completion of its feasibility studies, environmental studies, permitting, the re-start of the pilot plant and the commissioning of the Chvaletice demonstration plant and its operation for one year. Additional funding will be required for the continuous operation of the demonstration plant, additional land acquisitions, as well as the potential future construction of infrastructure and facilities for the Chvaletice Manganese Project (section 9 of this MD&A).

The following are the Company's short-term priorities:

- production and delivery of small samples of high-purity manganese products from the pilot plant to allow prospective customers to continue or initiate their supply chain qualification;
- taking delivery of, installing, commissioning and operating the demonstration plant to allow the Company to produce bulk, multi-tonne finished product samples for prospective customers' supply chain qualification;

4. Outlook (continued)

- completion of the feasibility study which includes confirmatory test work, associated engineering activities, an updated capital and operating cost estimate and economic analysis;
- completion of the Project's Final ESIA process;
- continuing discussions and negotiations with potential customers, as well as strategic and financial partners and government agencies, including those related to funding the development of the Chvaletice Manganese Project; and
- completion of negotiations for the acquisition of certain land rights and access.

The completion of the Chvaletice demonstration plant, its commissioning and the start of production are targeted for the second quarter of calendar 2022. The completion of the feasibility study and the Final ESIA, are targeted for completion in the first half of calendar 2022. This could potentially enable the final environmental permitting for the Project to be completed late in calendar 2022. However, further disruptions resulting from an extended duration of the COVID-19 pandemic may continue to affect the Company, its suppliers and service providers, and therefore, could result in additional delays in the Company's activities.

As it moves through the feasibility stage and the pre-development stage, the Company intends to evaluate potential value-enhancing opportunities for the Chvaletice Manganese Project, with the aim of reducing costs and technical risks. These may include optimizing building sizing and layout, equipment selection, solid-liquid separation methods, as well as minimizing energy and water consumption. The Company is also evaluating the possibility of producing additional high-purity manganese products.

Once permitted, all remaining land acquisitions have been completed and offtake agreements have been entered into with the Company's potential customers, along with the completion of a bankable feasibility study demonstrating both the economic and technical viability of the Project, the Company intends to secure project financing in order to commence construction of the full-scale commercial Chvaletice process plant and related infrastructure. The Company believes that the capacity for project financing is likely to compare advantageously to the majority of projects given its safe jurisdiction, quality of potential offtake agreements that are possible in this industry, environmental benefits, and strategic position within the European battery supply chain. The Project's debt capacity would be influenced by: the bankability of offtake agreements and any available price downside protection; government, Export Development Agency and European Union credit guarantees of debt; sponsorship by customers through advances, prepayments on offtake agreements and / or equity or debt contributions; and any cost overrun protection provided by an Engineering Procurement Construction ("EPC") counterparty.

5. Significant Transactions During the Year Ended September 30, 2021

The Company did not complete any additional transactions in the year ended September 30, 2021, other than the transactions described in section 3 of this MD&A. Significant transactions which occurred subsequent to year end are described in section 15 of this MD&A.

6. Review of Operations - Chvaletice Manganese Project

Mineral Resource Estimate

The Chvaletice Manganese Project's Measured and Indicated Mineral Resources were reported in the NI 43-101 technical report entitled "Technical Report and Preliminary Economic Assessment for the Project, Chvaletice, Czech Republic" ("Technical Report"), with an effective date of January 29, 2019, as prepared by Tetra Tech, released and filed on SEDAR on March 15, 2019. The Technical Report was prepared by Mr. James Barr, P. Geo, Mr. Jianhui (John) Huang, Ph.D., P. Eng., Mr. Mark Horan, P. Eng., Mr. Hassan Ghaffari, P. Eng., and Mr. Chris Johns, P. Eng., all with Tetra Tech and all of whom are Qualified Persons under NI 43-101.

6. Review of Operations - Chvaletice Manganese Project (continued)

A summary of the mineral resource estimate for the Chvaletice Manganese Project included in the Technical Report is presented in the table below:

Tailings Cell #	Classification	Dry In-situ Bulk Density (t/m³)	Volume (m³)	Tonnage (metric tonnes)	Total Mn (%)	Soluble Mn (%)
#1	Measured	1.52	6,577,000	10,029,000	7.95	6.49
	Indicated	1.47	160,000	236,000	8.35	6.67
#2	Measured	1.53	7,990,000	12,201,000	6.79	5.42
	Indicated	1.55	123,000	189,000	7.22	5.30
#3	Measured	1.45	2,942,000	4,265,000	7.35	5.63
	Indicated	1.45	27,000	39,000	7.9	5.89
Total	Measured	1.51	17,509,000	26,496,000	7.32	5.86
	Indicated	1.50	309,000	464,000	7.85	6.05
Combined	Measured and Indicated	1.51	17,818,000	26,960,000	7.33	5.86

Note [(1)]: Numbers may not add exactly due to rounding.

Note [(2)]: Mineral Resources do not have demonstrated economic viability but have reasonable prospects for eventual economic extraction. Indicated Resources have lower confidence than Measured Resources. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

Option Agreement and Other Land Acquisitions

The Company, through its subsidiary, Mangan, has entered into an option agreement dated August 13, 2018 (the "EPCS Option Agreement") to acquire 100% of the equity of EP Chvaletice s.r.o. ("EPCS"), a small Czech steel fabrication company that owns a 19.94 hectare parcel of land. This land is located immediately south of the highway and rail line that bound the Chvaletice tailings deposit. It is also adjacent to the Chvaletice power plant and 1.7-hectare parcel of land and rail siding that was previously acquired by the Company. This strategic land parcel encompasses the intended site of its proposed processing plant. The land is zoned for industrial use and contains numerous buildings, including office, warehousing and other industrial structures, several of which are leased to short-term tenants. The land also contains two rail spurs and is served by gas, water and power. The Company will have the right to acquire EPCS by making payments aggregating 140 million Czech Koruna payable in four cash instalments, the first and second of which were paid on October 17, 2018, and August 13, 2021, respectively, each in the amount of 14 million Czech Koruna ($815,000 and $819,576, respectively).

The Company can complete the acquisition of EPCS by making two additional instalments aggregating 112 million Czech Koruna (approximately $6.48 million). The next instalment of 42 million Czech Koruna (approximately $2.43 million) is due within 60 days of approval of the Final ESIA for the Chvaletice Manganese Project, but no later than on August 13, 2022. The payment date was extended by one year for an additional payment of 2.1 million Czech Koruna (approximately $0.12 million), payable together with the deferred instalment in 2022. The last instalment of 70 million Czech Koruna (approximately $4.05 million) is due upon receipt of all development permits for the Chvaletice Manganese Project, but no later than five years after signing the EPCS Option Agreement.

6. Review of Operations - Chvaletice Manganese Project (continued)

During the year ended September 30, 2021, the Company entered into the following agreements to acquire rights to three additional strategic parcels of land, competing its land assembly for the proposed Chvaletice commercial plant:

i. Purchase from the owner of the nearby Chvaletice power plant, a 1,952 m² section of land encompassing Rail Spur no. 1, through which the proposed Chvaletice process plant will be serviced and connected to existing rail infrastructure. This acquisition is particularly important for the Project, as it provides the Company with a second rail connection, through the existing rail siding of the neighboring power plant. This is expected to provide greater logistical capacity and flexibility for the project. The cost of the land is 252,762 Czech Koruna (approximately $14,000). The acquisition of this section of land was completed on April 15, 2021.

ii. Purchase of a 49,971 m² parcel of land, including a rail spur extension that will provide additional room and flexibility for the definitive Chvaletice commercial plant layout. The cost of the land is 18,739,125 Czech Koruna (approximately $1.1 million) and can be paid in five 7.5% annual installments (approximately $80,000), followed by the remaining balance of approximately $700,000 in the final year. The first installment was refundable, subject to a positive environmental due diligence of the site, which was obtained in January 2021. Thereafter, the Company has the option to terminate the contract after the third installment. At September 30, 2021, the Company recognized a liability for the two payments due in October 2021 and 2022 in the total amount of $164,304.

iii. Lease of a 3,504 m² right-of-way for a period of 30 years, with a one-month cancellation notice period, to allow the straightening of a proposed conveyor route. Annual rental will be 60,000 Czech Koruna (approximately $3,000) and the Company will retain an option to purchase this land.

PEA Results

The main highlights of the PEA results, as summarized from the Technical Report, are as follows:

- Recycling of a 27 million tonne Measured and Indicated tailings resource (98.3% Measured) with a combined grade averaging 7.33% Mn, without the requirement of any hard rock mining, crushing or milling;
- 25-year project operating life producing 1.19 million tonnes of HPEMM, with two-thirds expected to be converted into HPMSM with the flexibility to supply either product, to suit customer preference;
- Saleable product includes 404,100 tonnes of HPEMM and 2.35 million tonnes of HPMSM;
- After-tax NPV of USD593 million and pre-tax NPV of USD782 million, using a 10% real discount rate, and based on average life-of-project HPEMM (containing 99.9% Mn) price of USD4,617/tonne and an average HPMSM (containing 32.34% Mn) price of USD2,666/tonne (prices based on a market study prepared for the Company by CPM Group LLC);
- USD404 million in pre-production capital, USD24.8 million in sustaining capital, and USD31 million in working capital, with an ungeared, pre-tax 25.2% IRR with a 4.5-year payback, and a post-tax 22.6% IRR with a 4.9-year payback;
- Access to excellent transportation, energy and community infrastructure. Proposed process plant site to be located in an industrially-zoned brownfield site, where a historical process plant generated the Chvaletice tailings;
- Exceptional green project credentials resulting in a significant remediation of the Chvaletice tailings site, arresting the ongoing pollution related to historical tailings disposal activities; and
- Opportunities exist to enhance returns through process optimization initiatives and various government investment incentives and financial support programs that may be available.

6. Review of Operations - Chvaletice Manganese Project (continued)

Feasibility Study and Environmental Impact Assessment

In 2019, the Company appointed Tetra Tech Canada as the owner's engineering representative for the feasibility study, responsible for overseeing the consultants and service providers in connection with the feasibility study, and for the preparation of the NI 43-101/JORC feasibility study report for the Chvaletice Manganese Project. The Company also appointed BGRIMM Technology Group as the lead process plant engineer, which is working closely with Tetra Tech and the Company's other consultants. Together, these firms are conducting the excavation design, process plant design, tailings/residue storage facility design, and other related studies for the Project. Tetra Tech is compiling the necessary feasibility study inputs.

Work on the basic design for the rail siding system that will be required as part of the construction, commissioning and operations of the main commercial plant is underway. As of October 31, 2021, the feasibility study was approximately 78% complete and on budget, with verification and testing work completed and good progress being made on the engineering studies. The Company is also preparing a reagent supply chain strategy plan for the Project, along with an assessment of power supply options both within the Czech Republic and the surrounding EU countries with an emphasis on options to acquire long term zero-carbon and renewable energy. The Company is targeting completion of the feasibility study in the first half of calendar 2022.

The Company has engaged consulting firms Minviro Ltd. and RCS Global Group to conduct a joint Life Cycle Assessment of the Chvaletice Manganese Project as part of the Company's commitment to environmental excellence and transparency.

In January 2021, the Company received the comments from the Czech Ministry of Environment on the Preliminary EIA, which included the Project Description. The Project Description and Preliminary EIA, which were publicly available for comment to local communities, residents, organizations and regulators, included a description of: the manganese production process and resulting environmental footprint; results of baseline and other studies conducted to date; health, safety and environmental management plans; impact assessment, impact mitigation and avoidance plans and measures; socio-economic impacts on local communities; and reclamation plans and objectives.

The Project Description and the input and comments received, will form the basis for the last stage of the environmental permitting process, in the form of a Final ESIA. The preparation of the Final ESIA and related permit application is also underway. The Company appointed GET s.r.o. in the Czech Republic to prepare the Final ESIA. Subject to the continued advancement of the feasibility study, the Company expects the timely completion of the Final ESIA documentation to be submitted to the Czech Ministry of the Environment in the first half of calendar 2022 which could potentially enable final environmental permitting for the Project later in 2022.

Commercial and Demonstration Plant Progress Update

Several prospective customers have expressed interest in procuring high-purity manganese products from the Chvaletice Manganese Project and in testing and qualifying the products of the proposed Chvaletice demonstration plant. These parties have included manufacturers of electric vehicle batteries and related chemicals, who aim to design precursor and cathode formulations in combination with available nickel, cobalt and lithium products, and chemical, aluminum and steel companies, as well as electric vehicle manufacturers.

The Chvaletice demonstration plant, which is intended to replicate the entire process flowsheet proposed in the PEA and to produce the equivalent of 100kg per day of HPMSM, will also enable process optimization and testing for final product development and serve as a testing and training facility for future operators.

The Company signed a fixed-price, turnkey contract for the supply and commissioning of a technology, equipment package for the demonstration plant, which includes performance guarantees, as well as commissioning services and an operator training program. The equipment procurement and fabrication of the demonstration plant is underway. Its delivery at site in the Czech Republic is expected in the first quarter of calendar 2022, followed by completion of commissioning and start of production in the second quarter of calendar 2022. In September 2021, Mangan was issued the construction permit to upgrade two leased industrial buildings at the planned commercial plant site, which will host the demonstration plant, and the upgrade work commenced in October 2021.

6. Review of Operations - Chvaletice Manganese Project (continued)

The Company estimates that the cost, including fabrication, delivery, commissioning, laboratory set-up and an operator training program, as well as the cost of operation for one year, will be approximately USD5 million ($7.0 million). To the date of this MD&A, the Company made total payments of USD1.6 million ($1.9 million) for the demonstration plant and incurred additional expenses of $0.2 million for permitting and site preparation.

To date, approximately 55% of the demonstration plant's planned first year production has been allocated to several customers for testing and qualification. These parties and their markets include: a global leading participant in the lithium-ion battery supply chain, for use in NMC cathodes; a company focused on large scale lithium-ion battery manufacturing, for use in NMC cathodes; a global chemicals and specialty materials company, for use in metal hydride for hybrid automobile anodes; and JFE Corporation, a leading Japanese steel producer, for use in specialty steel applications.

Upon successful completion of testing and evaluation by these and other parties, and subject to a production decision being made based on the results of a feasibility study, the Company intends to work towards establishing long-term commercial offtake arrangements for the supply of its high-purity manganese products. However, there can be no assurance that these discussions will lead to offtake agreements or commercial or strategic relationships in the near term, if at all.

The Company continues to hold active discussions and negotiations with several consumers of high-purity manganese products, which include battery, chemical and automobile manufacturers, in Asia, Europe and North America, and expects to allocate the remainder of the demonstration plant's initial year of production in the near term. The Company is also considering extending the life of the demonstration plant to two or possibly three years.

Following discussions with prospective customers, the Company re-started its pilot plant to deliver product samples in early 2022, in advance of the production from the demonstration plant. This will allow prospective customers to continue or initiate their supply chain qualification of the Company's products in advance of larger samples delivered from the Project's demonstration plant.

High Purity Manganese Market Overview

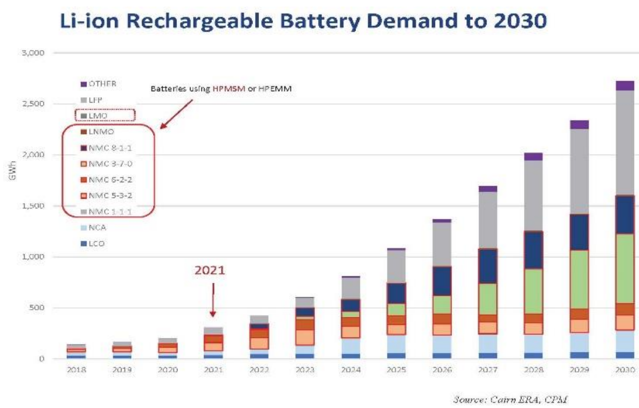
In connection with the preparation of the PEA, the Company commissioned the independent research and consultancy firm of CPM Group LLC ("CPM Group") to provide an HPEMM and HPMSM (collectively described as "High-Purity Manganese" or "HPM") product market outlook study for the Chvaletice Manganese Project. Cairn Energy Research Advisors ("Cairn ERA") contributed technical and battery industry inputs to the CPM Group report. The extended executive summary of the CPM market outlook entitled "Market Outlook for High-Purity Electrolytic Manganese Metal and High-Purity Manganese Sulfate Monohydrate" is reproduced in section 19 of the Technical Report. Since their initial reports, HPM demand figures were updated upwards by Cairn ERA and CPM Group during 2020 and 2021, with the latest update dated October 2021.

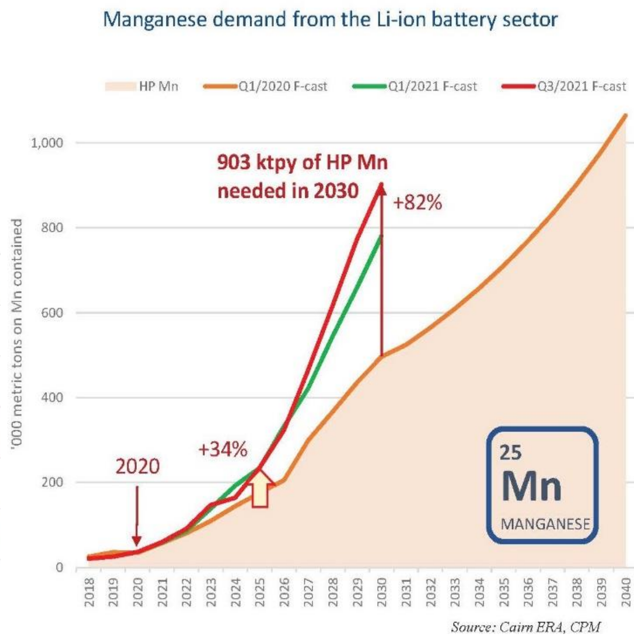
High-performance NMC Li-ion batteries are being increasingly used in EVs and other energy storage applications. In 2020 and to date in 2021, this battery chemistry accounted for nearly half of all Li-ion batteries produced, if measured by MWh. The manufacturing processes and formulations for Li-ion batteries require reliable, high-purity sources of manganese and other battery raw materials to ensure that the batteries meet increasingly demanding performance, safety and durability standards. The high-purity manganese materials for the precursor cathode materials of NMC batteries can be supplied in the form of HPEMM and HPMSM.

Demand for high purity manganese is growing rapidly around the world, driven by the growth of EV sales and the Li-ion battery industry. In the second half of 2020 and the first three quarters of calendar 2021, four major electric vehicles manufacturers, Tesla, Volkswagen, Stellantis and Renault, made public commitments to manganese-based batteries for their mass-market vehicles going forward, causing a major upward revision of the HPM demand projection forecasts, as illustrated on the graphs below. However, only certain manganese ores can feasibly and sustainably be used for the specialty, high end products of the battery industry. A critical factor is availability of the right quality ore in the right location. Carbonate ores, which are rare, are ideal for the production of high-purity manganese, although oxides can be used after roasting or chemical treatment using current commercial processes, resulting in a higher cost of reagents and energy, which can also cause environmental issues.

6. Review of Operations - Chvaletice Manganese Project (continued)

In the third quarter of calendar 2021, Cairn ERA and CPM Group updated their forecasts of total rechargeable (or secondary) Li-ion battery demand (below, left), as well as HPM demand (below, right), which is now expected to grow from 36,800 tonnes in 2020 to approximately 903,000 tonnes in 2030.



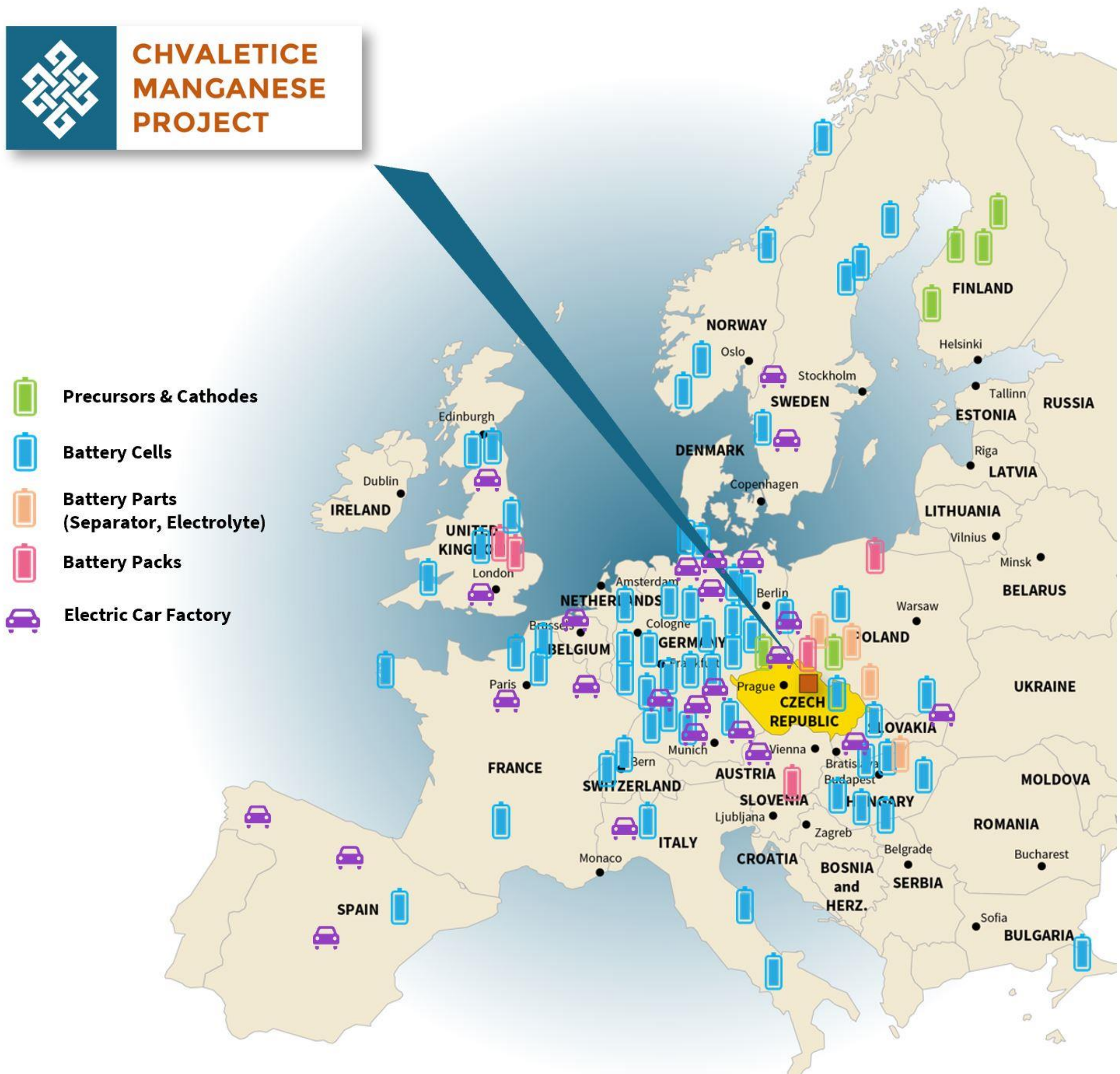


According to the International Manganese Institute, China produced only 4.2% of the 2020 global output of manganese ore (down 33% from previous year), while retaining its dominant position as a supplier of high-purity manganese products – more than 80% of the HPMSM suitable for the battery industry originated in China in 2020. China relies heavily on imported ore, mainly from South Africa, Australia, Gabon and Ghana. The global output situation remains similar in 2021 and at present, only about 3% of HPMSM suitable for the battery industry is produced in Europe. In discussions with prospective customers, the Company has learned that they are increasingly interested in diversifying their strategic raw material sourcing and wish to promote the creation of independent, local supply chains, particularly in regions such as Europe, where the automobile manufacturing industry employs over 14 million people directly and indirectly and where the automotive companies have made strong commitments to the electrification of their fleets.

Europe is rapidly becoming a major hub in the global electric car and battery industries, with 7 battery cell gigafactories (defined as >1GWh/annum of battery production) operating now and a further 50 gigafactories expected to be in operation by 2030. Local supply chains are being built in Europe and apart from the convenient logistics, companies located within the European single market benefit from frictionless trading and additional benefits (e.g. imported manganese sulphate monohydrate is currently subject to a 5% EU import tariff). According to announcements from the battery makers, by 2030 Europe should have 57 battery gigafactories, with more than 1,458 GWh of production capacity installed (30% of global capacity, second after China). CPM Group reports that the entire planned output of the Chvaletice Manganese Project can be consumed by the growing lithium-battery sector in Europe.

In addition to the highest and most consistent product purity possible, European consumers of HPM expect the products they use to be traceable and to have 'green credentials', with a preference for locally made materials. The local supply chain in Europe is growing rapidly, and, in addition to the battery gigafactories under construction, will soon include 6 precursor makers, 5 electrolyte and separator factories, and 8 battery pack assembly plants. Around forty of the gigafactories that consume manganese inputs are or will be located between 200 km and 500 km of the Chvaletice Manganese Project, as shown below.

6. Review of Operations - Chvaletice Manganese Project (continued)



Source: Cairn Energy Research Advisors and CPM Group ©2021

Environmental, Social and Governance Performance

The Company seeks to maintain a safe and secure working environment for all of its employees, contractors and consultants, and recognizes the critical importance of operating in a sustainable manner. The Company has adopted a Code of Ethics and Business Conduct (the "Code"), setting out the standards which guide the conduct of its business and the behavior of its directors, officers, employees and consultants. All new employees must read and commit to abide by the Code. The Code, among other things, sets out standards in areas relating to the Company's: commitment to health and safety in its business operations; compliance with applicable occupational health and safety laws and regulations; promoting and providing a work environment in which individuals are treated with respect, and is free of all forms of discrimination and abusive and harassing conduct; providing employees with equal opportunity; and ethical and transparent business conduct and legal compliance. The Company is also committed to gender pay parity.

6. Review of Operations - Chvaletice Manganese Project (continued)

The Code also requires the Company to conduct its exploration, development and commercial operations using environmental best practices, with a goal of protecting human health, minimizing impact on ecosystems and local communities, and to always remain in compliance with applicable environmental laws and regulations. Further, the Code requires that the Company conduct its operations with a view to respecting and enhancing the economic and social well-being of the communities in which the Company operates.

The Company's whistleblower policy (the "Policy") provides employees and consultants of the Company with the mechanics by which they may raise concerns with respect to falsification of financial records, unethical conduct, harassment, theft, and violation of the Code, or any other "wrong-doing" in a confidential, anonymous process. The Policy also provides employees and contractors with information regarding who to contact with a complaint, how the Company will respond to a complaint, and timeframes for the Company to respond. The Company will respect the confidentiality of any whistle blowing complaint received where the complainant requests that confidentiality.

The Company also adheres to strict governance practices, overseen by a Board of Directors (the "Board") whose majority are independent from management. The entire Board makes every reasonable effort to meet as often as possible in-person or by video conference. The Board receives comprehensive briefings from management in advance of meetings. Meeting frequency ranges from monthly to quarterly, or more frequently when circumstances dictate. Board meetings are generally attended by the entire management team, other than in camera meetings, which are attended only by independent directors. Three committees of the Board focus on specific aspects of corporate governance. All committees are chaired and populated by a majority of independent directors. The committees are as follows: 1) Audit Committee, 2) Governance, Compensation, Nomination and Sustainability Committee and 3) Technical Committee. The Board Charter, Committee Mandates, Code and Policy are publicly posted on the Company's website.

The Board receives an environmental, health and safety ("EHS") report from management at each scheduled quarterly Board meeting. The EHS report covers all activities at the Company's worksites. During the past year, the Company experienced zero lost time accidents or incidents, and zero environmental violations or incidents.

Starting in 2022, the Company plans to publish its first annual Environmental, Social and Governance Report, where it will publicly report on its performance against stated goals and objective criteria.

7. Annual Financial Review

	Years ended September 30,		
	2021	2020	2019
(expressed in thousands of Canadian dollars, except per share data)	**$**	$	$
Revenue	**—**	—	—
Chvaletice Project evaluation expenses	**4,950**	3,199	4,947
Other expenses	**4,590**	3,178	3,370
Net loss for the year attributable to shareholders	**9,540**	6,377	8,317
Basic and diluted loss per share attributable to shareholders (1)	**$0.03**	$0.03	$0.05

	As at September 30,		
	2021	2020	2019
	$	$	$
Cash	**31,219**	2,731	4,085
Total assets (2)	**43,336**	5,808	6,909
Non-current financial liabilities (2)	**248**	40	—

7. Annual Financial Review (continued)

(1) Fully diluted weighted average common shares outstanding, used in the calculation of diluted net loss per share in each of the periods presented, are not reflective of the outstanding stock options and warrants at that time as their exercises would be anti-dilutive in the net loss per share calculation.

(2)Total assets for each year shown include $1,249,086 in mineral property interest related to the acquisition of the Chvaletice Manganese Project on May 13, 2016 and at September 30, 2021, total assets also include the net smelter royalty buy back from the original owners of Mangan in the amount of $4,338,760.

Year ended September 30, 2021, compared to the year ended September 30, 2020

The loss for the year ended September 30, 2021, of $9,540,421 compares to a loss of $6,375,493 for the year ended September 30, 2020, representing an increase of $3,164,928 or 49.6%. Basic and fully diluted loss per share in the current period remain unchanged at $0.03 per common share. A summary of the project evaluation and other expenses, and an explanation of the significant variances is as follows:

	Year ended September 30,	
	2021	2020
(expressed in thousands of Canadian dollars, except per share data)	**$**	$
Exploration and evaluation expenses		
Engineering	**2,982**	1,664
Remuneration	**782**	944
Share-based compensation	**416**	138
Drilling, sampling and surveys	**133**	4
Metallurgical	**—**	41
Travel	**13**	64
Legal and professional fees	**373**	155
Geological	**122**	79
Market studies	**96**	83
Supplies and rentals	**33**	27
	4,950	**3,199**
Other expenses		
Remuneration	**1,532**	1,022
Share-based compensation	**418**	272
Total remuneration	**1,950**	1,294
Legal and professional fees	**752**	567
Investor relations	**606**	228
Product sales and marketing	**130**	284
Travel	**17**	84
Filing and compliance fees	**401**	293
Accretion expense	**21**	102
Office, general and administrative	**157**	91
Insurance	**119**	109
Conferences	**39**	28
Depreciation	**103**	72
Foreign exchange	**295**	26
	4,590	3,178
Total loss for the year attributable to shareholders	**9,540**	6,377
Loss per share attributable to shareholders	**$0.03**	$0.03

7. Annual Financial Review (continued)

Project evaluation costs for the year ended September 30, 2021 and 2020, were $4,950,474 and $3,197,961 respectively. These activities represent work conducted on the Project's feasibility study, the EIA and the Final ESIA, and planning and permitting work related to and procurement of the Chvaletice demonstration plant. Project evaluation activities were impacted by the COVID-19 pandemic commencing in mid-March 2020 and continued throughout most of calendar 2020. Work on the feasibility study resumed in November 2020, following the completion of the first tranche of an $11 million private placement in late October 2020, and was fully underway again starting the first quarter of calendar 2021. Accordingly, project evaluation costs were 55% higher in the year ended September 30, 2021 than in the comparative period in fiscal 2020. The main cost variances include: an increase of $1,318,060 in engineering costs which include environmental costs, which in both periods related mainly to the preparation of the EIA Notification and the feasibility study; a $129,770 increase in drilling, sampling and survey costs, a $43,007 increase in geological costs; and an increase of $277,629 in share-based compensation due to stock options grants in the second quarter of fiscal 2021. There was also a $219,039 increase in legal and professional fees, relating to land purchase activities. The overall increase in project evaluation costs was partially offset by a decrease in remuneration of $161,999 as a result of the cost cutting measures in the Czech Republic in 2020 and a decrease in travel costs of $50,664 due to the global COVID-19 pandemic travel restrictions.

The $1,412,415 increase in administrative costs for the year ended September 30, 2021, over the same period in 2020, is mainly attributable to: a $509,716 increase in remuneration due to a higher number of employees in the corporate office in Canada and the impact of COVID-19 related cost cutting measures in the comparative period; a $377,914 increase in investor relations expenses due to the engagement of investor relations services in Australia and Canada in the current year; a $185,117 increase in legal and professional fees related to the OTCQX listing, the CEO succession plan process, ISO 27001 certification and general legal matters; a $146,014 increase in share-based compensation due to options grants at higher value in the current period; an increase of $107,355 in filing and compliance fees as a result of two private placements in the current year; a $65,823 increase in general and administrative expenses due to the Company's office move and increased IT costs; and a $269,095 increase in foreign exchange loss arising mainly from revaluation of the liabilities for the royalty buy back and land acquisition deposits at year end. The overall increase in administrative costs was partially offset by: a decrease of $66,492 in travel resulting from COVID-19 related restrictions; a $153,714 decrease in product sales and marketing expenses; and a $81,317 decrease in accretion expense primarily due to the decrease in the amortization of leases.

8. Quarterly Financial Review

The following table summarizes selected financial information for each of the eight most recently completed quarters, expressed in thousands of Canadian dollars, except for share amounts:

As at the end of or for the period ending	**July to Sept'21**	April to June'21	Jan to March'21	Oct to Dec'20	July to Sept'20	April to June'20	Jan to March'20	Oct to Dec'19
	$	$	$	$	$	$	$	$
Cash	**31,219**	33,457	33,118	11,394	2,731	442	1,266	2,236
Total assets	**43,336**	44,472	37,276	15,449	5,808	3,488	4,531	5,562
Working capital [(1)]	**26,078**	27,821	32,877	11,372	2,922	11	(347)	1,504
Current liabilities	**5,685**	6,025	624	454	217	791	2,136	1,297
Revenue	**—**	—	—	—	—	—	—	—
Project evaluation expenses	**1,437**	1,724	1,305	484	409	408	1,062	1,319
Other expenses	**1,256**	1,342	1,165	826	894	636	868	780
Net loss attributable to shareholders	**2,693**	3,066	2,470	1,310	1,303	1,044	1,930	2,099
Net loss per share, basic and diluted, attributable to shareholders	**0.01**	0.01	0.01	—	0.01	0.01	0.01	0.01

(1) The additional non-GAAP financial measure of working capital is calculated as current assets less current liabilities.

8. Quarterly Financial Review (continued)

- The variation in quarterly evaluation expenditures is mainly attributed to the following:
- At the end of the quarter ended December 31, 2020, the work on the feasibility study resumed and was continuing at full capacity in the following three quarters.
- During the five quarters leading up to the resumption of the feasibility study work and ordering of the demonstration plant in the last quarter of calendar 2020, the Company incurred project evaluation costs related to the commissioning of studies for the demonstration plant, the initiation of the planning stage of the feasibility study, and the advancement of the work on the EIA. The preliminary EIA Notification was filed at the end of the quarter ended June 30, 2020, and the results of the review process were received in January 2021.
- The quarters ended June 30, 2020, September 30, 2020, and December 31, 2020 were impacted by the COVID-19 pandemic, causing delays and deferrals of feasibility study work and significant cost cutting measures.
- In the three most recent quarters, the Company focused on progressing the feasibility study, preparation work and permitting of the demonstration plant and the preparation of the Final ESIA.
- Fluctuations in the level of quarterly administrative expenditures is mainly attributed to the following:
- Other expenses for the quarter ended March 31, 2020 are higher than the prior quarter as a result of increased professional fees resulting from the hiring of a financial adviser, increased investor relations, and higher product sales and marketing expenses relating to the MoUs signed by the Company.
- The quarters ended June 30, 2020, September 30, 2020, and December 31, 2020 were impacted by the COVID-19 pandemic, which resulted in significant cost cutting measures, including temporary salary adjustments, re-negotiations, cancellations or interruptions of contracts and restricted travel.
- Other expenses for the most recent three quarters are higher as a result of increased investor relations expenses due to the engagement of service providers in Australia, due to an increase in filing and compliance fees relating to the private placements completed in the year ended September 30, 2021 and also due to higher number of employees in the corporate office in Canada.

8. Quarterly Financial Review (continued)

Three months ended September 30, 2021, compared to the three months ended September 30, 2020

	Three months ended September 30,	
	2021	2020
(expressed in thousands of Canadian dollars, except per share data)	**$**	$
Exploration and evaluation expenses		
Engineering	**685**	111
Remuneration	**261**	222
Share-based compensation	**86**	50
Drilling, sampling and surveys	**86**	—
Travel	**13**	—
Legal and professional fees	**244**	17
Geological	**18**	—
Market studies	**32**	—
Supplies and rentals	**12**	9
	1,437	409
Other expenses		
Remuneration	**434**	249
Share-based compensation	**103**	110
Total remuneration	**537**	359
Legal and professional fees	**249**	215
Investor relations	**95**	94
Product sales and marketing	**19**	46
Travel	**14**	(1)
Filing and compliance fees	**92**	129
Accretion expense	**6**	10
Office, general and administrative	**21**	(20)
Insurance	**34**	35
Conferences	**12**	5
Depreciation	**39**	16
Foreign exchange	**138**	6
	1,256	894
Total loss for the quarter	**2,693**	1,303
Basic and diluted loss per common share	**$0.01**	$0.01

Project evaluation costs for the three months ended September 30, 2021 and 2020, were $1,437,890 and $408,983 respectively. The increase over the comparative quarter in fiscal 2020 is due to the impact of COVID-19 in 2020 on the level of work conducted in connection with the advancement of the feasibility study work and the planning, permitting and other studies related to the demonstration plant. The delay in securing financing and COVID-19 restrictions prevented the Company from advancing the Project significantly in the three months ended September 30, 2020. The main cost variances include: an increase of $574,303 in engineering costs which include environmental costs; an increase of $85,961 in geotechnical drilling, sampling and survey costs; an increase of $17,572 in geological costs; an increase in remuneration of $39,641 due to the hiring of employees in the Czech Republic; an increase of $35,949 in share-based compensation due to option grants in the second quarter of fiscal 2021; and an increase of $226,780 in legal and professional fees related mainly to land purchase negotiations. Also, market studies resumed after being temporarily suspended in 2020 which resulted in an increase of $32,164 in the current quarter.

8. Quarterly Financial Review (continued)

The $364,135 increase in administrative costs for the three months ended September 30, 2021, compared to the same period in 2020, is mainly attributable to: a $184,129 increase in remuneration due to a higher number of employees in the corporate office in Canada and the impact of COVID-19 related cost cutting measures in the comparative period; a $34,429 increase in legal and professional expenses related to the OTCQX listing and the CEO succession plan process in the current period; a $15,883 increase in travel; a $7,809 increase in conferences as more EV related events, mainly virtual, were available in the current period, an increase of $40,753 in office, general and administrative costs due to the Company's office move and increased IT costs; and an increase of $132,131 in foreign exchange loss arising from revaluation of the liabilities for the royalty buy back and land deposits at period end. The overall increase in administrative costs was partially offset by: a $26,926 decrease in product sales and marketing; and a decrease of $36,613 in filing and compliance fees as a result of the private placement in the fourth quarter of fiscal 2020.

9. Liquidity and Capital Resources

As at September 30, 2021, the Company held cash of approximately $31.2 million. Cash is held with reputable financial institutions and is invested in high-quality, highly liquid short-term investments with maturities of three months or less. The funds are not exposed to significant liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

The increase in cash of $28.5 million during the year ended September 30, 2021, is a result of $40.4 million of cash generated from financing activities, which included two private placements in fiscal 2021 and certain warrant and share option exercises. This increase was partially offset by cash used in operating and investing activities of $7.8 million and $4.2 million, respectively. The use of cash in investing activities represents the first two instalments paid for the demonstration plant, the first instalment for the net smelter royalty buy back, the second payment of the EPCS Option and certain land related payments. Working capital increased by $23.2 million during the year ended September 30, 2021, to $26.1 million from $2.9 million at September 30, 2020.

Additional funding will be required for the potential future construction of infrastructure and facilities for the Chvaletice Manganese Project. The ability of the Company to arrange such equity financings will depend principally upon prevailing market conditions, the business performance of the Company, and other factors such as further disruptions resulting from an extended duration of the COVID-19 pandemic. Such funding may not be available when needed, if at all, or be available on terms favourable to the Company and its shareholders. Failure to obtain such additional financing could result in a delay, indefinite postponement or curtailment of further evaluation and development of the Company's principal property.

The Company's commitments at September 30, 2021, are shown in section 12 of this MD&A.

10. Off Balance Sheet Arrangements

As at September 30, 2021, there are no off-balance sheet arrangements which could have a material impact on current or future results of operations or the financial condition of the Company.

11. Related Party Transactions

For the year ended September 30, 2021, amounts paid to related parties were incurred in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the transacting parties.

At September 30, 2021, key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole, and consisted of the Company's Board of Directors, President and Chief Executive Officer, Chief Financial Officer, Vice President, Corporate Development and Corporate Secretary, Vice President, Operations, Chief Technology Officer and the Managing Director of the Company's Czech subsidiary.

11. Related Party Transactions (continued)

	Year ended September 30,	
	2021	2020
	$	$
Salaries and fees	**1,787,234**	1,160,479
Share-based compensation	**192,908**	243,663
	1,980,142	1,404,142

Fees provided by PRK Partners s.r.o. ("PRK"), a legal firm associated with a former director of the Company, for the year ended September 30, 2021, amounted to $27,757 (2020 - $149,519). The current and prior year fees related to general legal services and various land purchase negotiations. Fees paid to the advisory board members for the year ended September 30, 2021, amounted to $25,000 (2020 - $9,314).

At September 30, 2021, amounts owing to officers of the Company for salaries amounted to $33,803 (2020 - $16,158) and represented salary owing to the Managing Director of Mangan. At September 30, 2021, no fees were owing to the directors of the Company. At September 30, 2020, fees owing to PRK as a related party amounted to $576. Other amounts payable to officers and directors for the reimbursement of travel related expenses were $14,998 at September 30, 2021 (2020 - $3,983).

12. Contractual Commitments

Contractual committed undiscounted cash flow requirements as at September 30, 2021, are as follows:

		Payments due by period	
	Total	Less than one year	1 - 2 years
	$	$	$
Minimum office lease payments (1)	7,496	5,657	1,839
Operating expenditure commitments (2)	43,355	43,355	—
Total contractual obligations	50,851	49,012	1,839

(1) The Company has one non-cancellable operating office leases expiring within two years.

(2) Operating expenditure commitments relate to the evaluation work on the Chvaletice Manganese Project.

In addition to the commitments disclosed above, the Company has entered into various agreements related to the feasibility study and the demonstration plant. These contracts can be canceled by the Company upon notice without penalty, subject to the costs incurred up to and in respect of the cancellation.

The Company has entered into employment agreements with its executive officers in which the individuals are entitled to a combination of base salary, extended benefits, specified milestones payments, and may be eligible for annual performance-based bonus as determined by the Board in its sole discretion. Following termination without cause, executive officers are also entitled to 12-month written notice or pay in lieu of notice of termination equivalent to 12 months' salary. Further, upon a change of control, as defined in their employment agreements, certain executives are entitled to lump sum payments of twenty-four months of their base salaries. Total maximum commitment upon change of control would amount to $1.5 million.

The Company is not subject to any externally imposed capital requirements.

13. Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares without par value. The following common shares, stock options and share purchase warrants were outstanding at December 16, 2021:

	Number of securities
Issued and outstanding common shares	377,843,415
Share options	18,970,998
Warrants	8,500,000

Pursuant to two investment instalments received from EIT InnoEnergy in the aggregate amount of €187,500 ($278,012), the Company expects to issue 478,027 common shares to EIT InnoEnergy in January 2022, at an average price of $0.5816 per share. Additionally, pursuant to the royalty termination agreements entered into on May 31, 2021, the Company, at its sole option, may pay up to 50% of the remaining obligations due thereunder, in the aggregate amount of USD3.6 million (approximately $4.5 million), in common shares based on a price per share equal to the 20-day weighted volume average on the TSX-V prior to the date of issuance (section 3 of this MD&A).

14. Proposed Transactions

As at September 30, 2021, there is no proposed asset or business acquisition or disposition being considered that would affect the financial condition, financial performance or cash flows of the Company.

15. Significant Accounting Policies, Estimates and Judgments

Basis of preparation and accounting policies

The Company's consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. A detailed description of the Company's significant accounting policies can be found in note 3 of the Company's September 2021 Financial Statements. The impact of future accounting changes is disclosed in Note 3.13. to the September 2021 Financial Statements.

Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas of judgment and key sources of estimation uncertainty that have the most significant effect are disclosed in note 3.14. of the September 2021 Financial Statements.

16. Financial Instruments and Financial Risk Management

A description of the Company's financial instruments and financial risks that the Company is exposed to and management of these risks can be found in notes 10 and 11, respectively, of the Company's September 2021 Financial Statements.

17. Internal Controls over Financial Reporting and Disclosure Controls and Procedures

Disclosure Controls and Procedures

The Company's management, under the supervision of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the CEO and CFO during the reporting period. The Company's CEO and CFO believe that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed under applicable securities regulations is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

Management, including the CEO and CFO, has evaluated the design and operating effectiveness of the Company's disclosure controls and procedures as of September 30, 2021. Based on this evaluation, management concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company uses the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") internal control framework to design internal controls over financial reporting.

Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and disposition of assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Because of their inherent limitations, internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. The design, maintenance and testing of any system of controls is based in part upon certain assumptions about the likelihood of future events, and any control system may not succeed in achieving its stated goals under all potential future conditions.

Management, under the supervision and with the participation of our CEO and CFO, has evaluated the effectiveness of the design and operating effectiveness of the Company's internal control over financial reporting as of September 30, 2021. Based on its evaluation, management concluded that the Company's internal controls over financial reporting, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

18. Forward-Looking Statements and Risks Notice

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes forward-looking statements or forward-looking information. Forward-looking statements or information typically include words and phrases about the future, such as: "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "will likely result", "are expected to", "will continue", "is anticipated", "believes", "estimated", "intends", "plans", "projection", "outlook" and similar expressions. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes there is a reasonable basis for the expectations reflected in the forward-looking statements, however no assurance can be given that these expectations will prove to be correct and the forward-looking statements included herein should not be unduly relied upon.

18. Forward-Looking Statements and Risks Notice (continued)

All of the results of the PEA constitute forward-looking information or statements, including estimates of internal rates of return, payback periods, net present values, future production, estimates of cash cost, assumed long term prices for HPEMM and HPMSM, proposed extraction plans and methods, operating life estimates, cash flow forecasts, metal recoveries and estimates of capital and operating costs. Furthermore, with respect to this specific forward-looking information concerning the development of the Chvaletice Manganese Project, the Company has based its assumptions and analysis on certain factors that are inherently uncertain. Uncertainties include among others: (i) the adequacy of infrastructure; (ii) the ability to develop adequate processing capacity; (iii) the price of HPEMM and HPMSM; (iv) the ability to acquire or obtain access to the surface rights to the lands under the Chvaletice tailings; (v)the availability of equipment and facilities necessary to complete development; (vi) the size of future processing plants and future tailings extraction rates; (vii) the cost of consumables and extraction and processing equipment; (viii) unforeseen technological and engineering problems; (ix) currency fluctuations; (x) changes in laws or regulations; (xi) the availability and productivity of skilled labour; and (xii) the regulation of the mining industry by various governmental agencies.

Such forward-looking information or statements also include, without limitation, statements regarding the Company's intentions regarding the Project in the Czech Republic, including without limitation, the continued evaluation and development of the Chvaletice Manganese Project, the completion of a feasibility study, the building of the demonstration plant in the Czech Republic, the Company's ability to secure additional financing and/or strategic partners for the ongoing development of the Chvaletice Manganese Project, its ability to acquire or obtain access to the remaining land or surface rights needed for the Chvaletice Manganese Project, the filing of a Final EIA and related permit applications with the Czech regulatory agencies and local communities, the growth and development of the high-purity manganese products market and any other matters relating to the evaluation, planning and development of the Project. The Company also cautions readers that the PEA supporting the technical feasibility or economic viability of the Chvaletice Manganese Project, including the marketability of the high-purity manganese products, extraction method, costs, processing, metal recoveries and any other technical aspects related to the Chvaletice Manganese Project, is preliminary in nature and there is no certainty that the results in the PEA will be realized.

This MD&A also contains references to estimates of Mineral Resources. The estimation of Mineral Resources is inherently uncertain and involves subjective judgments about many relevant factors. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. Mineral Resource estimates may have to be re-estimated based on, among other things: (i) fluctuations in manganese or other mineral prices; (ii) results of drilling; (iii) results of metallurgical testing and other studies; (iv) changes to proposed extraction operations, including recoveries and dilution; (v) the evaluation of extraction and operating plans subsequent to the date of any estimates; and (vi) the possible failure to receive required permits, approvals and licences.

The Company is engaged in the evaluation, exploration and development of mineral projects which, by their nature, are speculative. Accordingly, the Company is subject to risks associated with its industry and business, including but not limited to: risks inherent in the mineral exploration and evaluation and mineral extraction business; commodity price fluctuations; competition for mineral properties; mineral resources and reserves and recovery estimates; currency fluctuations; interest rate risk; financing risk; environmental risk; country risk; permitting risk; political risk; legal proceedings; and numerous other risks. A summary of the risks relating to the business of the Company and industry-related risks, and risks relating to the Company's Shares is included in the Company's Annual Information Form dated December 16, 2021, filed on SEDAR at www.sedar.com under the Company's profile. Additional risks associated with the COVID-19 global pandemic are discussed in section 2 of this MD&A.

If any of such risks or uncertainties actually occur, the Company's business, financial condition or operating results could be harmed substantially and could differ materially from the plans and other forward-looking statements discussed in this MD&A. The Company will not necessarily update this information unless it is required to by securities laws.

MINING TENEMENTS AND MINERAL RESOURCE STATEMENT

Mining Tenements Held by the Company and the Percentage Interest held in each Mining Tenement:

Tenement	License Status	Reference	Note	Interest Acquired During Year	Interest Divested During Year	Interest Held at Year-end
Trnávka I	Exploration	631/550/14-Hd	1	-	-	100%
Preliminary Mining Permit	Preliminary Mining Permit	MZP/2018/550/387-HD	2	-	100%	-
Preliminary Mining Permit	Preliminary Mining Permit	MZP/2021/550/768-HD	2	100%	-	100%
Trnávka II	Exploration	MZP/2018/550/386-HD	3	-	-	100%

Notes:

1. Exploration license 631/550/14-Hd, issued by the Czech Ministry of Environment in favour of Mangan Chvaletice s.r.o. was valid until 31 May 2023. On 2 July 2021, Mangan received an extension of this license until 31 May 2026.
2. The Preliminary Mining Permit is the prior consent of the Ministry of Environment of the Czech Republic for the establishment of the Mining Lease District and covers the areas covered by Exploration Licenses Trnávka I and Trnávka II. The Preliminary Mining Permit was valid until 30 April 2023, and was replaced by a new Preliminary Mining License valid until 31 May 2026.
3. Exploration license MZP/2018/550/386-HD, issued by the Czech Ministry of Environment in favour of Mangan was valid until 31 May 2023. On 2 July 2021, Mangan received an extension of this license until 31 May 2026.

Mineral Resources Statement:

The Company reviews and reports its mineral resources at least annually. The date of reporting is 30 September each year, to coincide with the Company's end of fiscal year. If there are any material changes to its mineral resources over the course of the year, the Company is required to report these changes.

The mineral resource statement for the Chvaletice Manganese Project in the Czech Republic, as at the current and previous balance sheet dates, 30 September 2021 and 2020, respectively, is prepared in accordance with Canadian National Instrument 43-101 and JORC Code (2012 Edition). The mineral resource statement presented below is derived from the independent NI 43-101 technical report with an effective date of January 29, 2019 (released March 15, 2019) entitled "*Technical Report and Preliminary Economic Assessment for the Chvaletice Manganese Project Chvaletice, Czech Republic*" and the JORC Code Competent Persons Report with an effective date of January 29, 2019 (release date of March 22, 2019) entitled "*Public Reporting and Preliminary Economic Assessment for the Chvaletice Manganese Project Chvaletice, Czech Republic,*" both prepared by Mr. James Barr, P. Geo, Mr. Jianhui (John) Huang, Ph.D., P. Eng., Mr. Mark Horan, P. Eng., Mr. Hassan Ghaffari, P. Eng., and Mr. Chris Johns, P. Eng.

Tailings Cell #	Classification	Dry In -situ Bulk Density (t/m^3)	Volume (m^3)	Tonnage (metric tonnes)	Total Mn (%)	Soluble Mn (%)
#1	MEASURED	1.52	6,577,000	10,029,000	7.95	6.49
	INDICATED	1.47	160,000	236,000	8.35	6.67
#2	MEASURED	1.53	7,990,000	12,201,000	6.79	5.42
	INDICATED	1.55	123,000	189,000	7.22	5.30
#3	MEASURED	1.45	2,942,000	4,265,000	7.35	5.63
	INDICATED	1.45	27,000	39,000	7.90	5.89
TOTAL	**MEASURED**	**1.51**	**17,509,000**	**26,496,000**	**7.32**	**5.86**
	INDICATED	**1.50**	**309,000**	**464,000**	**7.85**	**6.05**
COMBINED	**M&I**	**1.51**	**17,818,000**	**26,960,000**	**7.33**	**5.86**

Notes:
1. Mineral Resources do not have demonstrated economic viability but have reasonable prospects for eventual economic extraction. Indicated Resources have lower confidence than Measured Resources. Inferred Resources have lower confidence than Indicated Resources. Mineral Reserves have not been defined for the Project. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
2. Numbers may not add exactly due to rounding.
3. The independent mineral resource estimates for the Chvaletice Manganese project was prepared by Tetra Tech Canada Inc. ("Tetra Tech") and is reported and classified in accordance with the guidelines of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012) and the Canadian National Instruments 43-101.
4. A preliminary break-even grade of 3.20% tMn was estimated to test the mineral resources as reasonable prospects for eventual economic extraction. Since this estimated break-even grade falls below the grades reported for most of the resource blocks (excluding 10,000 t which have grades less than 3.20% tMn) a cut-off grade was not applied to the tailings resource block model.

Governance Arrangements and Internal Controls: The Company has ensured that the mineral resources quoted are subject to good governance arrangements and internal controls. The mineral resources reported have been based on information compiled by Mr. James Barr, P. Geo, Senior Geologist, and Mr. Jianhui (John) Huang, Ph.D., P. Eng., Senior Metallurgical Engineer, both with, or formerly with, Tetra Tech. Messrs. Barr and Huang are consultants to the Company and have sufficient experience in the field of activity being reported to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves, and both are Qualified Persons under National Instrument 43-101 – 'Standards of Disclosure for Mineral Projects'. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimation. In addition, technical information concerning the Chvaletice Manganese Project is reviewed by Ms. Andrea Zaradic, the Company's Vice President Operations, and a Qualified Person under NI 43-101. Ms. Zaradic is not independent within the meaning of NI 43-101.

Competent Persons and Qualifying Person Statements

The information in this annual report that relates to Mineral Resources in relation to the Chvaletice Manganese Project is based on information compiled by Messrs. Barr and Huang of Tetra Tech, both of whom are members of the Engineers and Geoscientists of British Columbia. Messrs. Barr and Huang are consultants to the Company and have sufficient experience in the style of mineralisation and to the activity undertaken to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves and are Qualified Persons under National Instrument 43-101 – 'Standards of Disclosure for Mineral Projects'. Messrs. Barr and Huang consent to the inclusion in the annual report of the matters based on this information in the form and context in which it appears.

The technical reports and competent persons reports relating to Mineral Resources are available to view on the Company's website at www.mn25.com and the ASX's Market Announcement Platform, respectively. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions in the market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' and Qualifying Persons' findings are presented have not been materially modified from the original market announcements.

OTHER ASX ANNUAL REPORT INFORMATION

The following information is provided pursuant to ASX Listing Rule 4.10, of Chapter 4 – Periodic Disclosure, and is complete unless the specific requirement is not applicable to Euro Manganese Inc. or unless the Company has received a waiver with respect to such requirement:

Corporate Governance Statement

The Company's Corporate Governance Statement is provided on the Company's website at https://www.mn25.ca/corporate-governance-statement

Names of Substantial Shareholders

There are no substantial holders of the Company as of 30 November 2021.

Number of Holders of Each Class of Securities[(1)]

The Company's authorized share capital consists of an unlimited number of Shares without par value. As of 30 November 2021, 377,483,415 Shares (including CDIs) were issued and outstanding and held by 7,741 shareholders, one of which (CDS & Co.) held 104,471,636 Shares on behalf of 32 nominee and depository entities. As of 16 December 2021, the number of Shares issued and outstanding remained at 377,483,415 and there were 18,970,998 Shares issuable on the exercise of incentive stock options held by twenty-nine option holders, and 8,500,000 Shares issuable on the exercise of common share purchase warrants held by one warrant holder.

Voting Rights

All of the Shares (including CDIs) rank equally as to voting rights, participation in a distribution of the assets of the Company on a liquidation, dissolution or winding-up of the Company and entitlement to any dividends declared by the Company. The holders of the Shares are entitled to receive notice of, and to attend and vote at, all meetings of shareholders, with each Share carrying the right to one vote. In the event of the liquidation, dissolution or winding-up of the Company, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the payment by the Company of all of its liabilities. The holders of Shares are entitled to receive dividends as and when declared by the Board in respect of the Shares on a pro rata basis. The Shares do not carry any pre-emptive, subscription, redemption or conversion rights.

Distribution of Holders[(1)]

As of 30 November 2021, the distribution of shareholders was as follows:

Size of holding	Number of holders	Percentage
1 – 1,000	1,014	13.10%
1,000 – 5,000	3,309	42.74%
5,001 – 10,000	1,387	17.92%
10,001 – 100,000	1,823	23.55%
100,001 and over	208	2.69%
Total	**7,741**	**100.00%**

Holders with Less than a Marketable Parcel of the Company's Main Class of Securities[(1)]

As of 30 November 2021, there were approximately 674 holders of the Company's Shares/CDIs with less than a Marketable Parcel, based on the closing price of the CDIs on the ASX as of that date of A$0.525.

Name of Corporate Secretary

Mr. Fausto Taddei is Vice President Corporate Development and Corporate Secretary.

Address and Telephone Number of the Company's Registered Office in Australia and its Principal Administrative Office

The Company has no registered or administrative offices in Australia. The Company's registered and principal administrative offices are located at:

Registered Office: Suite 1700 - 666 Burrard Street, Vancouver, British Columbia V6C 2X8 Canada	Canada: #709 - 700 West Pender Street, Vancouver, British Columbia, V6C 1G8 Canada Tel: + 1 604 681 1010

Address and Telephone Number of Each Office at which a Register of Securities is Kept

The Register of securities is kept at the following offices

Australia: Computershare Investor Services Pty Limited Level 4, 60 Carrington Street Sydney NSW 2000, Australia Toll Free 1300 855 080 Toll +61 (03) 9415 4000	Canada: Computershare Investor Services Inc. 510 Burrard Street, 3rd Floor Vancouver, British Columbia V6C 3B9 Canada Tel: + 1 604 661 9400

A list of Other Stock Exchanges on which any of the Company's Securities are Quoted

The Company's Common Shares are quoted on the TSX Venture Exchange ("TSXV") under the symbol "EMN" and on the OTCQX Best Market ("OTCQX") under the symbol "EUMNF."

Number and Class of Restricted Securities

As of 30 November 2021, there are no restricted securities.

Particulars of Unquoted Equity Securities

Unquoted equity securities include options and warrants to purchase shares.

The Board has adopted a stock option plan (the "Stock Option Plan") whereby the maximum number of Shares that may be reserved for issuance under outstanding stock options is 10% of the Company's issued and outstanding Shares on a non-diluted basis, as constituted on the date of any grant of options under the Stock Option Plan. The purpose of the Stock Option Plan is to allow the Company to grant options to directors, officers, employees and consultants, as additional compensation and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the Company's shareholders.

Particulars of Unquoted Equity Securities *(continued)*

As of 30 November 2021, there were Shares issuable on the exercise of incentive stock options held by twenty-eight option holders, having the following exercise prices and expiry dates:

Number of Options	Exercise Prices (CAD$)	Expiry Date
1,425,000	$0.08	16 May 2026
1,075,000	$0.10	06 April 2027
2,450,000	$0.11	22 September 2027
475,000	$0.11	14 December 2027
2,425,000	$0.20	21 February 2028
500,000	$0.20	20 March 2028
1,000,000	$0.25	15 August 2028
2,041,665	$0.28	14 February 2029
150,000	$0.25	14 May 2029
150,000	$0.25	12 August 2029
166,666	$0.25	06 April 2030
3,762,667	$0.11	11 September 2030
500,000	$0.125	22 September 2030
2,350,000	$0.61	30 March 2031
500,000	$0.59	22 June 2031

As of 30 November 2021, the Company has outstanding the following broker warrants entitling the holder to purchase Shares on the exercise of warrants having the following exercise prices and expiry dates:

Number of Warrants	Exercise Prices (CAD$)	Expiry Date
2,500,000	$0.58	10 May 2023
3,000,000	$0.30	16 December 2023
3,000,000	$0.35	16 December 2023

Review of Operations and Activities for the Reporting Period

A review of operations of the consolidated entity for the reporting period ended 30 September 2021 is provided in Management's Discussion and Analysis included in this Annual Report immediately following the consolidated financial statements for the same period.

Additional information on the Company, its directors and executive management, and risk factors faced by the Company can be found in the Company's Annual Information Form for the year ended 30 September 2021, dated 16 December 2021, a copy of which is lodged with ASX (www.asx.com.au) and on SEDAR (at www.sedar.com), both under the Company's profile.

Details of director and executive compensation will be included in the Management's Information Circular for the Annual General Meeting of shareholders.

Details of a Current On-market Buy-back

None.

Shares and Options Issued under the Stock Option Plan

The following table represents the number of Shares exercised and the number of Options granted under the Company's Stock Option Plan for the reporting period ended 30 September 2021:

Date of Issue	Number of Securities	Issue Price (CAD$)	Description
20 November 2020	334,000	$0.11	Exercise of Options
26 November 2020	125,000	$0.20	Exercise of Options
30 March 2021	2,350,000 Options	$0.61	Option Grant
31 March 2021	33,333	$0.28	Exercise of Options
16 April 2021	16,667	$0.28	Exercise of Options
03 May 2021	50,000	$0.25	Exercise of Options
22 June 2021	500,000 Options	$0.59	Option Grant
05 July 2021	125,000	$0.20	Exercise of Options
05 July 2021	75,000	$0.28	Exercise of Options
30 July 2021	200,000	$0.08	Exercise of Options
30 July 2021	375,000	$0.10	Exercise of Options
30 July 2021	375,000	$0.11	Exercise of Options
30 July 2021	300,000	$0.20	Exercise of Options
30 July 2021	200,000	$0.28	Exercise of Options
25 August 2021	335,333	$0.11	Exercise of Options
25 August 2021	250,000	$0.25	Exercise of Options
30 August 2021	250,000	$0.20	Exercise of Options
01 September 2021	75,000	$0.28	Exercise of Options

Use of Cash in a Manner Consistent with Business Objectives

The Company has used its cash and assets in a form readily convertible into cash that it had at the time of listing in a way consistent with its stated business objectives. Refer to Section 9 of the Management's Discussion and Analysis, included in this Annual Report, for a comparison of the actual use of proceeds to the expected use of proceeds as provided in its prospectus offering documents.

Summary of Securities Approved for the purposes of Item 7 of section 611 of the Corporations Act which have not yet been completed

None.

Details of Securities Purchased On-market during the Reporting Period

None.

Names of any Person having a Beneficial Ownership of more than 10% of any Class of Securities of Voting or Equity Securities and the Number of Securities in which each Substantial Holder has an interest:

To the best of the Company's knowledge, there are no persons having beneficial ownership of more than 10% of any class of any securities of the Company.

Other Information:

The Company was incorporated under the *Business Corporations Act* (British Columbia) on 24 November 2014.

The Company is not subject to chapters 6, 6A, 6B and 6C of the *Corporations Act* (Australia) dealing with the acquisition of its shares (including substantial holdings and takeovers).

There are no limitations on the acquisition of securities imposed by the jurisdiction in which the Company is incorporated and registered, and there are no limitations on the acquisition of securities imposed under the Company's articles of incorporation.

Note 1: In Canada, in order for shares to settle and trade on the TSXV, shares must be held through a nominee or depository that is a participant in the Canadian Depository for Securities ("CDS"). Participants in CDS include brokers in Canada and other registered entities. Through participant accounts in CDS, the ultimate shareholder is able to make and settle trades on TSXV. As at 30 November 2021, 104,471,636 shares were held through CDS in 32 participant accounts. The Company is not readily able to determine the range of distribution for these 104,471,636 shares held in CDS and how many shareholders, if any, hold less than a marketable parcel of the Company's shares. Accordingly, the distribution of shareholders and the number of shareholders with less than a marketable parcel of the Company's shares/CDIs may not be accurate.