



EURO MANGANESE

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2023**

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1. Introduction

The principal business and current focus of Euro Manganese Inc. (the "Company" or "EMN") is the 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 has also started to explore an opportunity to develop a project to produce high-purity manganese products in Canada for the North American market. 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 666 Burrard Street, Suite 1700, 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 "EUMNF", respectively. CHES Depository Interests ("CDIs", with each CDI representing one common share) are 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 of the Company, prepared as of May 10, 2023, is intended to be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2022, and the Company's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2023, and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*.

Additional information relating to the Company, including the Annual Information Form for the year ended September 30, 2022, 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 15. 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 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 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 from 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 metres in thickness, cover a cumulative surface area of approximately one square kilometre.

2. Overview (continued)

The Company has significantly advanced the Project since 2015 and believes that the Project's environmentally-friendly tailings reprocessing to produce 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 Project is also expected to result in the environmental remediation of a polluted former mine tailings site, bringing it into full compliance with modern Czech and European Union environmental standards and regulations.

The Project is targeting production of high-purity electrolytic manganese metal ("HPEMM") with specifications exceeding 99.9% Mn and high-purity manganese sulphate monohydrate ("HPMSM") with a minimum manganese content of 32.34%. 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 ore are suitable for 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 one non-binding off-take term sheet for the sale of HPMSM from the Chvaletice Manganese Project and six technical and commercial collaboration memorandums of understanding ("MOU") with consumers of high-purity manganese products, the most recent in the last quarter, intended to result in the supply chain qualification of the Project's products and the eventual offtake of high-purity manganese products from the Project. Pursuant to an offtake tender process which is currently underway, the Company is in active discussions and negotiations with multiple other parties, including battery, chemical, and automobile manufacturers, and anticipates more term sheets or offtake agreements will follow in the near term. 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 Project ("Licenses"), which are both valid until May 31, 2026. Mangan also holds a 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 also valid until May 31, 2026. The Preliminary Mining Permit which represents one of the key steps towards final permitting for the 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 Project, must be submitted and approved prior to any commercial extraction and processing activities at the Project.

In late 2022, the Company submitted the final Environmental and Social Impact Assessment ("ESIA") for the Project to the Ministry of Environment in the Czech Republic, for which the approval process is anticipated to take approximately six months. The Company also published its inaugural Sustainability Report in December 2022, and announced positive results of the Life Cycle Assessment study ("LCA") comparing the Global Warming Potential ("GWP" or "carbon footprint") of the Chvaletice Project to the incumbent industry in China, showing an average of 60% lower greenhouse emissions of both products planned for the Project when powered with carbon free, renewable energy.

The area of interest for the Project overlies several privately-owned land parcels with surface rights. To date, Mangan has received the consent to conduct exploration activities and to access the site from the landowners whose surface properties underlie the tailings. At present, Mangan does not hold all surface rights to the Project area, which includes those parcels of land underlying and immediately surrounding the three tailings deposits. In June 2022, the Company and the Municipality of Chvaletice ("Chvaletice") signed a land rental agreement, granting the Company access to a portion of the tailings surface area (Section 6 of this MD&A). Additionally, Mangan signed a land purchase agreement with the owners of certain land parcels which are adjacent to the tailings area and provides additional room and flexibility for the Chvaletice residue storage facility layout (Section 6 of this MD&A). The Company is currently in commercial negotiations for the acquisition of the remaining surface rights; however, there is no assurance that access to the remaining areas will be secured.

2. Overview (continued)

On August 13, 2018, Mangan 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 high-purity processing plant (Section 6 of this MD&A). The Company also signed further agreements to acquire rights to several additional strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant (Section 6 of this MD&A). The land for the proposed processing plant is already zoned for industrial use.

On March 23, 2022, the Village of Trnavka ("Trnavka"), which has jurisdiction over the land area where approximately 85% of the Project's tailings are located, formally approved the rezoning of such land for mining use. Trnavka is the closest residential area and lies just to the east of the Project. The rezoning demonstrates continued support from Trnavka, which previously sold the Company a 2.96-hectare strip of land adjacent to the Project's tailings hosted deposit. The remaining area of the underlying land falls under the authority of Chvaletice, which lies just to the west of the Project. Chvaletice previously voted unanimously to approve the initiation of the rezoning process under its municipal land use plans. This process is progressing and the Company anticipates that the rezoning of the Chvaletice land underlying the Project's tailings deposit to be formally approved for mining in the second half of calendar 2023.

The Company announced the results of the Chvaletice Manganese Project feasibility study on July 27, 2022 ("Feasibility Study"), including the conversion of 98.4% of the Mineral Resources into Mineral Reserves. The results of the Feasibility Study are summarized in Section 6 of this MD&A. The Company has now evaluated five bids from tier-1 Engineering, Procurement and Construction Management ("EPCM") firms and is now finalizing selection of the preferred EPCM firm. On appointment, the EPCM contractor will focus on advancing basic engineering design, procurement of long lead process equipment and construction permitting.

The Company has commenced work on a North American growth strategy and is evaluating several opportunities to develop a project to produce HPEMM and HPMSM for the North American market, leveraging the engineering design work completed from the Project. An option on a parcel of land has been secured in the industrial park at the Port of Bécancour, Québec. A scoping study has now been completed for a metal dissolution plant at this site that will take HPEMM as a feedstock and produce HPMSM powder and / or a high-purity manganese sulphate solution for the North American market. Based on the scoping study results, the Company is preparing a request for proposals for a feasibility study for the Bécancour dissolution plant.

The Company continues to monitor the impact of the COVID-19 pandemic which has affected input prices, supply chain lead times and funding markets. Additionally, the Russia-Ukraine conflict which began on February 24, 2022, has caused additional disruptions in Europe and elsewhere. The duration of this conflict and its impact on the Company, as well as any ongoing impacts of COVID-19, remain uncertain.

3. Financial and Project Highlights in the Three Months Ended March 31, 2023, and to the Date of this MD&A

- In April 2023, the Company confirmed the first production of HPEMM from its demonstration plant at the Chvaletice Project site in the Czech Republic. An external laboratory confirmed that this first production of HPEMM met the demonstration plant target specifications of 99.9% manganese metal purity.
- On January 11, 2023, the Company signed a non-binding term sheet with Verkor, a low-carbon battery manufacturer based in Grenoble, France, for the sale of HPMSM from the Chvaletice Manganese Project. The parties intend to enter into a binding offtake agreement in calendar 2023.
- On January 6, 2023, the Company issued 237,077 common shares to EIT InnoEnergy at the price of \$0.34 per share in connection with a third and final investment tranche of €62,500 (\$80,606) received by the Company on August 26, 2022.

3. Financial and Project Highlights in the Three Months Ended March 31, 2023, and to the Date of this MD&A (continued)

- On January 4, 2023, the Company announced the submission of the ESIA for the Project to the Ministry of Environment in the Czech Republic, for which the approval process is anticipated to take approximately six months. The Company also published its inaugural 2022 Sustainability Report which outlines how it is leading the way for sustainable production of high-purity manganese for the EV industry.
- The Company entered into an option agreement with The Société du parc industriel et portuaire de Bécancour (“SPIPB”), a Québec state enterprise and owner of a 15-hectare land parcel within Bécancour (the “Bécancour Option Agreement”) where the Company proposes to establish its North American facilities. The Bécancour Option Agreement allows the Company to exclusively access the land parcel and conduct due diligence thereon over a maximum term of 21 months, during which the Company has the opportunity to purchase the site. The Bécancour Option Agreement provides that the Company pay \$45,855 per month for this option starting January 2023, whereas these option payments shall be deducted from the final purchase price of \$9,171,200.

4. Outlook

The Company has sufficient funding to complete the permitting of the Project and complete 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, execution of the EPCM services for the Project, additional land acquisitions, as well as the potential future construction of infrastructure and processing facilities for the Project and to advance the Company's North American strategy (Section 8 of this MD&A).

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

- full commissioning and operating the demonstration plant to allow the Company to produce bulk, multi-tonne finished product samples for prospective customers' supply chain qualification;
- rezoning of the remaining land area underlying the tailings for mining use, which the Company anticipates being approved by Chvaletice in the second half of calendar 2023;
- continuing negotiations with potential customers to enter into offtake contracts, as well as strategic and financial partners and government agencies, including those related to funding the development of the Project;
- negotiating and completing the acquisition or access to the remaining land rights;
- awarding the EPCM contract for the Project;
- developing an optimum financing structure for the Project, which is dependent upon the above milestones being achieved; and
- progressing towards a feasibility study for the site at Bécancour, Québec, for potential production of high-purity manganese products in Canada for the North American EV market.

4. Outlook (continued)

Once the Project is permitted, offtake agreements have been entered into with the Company's prospective customers, and the remaining land access rights have been acquired, the Company intends to secure 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 due to: the Project's robust economics as demonstrated in the Feasibility Study; its in-demand products; its safe jurisdiction; quality of potential offtake agreements that are possible in the EV battery industry; the unique environmental credentials and benefits of the Project; strategic position within the European battery supply chain; and the indication of strong support from leading European financial institutions. 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 contribution; and potential cost overrun mitigation provided by an EPCM counterparty. As part of the Company's strategy for raising financing for the Chvaletice Project, BMO Capital Markets ("BMO") has been engaged to assist the Company in securing a strategic partner to invest at the project level in combination with an offtake agreement. BMO is currently initiating discussions with key automotive original equipment manufacturers ("OEMs")

5. Significant Transactions During the Six Months Ended March 31, 2023

The Company did not complete any significant transactions in the three and six months ended March 31, 2023, other than those described in Section 3 of this MD&A.

6. Review of Operations - Chvaletice Manganese Project

Feasibility Study and Environmental Impact Assessment

On July 27, 2022, the Company announced the results of its Feasibility Study. The Feasibility Study was prepared by Tetra Tech Canada Inc. ("Tetra Tech"), an independent engineering services group with extensive experience in mineral processing, tailings management, and mining. Tetra Tech oversaw the Project, the resource and reserve estimates, and the design of the mine and residue storage facility. BGRIMM Technology Group (a division of Beijing General Research Institute of Mining and Metallurgy) ("BGRIMM") acted as lead process plant design engineer as well as completed validation bench scale test work required in order to finalize the process flowsheet. Tractebel Engineering a.s. provided Czech and European cost inputs, localization, and GET s.r.o ("GET") and Bilfinger Tebodin Czech Republic provided environmental services. Sudop Praha a.s. provided railway infrastructure design.

The Feasibility Study results are based on a Proven and Probable Reserve Estimate that is detailed in the NI 43-101 and JORC Code Technical Reports on the Chvaletice Manganese Project. The 43-101 technical report, entitled "Technical Report and Feasibility Study for the Chvaletice Manganese Project, Chvaletice, Czech Republic", with an effective date of July 27, 2022, was filed on SEDAR at www.sedar.com on September 9, 2022, and the JORC Code technical report, entitled "Public Report and Feasibility Study for the Chvaletice Manganese Project, Chvaletice, Czech Republic", with an effective date of July 27, 2022, was lodged on the ASX announcement platform on September 14, 2022 (together, the "Feasibility Study Technical Reports").

The highlights of the Feasibility Study are as follows:

- Conversion of the Mineral Resource to a 27 million tonne Proven and Probable Reserve (98.3% Proven) with a grade averaging 7.41% Mn. Recycling of the historic tailings without the requirement of any hard rock mining, crushing or milling.
- 25-year project operating life producing 1.19 million tonnes of HPEMM, approximately two-thirds of which is expected to be converted into HPMSM.

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

- Saleable product includes 2.5 million tonnes of HPMSM (32.34% Mn) and 372,300 tonnes of HPEMM (99.9% Mn) over the life of project, averaging 98,600 tonnes of HPMSM and 14,890 tonnes of HPEMM annually, principally focused on Europe's rapidly growing EV battery industry.
- Base case after-tax NPV of US\$1.34 billion and pre-tax NPV of US\$1.75 billion, using an 8% real discount rate and risk-adjusted base case price forecast.
- Ungearing after-tax Internal IRR of 21.9% with a 4.1-year payback period; and an ungeared pre-tax IRR of 24.9% with a 3.6-year payback period.
- Initial capital ("Capex") of US\$757.3 million, including contingencies of US\$103.2 million (US\$78.4 million on direct costs and US\$24.8 million of growth allowance) and sustaining capital ("Sustaining Capex") of US\$117.0 million over the 25-year life of project.
- Life of project revenues of US\$13.9 billion with gross revenues expected to average US\$554 million per year over the 25-year project life.
- Project earnings before interest, taxes, depreciation and amortization ("EBITDA") and annual average EBITDA forecasted to be US\$8.1 billion and US\$326 million respectively, averaging 58.8% EBITDA over the life of project.
- Base case project economics are based on Tetra Tech adoption of a risk-adjusted short-term price forecast that follows CPM Group's forecast for HPMSM and HPEMM to 2031 and then holds prices flat over the remaining life of project, resulting in average prices of \$4,019 per tonne of HPMSM containing 32.34% Mn and \$10,545/t of HPEMM containing 99.9% Mn.
- CPM Group's unaltered price forecast was used as the upside case in the Feasibility Study sensitivity analysis with average life of project prices of \$4,509/t for HPMSM and \$12,075/t for HPEMM.
- Using the CPM Group price forecast for HPMSM and HPEMM, after-tax NPV_{8%} increases to US\$1.79 billion, with an ungeared IRR of 24.1%.
- Project has 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 with opportunities to enhance returns through process optimization initiatives and various government investment incentives and financial support programs that may be available.

Life Cycle Assessment

During fiscal 2022, the Company released the highlights from its LCA for the Project. Euro Manganese engaged Minviro Ltd. ("Minviro"), a UK-based and globally recognized sustainability and life cycle assessment consultancy, and RCS Global Ltd. ("RCS Global"), a leading global auditor of battery material supply chains, to conduct a cradle-to-gate, critically reviewed study quantifying the environmental impacts, including the carbon footprint, of producing high-purity manganese products at the Project.

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

The results of the LCA validate the environmental value proposition of the Project including multiple environmental benefits from the remediation of the historic tailings area, particularly in terms of soil quality and freshwater quality. Both improve over the lifetime of the Project as remediation avoids the current leaching of metals and reduces the impacts of the historic tailings to soil and water streams. The Company plans to use 100% renewable, carbon free electricity, which reduces the GWP of the Project by half compared to the use of non-renewable electricity. Opportunities exist to further reduce the Project's carbon footprint by sourcing reagents from manufacturers with lower environmental impact than those assumed in the study. The Company is committed to identifying and selecting suppliers with commitments to decarbonization.

The LCA was conducted according to the requirements of ISO-14040:2006 and ISO-14044:2006, which included a critical review by an independent LCA expert, RCS Global, and provides EMN with an independently verified assessment for financiers and customers. RCS Global also reviewed and commented on the LCA study. Minviro has also completed a benchmarking exercise where the Project's GWP was compared against similar projects and operations producing high-purity manganese products. The results of the benchmarking exercise show that the high-purity manganese products from the Chvaletice Project have a carbon footprint that is approximately one-third of the China-based incumbent industry.

Environmental and Social Impact Assessment

Documentation for the final stage of the Project's ESIA was submitted to the Czech Ministry of Environment in December 2022, which could potentially enable final environmental permitting for the Project around mid-calendar 2023. The ESIA builds on the preliminary ESIA which was reviewed by the Czech Ministry of Environment in 2020. The ESIA takes outputs from both the preliminary ESIA and the Chvaletice Feasibility Study, announced in July 2022, as inputs to the compilation of many environmental and social impact assessments, including but not limited to dispersion studies, acoustic studies, and impact on human health studies. The Company has also proactively engaged with and briefed many of the relevant authorities and stakeholders on the Project details. Feedback received from stakeholders has been built into the final ESIA submission.

Demonstration Plant Progress Update

The demonstration plant is intended to produce the equivalent of 32kg per day of HPEMM or 100kg per day of HPMSM, and will deliver high-purity manganese products to prospective customers for testing and qualification. The demonstration plant will also enable process optimization and testing for final product development and serve as a testing and training facility for future operators. It is expected to operate for up to three years and will also be available for testing of potential additional feedstock for the commercial plant.

HPEMM at 99.9% purity was produced from the demonstration plant in the second quarter and external laboratory testing confirmed that the first sample met the demonstration plant target specifications. HPMSM is now in production in the final crystallization module and samples will be sent for external laboratory testing following positive internal testing. After confirmation from external labs of product meeting specifications, expected to be the end of June, deliveries of HPEMM and HPMSM samples are expected to commence. Customer deliveries of the Company's demonstration plant products, however, are not expected to be required for completion of offtake contracts.

A number of potential customers, including European and North American automotive OEMs, battery manufacturers, and cathode manufacturers, are expected to request demonstration plant samples as part of their strategy to move to local supply chains with full traceability and the highest sustainability standards. In advance of production from the demonstration plant, the Company has delivered and will deliver additional samples from its pilot plant to allow these parties to initiate or continue their supply chain qualification of the Company's products.

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 US\$6.5 million (\$8.7 million). To the date of this MD&A, the Company made total payments of US\$1.6 million (\$1.9 million) for the demonstration plant, accrued \$1.5 million for the next milestone payments, and incurred additional expenses of \$3.4 million for permitting, site preparation and commissioning.

Option Agreement and Land Acquisitions

The Company, through its subsidiary, Mangan, 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 has 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). Additionally, on August 13, 2021, the Company exercised the option to extend the payment term of the following instalments by one year for a fee of 2.1 million Czech Koruna, payable with the next instalment.

On August 10, 2022, the Company made the third option payment of 42 million Czech Koruna (\$2,304,402) together with the fee for the extension of 2.1 million Czech Koruna (\$115,220). The total value of the instalments, revalued at March 31, 2023, is \$4.52 million. The Company can complete the acquisition of EPCS by making the final instalment of 70 million Czech Koruna (approximately \$4.39 million at March 31, 2023), due upon receipt of all development permits for the Chvaletice Manganese Project, but no later than August 13, 2023, being five years after signing the EPCS Option Agreement.

The Company entered into the following agreements to acquire rights to three additional strategic parcels of land, completing 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 instalments (approximately \$80,000), followed by the remaining balance of approximately \$700,000 in the final year. 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. In October 2021, the Company paid \$82,152 of this amount. In October 2022, the Company paid the third annual instalment of \$77,636.

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

- 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.

The area of interest for the Project overlies several privately-owned land parcels with surface rights. To date, Mangan has received the consent to access the site from the landowners whose surface properties underlie the tailings. The Company and the Municipality of Chvaletice, being one of the landowners, signed a Land Access Agreement via rental of the land to the Company until the earlier of a 40-year period or upon remediation of the land. The annual rental is 7.46 million Czech Koruna (approximately \$420,000), adjusted for inflation based on the average annual Czech consumer price index for the 12 months of the previous calendar year. The land rental agreement is effective July 1, 2022, and the first rental payment was made on July 28, 2022.

On June 7, 2022, the Company also signed an agreement with Helot, spol. s.r.o. and Ing. Martin Vanek to acquire 78,437m² in total consisting of several land parcels adjacent to the tailings area that provide additional room and flexibility for the Chvaletice residue storage facility layout. The total cost of the land is 54,327,751 Czech Koruna (approximately \$3.0 million). The first instalment of \$516,452 was paid in June 2022. The second instalment of \$570,824 was paid in January 2023 and the remaining amount of approximately \$1,918,000 is scheduled to be paid in January 2024.

The Company has completed acquisition of land parcels with Trnavka within the tailings area required by the Project. The Company continues commercial negotiations for Land Access Agreements for the acquisition of the balance of the surface rights with the remaining two landowners; however, there can be no assurance that access to the remaining areas will be secured.

High-Purity Manganese Market Overview and Product Marketing

High-performance Li-ion batteries are being increasingly used in EVs and other energy storage applications. The dominant Li-ion battery cathode chemistry used in EVs is nickel-manganese-cobalt ("NMC"), which accounts for nearly half of all Li-ion batteries produced, measured by megawatt hours ("MWh"). The amount of these metals can vary within the NMC family, such as NMC811, which is 80% nickel, 10% manganese, and 10% cobalt. With rising battery metal prices, battery companies are seeking ways to reduce the cost of batteries. As the least expensive battery metal, increasing the manganese content in batteries is gaining traction. Both BASF and Umicore have announced plans to scale up production of manganese-rich chemistries, with BASF's NMC370 battery, containing 30% nickel, 70% manganese, and no cobalt.

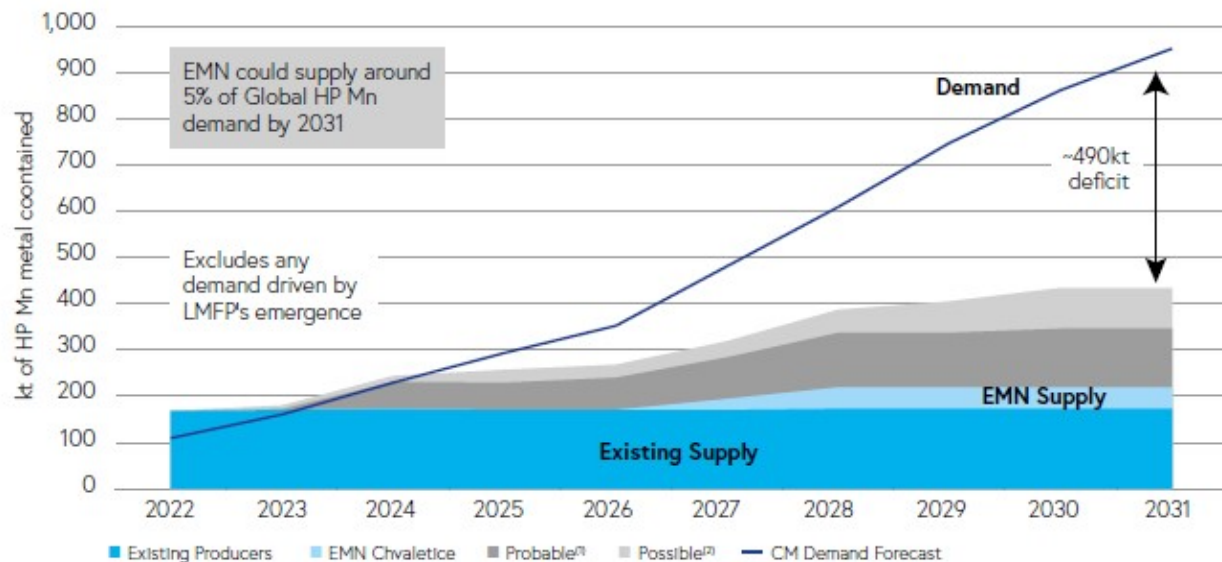
Additionally, high-purity manganese is now being added to lithium-iron-phosphate ("LFP") chemistries, creating a new family of lithium-manganese-iron-phosphate ("LMFP") chemistries with improved performance, with the manganese content of certain LMFP chemistries as high as 60%. Contemporary Amperex Technology Co., Limited ("CATL"), China's largest battery producer and Tesla's main battery supplier, has reported that they are planning to add manganese to their LFP chemistry, increasing the battery's voltage, thus boosting its energy density by up to 20%.

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

In connection with the preparation of the Feasibility Study, the Company commissioned the independent research and consultancy firm CPM Group to provide an HPEMM and HPMSM (collectively described as "High-Purity Manganese" or "HPM") product market outlook study for the Project as follows:

- The market for HPMSM and HPEMM is forecast to be radically transformed as a result of the 'EV revolution'. Most Li-ion batteries that power EVs are expected to use manganese in their cathodes and these manganese-containing battery chemistries are expected to dominate the battery market for the next two decades.
- CPM Group expects the demand for high-purity manganese to increase 13 times between 2021 and 2031 (from 90 kt to 1.1 million tonnes of Mn contained) and 50 times between 2021 and 2050 (to 4.5 million tonnes of Mn contained).
- The total Mn market in 2022 was approximately 22 million tonnes, with Mn use currently dominated by the steel industry, however, high-purity manganese suitable for the battery market makes up less than 0.5% of the global manganese market.
- The bottleneck in supply of HPMSM and HPEMM is the lack of high-purity refining capacity. Known expansions and new projects are unable to satisfy this demand. CPM Group forecasts the 2031 deficit to be 475 kt Mn equivalent. If battery demand continues to grow as expected and no additional new projects come to the market, the deficit would increase to 1 million tonnes by 2037.

Global High-Purity Manganese Forecasted Supply & Demand
(thousand tonnes of Mn)



(1) Probable: existing producer expansions or projects with Feasibility Studies.

(2) Possible: projects yet to produce Feasibility Studies.

Source: E-Source, CPM Group, Industry sources, Euro Manganese analysis.

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

According to the International Manganese Institute, China retains its dominant position as a supplier of high-purity manganese products – more than 91% of the HPMSM suitable for the battery industry originating in China. However, China relies heavily on imported ore, mainly from South Africa, Australia, Gabon, and Ghana. At present, only about 2.5% of HPMSM suitable for the battery industry is produced in Europe. The Company's prospective customers 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 seven battery cell gigafactories (defined as >1GWh/annum of battery production) in operation now. According to announcements from the battery makers, by 2030, Europe should have 56 battery gigafactories, with more than 1,458 GWh of production capacity installed (30% of global capacity, second after China). CPM Group believes that the entire planned output of the Project can be consumed by the growing lithium-battery sector in Europe.

In March, the European Commission published the European Critical Raw Materials Act ("CRMA"), classifying battery-grade manganese as a strategic raw material and outlining targets for extraction, processing and recycling of critical raw materials within the European Union. Specifically, in order to reduce the European Union's reliance on a single supply country for certain raw materials, the CRMA would require that by 2030 no more than 65% of any strategic raw materials come from a single third country. The Chvaletice Project expects to deliver almost 50,000 tonnes of high-purity manganese metal per year when in full production, meeting approximately 25% of European demand and helping the EU reduce its trade reliance on this strategic raw material. In addition, the US Department of Treasury published a clarification to the Inflation Reduction Act on how manufacturers may satisfy the critical mineral and battery component requirements of the clean vehicle tax credit. Specifically, beginning in 2025 an eligible clean vehicle may not contain any critical minerals that were extracted, processed, or recycled by a foreign entity of concern.

The above announcements have triggered a noticeable change in dynamics with potential customers, with off-takers reaching out proactively, and a growing acknowledgement of price premiums for western extracted and processed products. This has resulted in the off-take tender process initiated by the Company having reached a significant milestone; more than 150,000 tonnes of Chvaletice HPMSM (100% of annual production capacity) is under discussion as part of the process. Discussions are progressing well with potential customers across the battery supply chain, including cathode active material ("CAM") and the precursor product ("pCAM") producers, battery makers and automobile manufacturers. Approximately 75% of production capacity (more than 115,000 tpa) is moving through the offtake process (term sheet negotiations with one term sheet signed), with approximately 30,000 tpa mid-process (MoU or conversations significantly progressed) and 20,000 tpa under earlier stages of discussion. In addition, several larger potential customers are yet to provide an allocation of tonnage to the Company, but have expressed an expectation to do so.

In January 2023, the Company signed a non-binding term sheet with Verkor, a low-carbon battery manufacturer based in Grenoble, France, for the sale of HPMSM from the Project. The Company intends to enter into a binding offtake agreement with Verkor in calendar 2023 and it anticipates more term sheets or agreements will follow in the near term. The Company is targeting 80% of production capacity under offtake contract to support project finance. There can be no assurance, however, that these discussions will lead to offtake agreements or commercial or strategic relationships in the near term, if at all.

7. 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 per share amounts:

As at the end of or for the period ending	Jan to Mar'23	Oct to Dec'22	Jul to Sep'22	Apr to Jun'22	Jan to Mar'22	Oct to Dec'21	Jul to Sep'21	Apr to Jun'21
	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	13,805	18,305	21,561	28,026	32,070	29,129	31,219	33,457
Total assets	34,956	38,212	39,896	42,280	44,800	41,589	43,336	44,472
Working capital ⁽¹⁾	11,191	16,129	19,754	26,839	30,676	23,341	26,078	27,821
Current liabilities	3,008	2,758	2,440	1,630	1,823	6,549	5,685	6,025
Revenue	—	—	—	—	—	—	—	—
Chvaletice Project evaluation expenses	1,722	1,018	1,739	1,023	1,511	1,399	1,437	1,724
Other evaluation expenses	87	210	95	280	71	10	—	—
Other administrative expenses	2,161	1,480	2,089	1,804	1,673	1,763	1,256	1,342
Net loss attributable to shareholders	3,970	2,708	3,923	3,106	3,255	3,172	2,693	3,066
Net loss per share, basic and diluted, attributable to shareholders	0.01	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.

Summary of major variations in quarterly financial activities:

The variation in quarterly evaluation expenditures is mainly attributed to the following:

- In the six quarters from April 2021 to September 2022, the Company focused on progressing and completing the Feasibility Study, preparation work and permitting of the demonstration plant, and the preparation of the Final ESIA. The Company completed the Feasibility Study in the quarter ended September 2022. The number of employees at the Project site has risen continuously in relation to the demonstration plant site preparation and commissioning.
- In the most recent two quarters, the Company continued the work related to the preparation and submission of the Final ESIA.
- In the most recent three quarters, the Company also incurred expenses related to the evaluation of a potential dissolution plant at the Port of Bécancour in Québec, Canada, which would produce high-purity manganese products for the North American EV market.

Fluctuations in the level of quarterly administrative expenditures is mainly attributed to the following:

- For the six quarters from April 2021 to September 2022, other administrative expenses steadily increased mostly as a result of a higher number of employees in the corporate office in Canada and higher share-based compensation expenses. In the quarter ended December 2021, increased remuneration costs are attributable to the change in the Company's CEO and to non-cash share-based expenses in the period.
- Compared to the other periods, the quarter ended December 31, 2022, was significantly impacted by an unrealized foreign exchange gain relating to the revaluation of the EPCS option.
- In the most recent quarter, other administrative expenses increased mainly as a result of a higher number of employees in the corporate office in Canada and bonuses paid during the quarter, higher legal and professional fees relating to the Project financing efforts.

7. Quarterly Financial Review (continued)

Three months ended March 31, 2023, compared to the three months ended March 31, 2022

	Three Months Ended March 31,	
	2023	2022
(expressed in thousands of Canadian dollars, except per share data)	\$	\$
Chvaletice Project evaluation expenses		
Engineering	1,027	890
Remuneration	357	301
Share-based compensation	32	102
Metallurgical	—	27
Travel	27	1
Legal and professional fees	75	74
Geological	—	32
Market studies	40	45
Supplies and rentals	164	39
	1,722	1,511
Other evaluation expenses		
Engineering	29	—
Legal and professional fees	64	69
Travel	11	2
Other income	(17)	—
	87	71
Other expenses		
Remuneration	1,088	559
Share-based compensation	442	605
Total remuneration	1,530	1,164
Legal and professional fees	274	100
Investor relations	82	81
Product sales and marketing	20	(29)
Travel	75	60
Filing and compliance fees	96	149
Office, general and administrative	41	55
Insurance	57	58
Conferences	137	44
Depreciation	63	41
Accretion expense	6	5
Interest income	(88)	(27)
Foreign exchange	(132)	(28)
	2,161	1,673
Loss and comprehensive loss for the period	3,970	3,255
Basic and diluted loss per common share	\$0.01	\$0.01

7. Quarterly Financial Review (continued)

Chvaletice Project evaluation expenses for the three months ended March 31, 2023 and 2022, were \$1,722,064 and \$1,510,920, respectively. The increase in expenses over the comparative quarter is due to the completion and the submission of the final ESIA and the operation of the pilot plant. The main variances include: an increase of \$137,246 in engineering costs mainly due to the completion of the final ESIA; an increase in supplies and rentals of \$122,615 due to land rental from the Municipality of Chvaletice; an increase of \$56,075 in remuneration as a result of an increased number of employees and employee short term incentive payments in the Czech Republic; and an increase of \$26,117 in travel expenses in the current quarter versus the comparative period due to increased travel to site following the easing of COVID-19 pandemic restrictions. The overall increase in project evaluation costs was partially offset by a decrease of \$70,038 in share-based compensation due to the partial vesting of a share option grant in the comparative quarter; and a decrease of \$31,819 and \$27,063 in geological and metallurgical costs, respectively, as these parts of the Feasibility Study work were completed in previous periods.

Other evaluation costs for the three months ended March 31, 2023 and 2022, were \$86,932 and \$71,547, respectively. These costs mostly represent the scoping study and due diligence related to the Company's evaluation of opportunities in the North American market, particularly the potential Port of Bécancour site in Québec, Canada. Additionally, the Company has progressed work on the initiatives with Nano One Materials Corp. and the Company has received \$16,889 from the National Research Council of Canada's Industrial Research Assistance Program ("IRAP") offsetting a portion of these costs. The IRAP funding is shown as other income within other evaluation costs.

The \$487,489 increase in administrative costs for the three months ended March 31, 2023, compared to the same quarter in 2022, is mainly attributable to: a \$528,461 increase in remuneration due to a higher number of employees in the corporate office in Canada and short term incentive payments made during the quarter; a \$173,887 increase in legal and professional expenses related to costs for the project financial advisor; an increase of \$93,088 and \$14,985 in conferences and travel expenses, respectively, due to the easing of COVID-19 restrictions; a \$49,639 increase in product sales and marketing due to an increase in sales activities related to offtake agreements; and a \$22,667 increase in depreciation due to the new lease of two buildings at the project site which hosts the demonstration plant. The overall increase in administrative costs was partially offset by a decrease of \$162,628 in share-based compensation due to partial vesting of a share option grant in the comparative quarter; a \$104,150 foreign exchange gain mainly arising from the revaluation of the EPCS Option; a \$61,477 increase in interest earned on the Company's bank deposits; and a \$53,195 decrease in filing and compliance fees due to lower annual general meeting costs in the current period, while in the comparative period the Company also incurred higher listing fees for share issuances related to the royalty buyback.

7. Quarterly Financial Review (continued)

Six months ended March 31, 2023, compared to the six months ended March 31, 2022

	Six Months Ended March 31,	
	2023	2022
(expressed in thousands of Canadian dollars, except per share data)	\$	\$
Chvaletice Project evaluation expenses		
Engineering	1,443	1,620
Remuneration	572	552
Share-based compensation	101	334
Metallurgical	—	45
Travel	43	44
Legal and professional fees	137	132
Geological	—	53
Market studies	69	79
Supplies and rentals	375	52
	2,740	2,911
Other evaluation expenses		
Engineering	158	—
Legal and professional fees	154	79
Travel	20	2
Other income	(35)	—
	297	81
Other expenses		
Remuneration	1,726	1,349
Share-based compensation	1,028	1,051
Total remuneration	2,754	2,400
Legal and professional fees	553	250
Investor relations	166	188
Product sales and marketing	47	(10)
Travel	133	113
Filing and compliance fees	177	233
Office, general and administrative	142	104
Insurance	114	115
Conferences	150	61
Depreciation	126	81
Accretion expense	14	10
Interest income	(247)	(56)
Foreign exchange	(488)	(52)
	3,641	3,437
Loss and comprehensive loss for the period	6,678	6,429
Basic and diluted loss per common share	\$0.02	\$0.02

7. Quarterly Financial Review (continued)

Chvaletice Project evaluation expenses for the six months ended March 31, 2023 and 2022, were \$2,739,693 and \$2,910,283, respectively. The decrease in expenses over the comparative period is due to the reduction of the level of work required on the Project as the Feasibility Study work was completed in the last quarter of fiscal 2022. During the six months ended March 31, 2023, the Company focused on the preparation and submission of the final ESIA. The main variances include: a decrease of \$233,553 in share-based compensation due to the partial vesting of a share option grant in the comparative period; a decrease of \$176,922 in engineering costs due to the completion of the Feasibility Study in 2022; a decrease of \$52,574 and \$45,074 in geological and metallurgical costs, respectively, as these parts of the Feasibility Study work were completed in previous periods. The overall decrease in project evaluation costs was partially offset by an increase in supplies and rentals of \$322,633 due to land rental from the Municipality of Chvaletice; and an increase of \$20,129 in remuneration as a result of hiring new employees in the Czech Republic, partly for site preparation for the demonstration plant.

Other evaluation costs for the six months ended March 31, 2023 and 2022, were \$296,727 and \$81,547, respectively. These costs mostly represent the scoping study and due diligence related to the Company's evaluation of opportunities in the North American market, particularly the potential Port of Bécancour site in Québec, Canada. Additionally, the Company has progressed work on the initiatives with Nano One Materials Corp. and the Company has received \$34,459 from IRAP offsetting a portion of these costs. The IRAP funding is shown as other income within other evaluation costs.

The \$204,789 increase in administrative costs for the six months ended March 31, 2023, compared to the same period in 2022, is mainly attributable to: a \$377,680 increase in remuneration due to a higher number of employees in the corporate office in Canada and short term incentive payments made in the period; a \$303,387 increase in legal and professional expenses related to costs for the project financial advisor; an increase of \$88,614 and \$20,156 in conferences and travel expenses, respectively, due to the easing of COVID-19 restrictions; a \$57,451 increase in product sales and marketing resulting from an increase in marketing activities with customers; a \$45,376 increase in depreciation due to the lease assets from the two buildings at the project site which hosts the demonstration plant; and a \$39,478 increase in office, general and administrative expenses due to increased IT, communications and other administrative expenses. The overall increase in administrative costs was partially offset by a \$436,289 foreign exchange gain mainly arising from the revaluation of the EPCS Option at period end; a \$191,388 increase in interest earned on the Company's bank deposits; a \$56,369 decrease in filing and compliance fees due to lower annual general meeting costs in the current period, while in the comparative period the Company also incurred higher listing fees for share issuances related to the royalty buyback in the comparative period; a decrease of \$23,528 in share-based compensation due to partial vesting of a share option grant in the comparative period; and a \$22,382 decrease in investor relations expenses due to fewer campaigns and promotional activities.

8. Liquidity and Capital Resources

As at March 31, 2023, the Company held cash and cash equivalents of approximately \$13.8 million. Cash and cash equivalents are held with reputable financial institutions and are invested in highly liquid short-term investments with maturities of one year 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 decrease in cash of \$7.8 million during the six months ended March 31, 2023, is a result of \$6.3 million of cash used in operating activities and \$1.5 million of cash used in investing activities, which included the payment for demonstration plant costs and certain land related payments. This decrease was slightly offset by cash generated from financing activities of \$0.1 million representing the exercise of stock options during the first fiscal quarter of 2023. Working capital decreased by \$8.6 million during the six months ended March 31, 2023, to \$11.2 million from \$19.8 million at September 30, 2022.

8. Liquidity and Capital Resources (continued)

Additional funding will be required for the potential future construction of infrastructure and facilities for the Project. The ability of the Company to arrange such funding will depend principally upon prevailing market conditions, the business performance of the Company, and other factors. 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.

In 2022, the Company appointed Stifel Nicolaus Europe Limited as financial advisor to assist with the structuring and securing of debt financing for the Project of US\$757.3 million as well as a working capital facility. The Company has also recently appointed advisors to assist with the equity financing of the Project. The results of the Feasibility Study confirm several factors, including robust project economics, in-demand products, unique environmental credentials, stable jurisdiction, and strong support from leading European institutions, that the Company believes make the Project an attractive proposition for potential financial partners. Consequently, the Company has reasonable grounds to assume that it will be able to fund the development of the Project (see also Section 4 of this MD&A).

Contractual Commitments

As at March 31, 2023, 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 lease payments ⁽¹⁾	23,802	23,802	—
Land acquisition payments ⁽²⁾	2,207,241	2,207,241	—
Operating expenditure commitments	665,899	660,457	5,442
Total contractual obligations	2,896,942	2,891,500	5,442

⁽¹⁾ The Company has one non-cancellable operating office lease expiring in one year.

⁽²⁾ Land acquisition payments relate to land parcels for the residue storage facility layout.

In addition to the commitments disclosed above, the Company agreed to acquire a right-of-way for a period of 30 years having an annual rental of 60,000 Czech Koruna (approximately \$3,000).

Additionally, the Company and the Municipality of Chvaletice, being one of the owners of the land underlying the tailings, signed a land access agreement via rental of the land to the Company until the earlier of a 40-year period or upon remediation of the land. The annual rental is 7.46 million Czech Koruna (approximately \$420,000), adjusted for inflation based on the average annual Czech consumer price index for the 12 months of the previous calendar year. The land rental agreement is effective July 1, 2022, and the first rental payment was made on July 28, 2022.

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

9. Related Party Transactions

For the three and six months ended March 31, 2023 and 2022, 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 March 31, 2023, 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, Commercial, Vice President, Corporate Development and Corporate Secretary, Vice President, Operations, and the Managing Director of the Company's Czech subsidiary.

	Three months ended March 31,		Six months ended March 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Salaries and fees	686,152	479,266	1,174,442	1,167,857
Share-based compensation	417,625	543,507	977,795	908,603
	1,103,777	1,022,773	2,152,237	2,076,460

At March 31, 2023, amounts owing to directors and officers of the Company for salaries and directors' fees amounted to \$33,895 (September 30, 2022 - \$378,373), and includes salary owing to the Managing Director of Mangan. At September 30, 2022, the amount also included bonuses owing to the Managing Director of Mangan. Other amounts payable to officers and directors at March 31, 2023, for the reimbursement of office and travel related expenses were \$2,996 (September 30, 2022 - \$31,093).

10. 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 May 10, 2023:

	Number of securities
Issued and outstanding common shares	402,669,227
Share options	33,779,333
Warrants (after expiry of 2,500,000 warrants on May 10, 2023)	6,000,000

11. Events After the Reporting Period

On May 10, 2023, 2,500,000 warrants entitling the holder to purchase common shares at \$0.58 per common share, expired.

12. Significant Accounting Policies, Estimates and Judgments

Basis of preparation and accounting policies

The Company's annual consolidated financial statements were prepared in accordance with IFRS as issued by the IASB. Detailed description of the Company's significant accounting policies can be found in Note 3 of the Company's audited consolidated financial statements for the year ended September 30, 2022. Changes to the existing and new accounting policies can be found in the Company's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2023, which were prepared in accordance with IFRS as issued by the IASB, including IAS 34 *Interim Financial Reporting*. The impact of future accounting changes is disclosed in Note 3.3 to the unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2023.

Significant 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 3.15 of the Company's consolidated financial statements for the year ended September 30, 2022, and in Note 3.2 of the Company's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2023.

13. 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 consolidated financial statements for the year ended September 30, 2022, and Note 10 of the Company's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2023.

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

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that: (i) the condensed consolidated interim financial statements for the three and six months ended March 31, 2023, 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; and (ii) the condensed consolidated interim financial statements for the three and six months ended March 31, 2023, fairly present in all material respects the financial condition, results of operations and cash flow of the Company.

There was no change in the Company's internal controls over financial reporting that occurred during the three and six months ended March 31, 2023, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

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.

14. Internal Controls over Financial Reporting and Disclosure Controls and Procedures (continued)

Management, including the CEO and CFO, has evaluated the design and operating effectiveness of the Company's disclosure controls and procedures as of March 31, 2023. 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.

Limitations of Controls and Procedures

The Company's management, including the President and Chief Executive Officer and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

15. Forward-Looking Statements and Risks Notice

Certain statements in this MD&A constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws. Such statements and information involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, its projects, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict" and other similar terminology, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Results of the Feasibility Study constitutes forward-looking information or statements, including but not limited to estimates of internal rates of return (including any pre-tax and after-tax internal rates of return), payback periods, net present values, future production, assumed prices for HPMSM and HPEMM, ability of the Company to achieve a pricing premium for its products, proposed extraction plans and methods, operating life estimates, cash flow forecasts, metal recoveries and estimates of capital and operating costs. Such forward-looking information or statements also include, but are not limited to, statements regarding the Company's intentions regarding the Project in the Czech Republic, the development of the Project, the ability to source green power and other requirements for the Project, the completion and submission of an environmental and social impact assessment, statements regarding the ability of the Company to obtain remaining surface rights, the benefits of remediating the historic tailings areas, the growth and development of the high purity manganese products market, the desirability of the Company's products, the growth of the EV industry, the use of manganese in batteries, the manganese project supply line, support from European financial institutions, and the Company's ability to obtain financing for the Project.

Readers are cautioned not to place undue reliance on forward-looking information or statements. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company.

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

Factors that could cause actual results or events to differ materially from current expectations include, among other things: the ability to develop adequate processing capacity; the availability of equipment, facilities, and suppliers necessary to complete development; the cost of consumables and extraction and processing equipment; risks and uncertainties related to the ability to obtain, amend, or maintain necessary licenses, or permits, risks related to acquisition of surface rights; risks and uncertainties related to expected production rates; timing and amount of production and total costs of production; the potential for unknown or unexpected events to cause contractual conditions to not be satisfied; the failure of parties to contracts with the Company to perform as agreed; risks and uncertainties related to the accuracy of mineral resource and reserve estimates, the price of HPEMM and HPMSM, power supply sources and price, reagent supply resources and prices, future cash flow, total costs of production, and diminishing quantities or grades of mineral resources and reserves; changes in Project parameters as plans continue to be refined; risks related to global epidemics or pandemics and other health crises, including the impact of the coronavirus (COVID-19); availability and productivity of skilled labour; risks and uncertainties related to interruptions in production; unforeseen technological and engineering problems; the adequacy of infrastructure; risks related to Project working conditions, accidents or labour disputes; social unrest or war; the possibility that future results will not be consistent with the Company's expectations; risks relating to variations in the mineral content and grade within resources from that predicted; variations in rates of recovery and extraction; developments in EV battery markets and chemistries; and risks related to fluctuations in currency exchange rates, changes in laws or regulations; and regulation by various governmental agencies. For a further discussion of risks relevant to The Company, see "Risk Factors" in the Company's annual information form for the year ended September 30, 2022, available on the Company's SEDAR profile at www.sedar.com.

All forward-looking statements are made based on the Company's current beliefs as well as various assumptions made by the Company and information currently available to the Company. Generally, these assumptions include, among others: the presence of and continuity of manganese at the Project at estimated grades; the ability of the Company to obtain all necessary land access rights; the availability of personnel, machinery, and equipment at estimated prices and within estimated delivery times; currency exchange rates; manganese sales prices and exchange rates assumed; growth in the manganese market; appropriate discount rates applied to the cash flows in economic analyses; tax rates and royalty rates applicable to the proposed operations; the availability of acceptable Project financing; anticipated extraction losses and dilution; success in realizing proposed operations; and anticipated timelines for community consultations and the impact of those consultations on the regulatory approval process.

Although the forward-looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this MD&A.