EURO MANGANESE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2023

Contents

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 progress 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. CHESS Depositary 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 August 11, 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 nine months ended June 30, 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 14. The financial information presented in this MD&A is in Canadian dollars, unless otherwise stated.

2. Overview

About the Chvaletice Manganese Project

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, 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. The Project is expected to result in the environmental remediation of this former mine tailings site, bringing it into full compliance with modern Czech and European Union environmental standards and regulations.

2. Overview (continued)

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.

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.

With the option to make one final instalment later in calendar 2023, Mangan has the right to acquire 100% of a company that owns the land intended for the Project's high-purity processing plant. This land is located immediately south of the highway and rail line that bound the Chvaletice tailings deposit and is adjacent to the Chvaletice power plant and another parcel of land and rail siding that was previously acquired by Mangan. 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). All such land parcels for the proposed processing plant are already zoned for industrial use.

In 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. The remaining area of the underlying land falls under the authority of Chvaletice, which is progressing the rezoning process to mining use and the Company anticipates the formal approval by the end of calendar 2023.

The Project is targeting production of high-purity electrolytic manganese metal ("HPEMM") with specifications exceeding 99.9% manganese ("Mn") and high-purity manganese sulphate monohydrate ("HPMSM") with a minimum Mn 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. An overview of the high-purity manganese market can be found in Section 6 of this MD&A.

The Company has entered into one non-binding off-take term sheet for the sale of HPMSM from the Chvaletice Manganese Project and six 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 of high-purity manganese products from the Project. 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.

2. Overview (continued)

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.

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 approval is anticipated before the end of calendar 2023.

The Company selected Wood Australia Pty Ltd ("Wood") as the preferred Engineering, Procurement, and Construction Management ("EPCM") and concluded the EPCM contract negotiations in July 2023 (Section 6 of this MD&A).

About the Bécancour Plant

The Company is progressing work on its North American growth strategy and is evaluating several opportunities to develop a project to produce high-purity manganese products for the North American market. A scoping study was completed for a metal dissolution plant at the proposed Bécancour site (the “Bécancour Plant”) and WSP Canada Inc. ("WSP") has been selected to complete the feasibility study for the plant. The study, which is subject to financing, could be completed by mid-2024.

The Company announced the highlights of a positive scoping study for the Bécancour Project on August 9, 2022, which are summarized in Section 6 of this MD&A. At the same time, the Company announced it had signed an MoU with Manganese Metal Company ("MMC"), a South African high-purity manganese producer for the supply of 99.9% pure HPEMM, allowing the Bécancour Plant to be fed with this HPEMM and/or with HPEMM from the Chvaletice Project, once operational. The MoU could enable the potential supply of high-purity manganese products to the North American market as early as mid-2026. The Company also announced it had signed a Cooperation Agreement with the Grand Council of the Waban-Aki Nation, a tribal council consisting of the Abenaki Bands of Odanak and Wôlinak, on whose ancestral territory the Bécancour Project would be situated (see Section 6).

3. Financial and Project Highlights in the Three Months Ended June 30, 2023, and to the Date of this MD&A

- On August 9, 2023, the Company announced key developments on its Bécancour Plant in Québec. These included: releasing highlights of its Scoping Study for the Bécancour Dissolution Plant, signing a strategic MOU with MMC, and signing a Cooperation Agreement with the Grand Council of the Waban-Aki Nation (the "W8banaki Nation" or "W8banaki"). The MOU with MMC provides an opportunity to accelerate the supply of high-purity manganese products to the North American market possibly as early as mid-2026, thus bringing forward cash flows for the Company.

- On June 30, 2023, the Company announced it had awarded the EPCM contract for its Chvaletice Manganese Project to Wood. This followed a rigorous selection process, involving evaluating bids submitted by five international EPCM firms. Wood was selected based on cost of service as well as their proposed project schedule, technical and engineering capability, EU experience, team skill set, and overall execution strategy. The contract is cost reimbursable and is structured in two phases, with an approval stage gate between each phase as well as after a gap analysis review in Phase 1. Completion of Phase 1, involves the gap analysis review, advancing basic engineering design, selection and placing deposits for long lead process equipment, construction permit documentation and a final total installed cost and construction schedule for the plant, all of which is anticipated to take approximately 12 months, with Final Investment Decision ("FID") to be made prior to commencement of Phase 2, being the EPCM phase.

3. Financial and Project Highlights in the Three Months Ended June 30, 2023, and to the Date of this MD&A (continued)

- In April 2023, the Company confirmed production of HPEMM from its demonstration plant at the Chvaletice Project site. An external laboratory confirmed that this HPEMM met the demonstration plant target specifications of 99.9% manganese metal purity.

4. Outlook

The Company has sufficient funding to complete the permitting of the Chvaletice Project, complete the commissioning of the Chvaletice demonstration plant and its operation, and for general and administration expenses for approximately 12 months. Accordingly, additional funding will be required for the continuous operation of the demonstration plant, execution of the EPCM services for the Project, certain scheduled land acquisition and option payments as well as the potential future construction of infrastructure and processing facilities for the Project, and to advance the Company's North American strategy including the Bécancour Plant feasibility study and other development expenses related thereto (Section 8 of this MD&A).

The ability of the Company to arrange such equity or other financing will depend principally upon prevailing market conditions and the performance of the Company. There can be no assurance that additional funding will be available when needed, if at all, or may not be available on terms favorable to the Company. Failure to obtain such additional financing could result in delay or indefinite postponement of further evaluation and development of the Company's projects.

In addition to securing funding to provide for capital to advance the Company's development projects, the Company's short-term operating priorities include:

- 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;
- completing the Phase 1 of the EPCM contract with Wood;
- negotiating and completing the acquisition or access to the remaining land rights;
- developing an optimum financing structure for the Chvaletice Manganese Project, which is dependent upon the above milestones being achieved; and
- progressing the 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)

In parallel to Project front end engineering and design ("FEED") engineering, permitting, offtake agreements with prospective customers, and the remaining land access rights acquisitions, 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 in discussions with key automotive original equipment manufacturers ("OEMs").

5. Significant Transactions During the Nine Months Ended June 30, 2023

The Company did not complete any significant transactions in the three and nine months ended June 30, 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

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.

- 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.

6. Review of Operations (continued)

- Ungeared 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 Life Cycle Assessment study ("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.

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 as the 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.

The LCA 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 of the Project's GWP 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.

6. Review of Operations (continued)

EPCM Contract Award

The Company has selected Wood as its EPCM partner for the Chvaletice Project following a rigorous selection process and based on cost of service as well as their proposed project schedule, technical and engineering capability, EU experience, team skill set, and overall execution strategy. The EPCM contract was signed in July 2023.

The contract is cost reimbursable and is structured in two phases, with an approval stage gate between each phase as well as after the gap analysis in Phase 1. Completion of Phase 1 is anticipated to take approximately 12 months, with a FID to be made prior to commencement of Phase 2. Receipt of FID from the Board requires securing outstanding permits and project finance (debt and equity).

The FEED phase includes an initial two-month gap analysis and in-depth review of the Feasibility Study deliverables, including the test work and flowsheet development conducted by the Company over the last seven years.

Following completion of the gap analysis, other key deliverables to be derived over the remaining 10 months during Phase 1 include: completion of value engineering; identification of long-lead time equipment; vendor engagement, selection and firm pricing for major equipment items and packages; total installed capital cost estimate to AACE Class 3 estimate accuracy (+/- 10%); project implementation strategy; a baseline schedule for the EPCM phase; and preparation of construction permit documentation.

Upon making the FID, the Company will enter into the EPCM phase of the contract once conditions precedent are satisfied. Wood will provide overall project and construction management services throughout the EPCM phase of the Project, which includes detailed design, procurement, construction, and commissioning.

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. The ESIA built on the preliminary ESIA which was reviewed by the Czech Ministry of Environment in 2020 and takes outputs from that document 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 also proactively engaged with and briefed many of the relevant authorities and stakeholders on the Project details and the feedback received was built into the final ESIA submission.

In June 2023, the Ministry of Environment received comments from 14 relevant authorities on the ESIA. All but one of the authorities approved the relevant studies, signaling a positive perception of the Project by regulators. The Ministry returned the ESIA to the Company to address comments from the authority yet to approve the ESIA, related to noise abatement. The Company is addressing these comments without an effect on the timeline to FID.

While the Chvaletice Project's anticipated noise levels are within legislative limits for an industrial project, as neighbouring operations adjacent to the Project site have existing noise emissions, the cumulative effect marginally exceeds permitted noise levels at the measurement points, located at the closest residential areas. The revision of the noise study within the ESIA has also been requested to consider new noise legislation related to traffic noise which came into force in July 2023. The details of this new legislation were released after the ESIA was submitted in December 2022. The necessary work to address the comments related to noise is currently underway and progressing well, and the revised ESIA is expected to be submitted in the current quarter to allow the ESIA process to continue. The Company anticipates the issuance of a positive decision on the revised ESIA before the end of 2023.

6. Review of Operations (continued)

Upon approval of the ESIA, the Land Planning Permit can be submitted. The documentation for this application is substantially complete and will be finalized upon receipt of the conditions in the approved ESIA. The Land Planning Permit approval timeline is typically three months once submitted, resulting in an anticipated approval by early Q2 2024. The Construction Permit documentation is a deliverable of the FEED phase of the EPCM work and is expected to be submitted in Q2 2024. The permit approval timeline for the Construction Permit is three months, resulting in an anticipated approval in Q3 2024.

Demonstration Plant Progress Update

The demonstration plant is intended to produce and 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 of calendar 2023 and external laboratory testing confirmed that the first sample met the demonstration plant target specifications. Corrosion inside the crystallizer due to a manufacturing fault has resulted in delayed production of on-spec HPMSM material. This issue has been addressed and production of HPMSM is expected to recommence in the coming weeks. Samples will then be sent to external labs for assaying. Deliveries of HPEMM and HPMSM samples to potential customers are expected to commence thereafter. Customer deliveries of the Company's demonstration plant products, however, are not expected to be required for completion of offtake contracts.

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$1.8 million ($2.2 million) for the demonstration plant, accrued $0.9 million for the next milestone payments, and incurred additional expenses of $4.1 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 and is 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 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). On August 10, 2022, the Company made the third option payment of 42 million Czech Koruna ($2,304,402) together with an extension fee of 2.1 million Czech Koruna ($115,220) for partial deferral of the second instalment. The total value of the instalments, revalued at June 30, 2023, is $4.38 million. The Company can complete the acquisition of EPCS by making the final instalment of 70 million Czech Koruna (approximately $4.25 million at June 30, 2023), due no later than November 29, 2023, following an amendment to the EPCS Option Agreement dated June 14, 2023. The extension fee in the amendment is 900,000 Czech Koruna (approximately $55,000).

6. Review of Operations (continued)

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.

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, which are progressing well; 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.

6. Review of Operations (continued)

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 being 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%.

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. Highlights are 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, 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.

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 could 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.

6. Review of Operations (continued)

In March 2023, 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, 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 more than 200,000 tonnes of Chvaletice HPMSM (over 100% of annual production capacity) under discussion as part of the process. Discussions are progressing with potential customers across the battery supply chain, including cathode active material ("CAM") and the precursor product ("pCAM") producers, battery makers and automobile manufacturers. 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 expects 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 current discussions will lead to offtake agreements or commercial or strategic relationships in the near term, if at all.

Bécancour Plant

In response to encouraging discussions with automotive OEMs, battery and cathode manufacturers seeking to procure local, responsibly produced high-purity manganese in North America, the Company commenced work on a North American growth strategy and announced that it was evaluating several opportunities to produce high-purity manganese products for the North American market. The Company selected a site at the Port of Bécancour, Québec, which is emerging as an important hub for the supply of low-carbon battery materials to the EV supply chain in North America due to its numerous advantages, including a year-round deep-water port, extensive road and rail infrastructure, access to low-cost hydro-electric power, strong governmental support, sophisticated local service, equipment and reagent suppliers, and a qualified work force.

The Company entered into an option agreement with The Société du parc industriel et portuaire de Bécancour, a Québec provincial 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. These option payments are to be deducted from the final purchase price of $9,171,200. As at June 30, 2023, the Company has made six payments aggregating $275,130.

The site of the Bécancour Plant is strategically located adjacent to a cluster of planned CAM manufacturing plants, including GM/Posco and BASF. Québec also offers attractive government financial support programs that may provide incentives for the construction of the dissolution plant. The Company is currently exploring these incentives with the relevant agencies.

6. Review of Operations (continued)

In late 2022, the Company engaged SNC-Lavalin Inc., a global engineering services company based in Montréal and having extensive knowledge of the area, to conduct site due diligence and advise on permitting processes. In parallel, the Company commissioned the Vancouver office of Ausenco Engineering Canada Inc., a global engineering consultancy firm with expertise in battery metals, to conduct a scoping study for the dissolution plant, leveraging the extensive process development and recent engineering work from the Chvaletice Project. The Bécancour Plant scoping study was based on a dissolution plant capable of producing 48,500 tpa of battery-grade HPMSM, which could meet up to 20% of projected North American 2027 demand. The demand for North American HPMSM is forecast by CPM Group to rise to approximately 250,000 tpa in 2027 and over 800,000 tpa by 2031. There is no current processing capacity or production of battery-grade manganese in North America.

The scoping study delivered strong preliminary project economics, with a post-tax NPV of $190 million using an 8% discount rate, a post-tax IRR of 26%, and a payback period of approximately 4 years. The economic analysis was run on a constant dollar basis with no inflation, no government grants, and was unlevered.

Initial capital was estimated at $110.8 million, including contingencies of $15.1 million. A key aspect of the dissolution plant is a short build time, estimated by the study to be approximately a two-year engineering/ construction duration.

The plant design allows for production of both HPMSM and high-purity manganese sulphate solution ("HPMSS"), allowing for customer offtake flexibility. Producing HPMSS provides both cost and environmental benefits, as an HPMSS product could be pumped as a solution to nearby pCAM manufacturers, which eliminates the need to crystallize, dry and package a powdered HPMSM product. HPMSM is ultimately dissolved in water by pCAM plants, therefore delivering a solution saves costs for both parties, reduces water consumption and CO2 emissions.

Minimal infrastructure improvements are required to build the Bécancour Plant. Offsite infrastructure is limited to a power line connection from the main Bécancour power distribution network and the potential construction of a railway spur from the Bécancour site railway line. Onsite infrastructure includes roads, plant and administrative buildings, power distribution and storage buildings for HPEMM feedstock and HPMSS/HPMSM products. Feedstock optionality via a third-party metal supply was modeled. This may facilitate operation of the Bécancour Plant as early as mid-2026, ahead of the Chvaletice Project, bringing projected cash flows for the Company forward by at least a year. This projected timeline and feedstock mix will be assessed as key outputs of the Bécancour Plant feasibility study, which, subject to financing, could be completed in mid-2024.

The Company has selected WSP to complete a feasibility study for the Bécancour Plant, which will further refine Plant design, costs, economics, and customer off-take opportunities. Permitting is expected to advance in Parallel with the feasibility study.

A number of general assumptions were used in the Scoping Study to assess the economics of constructing and operating the Bécancour dissolution plant. As such, the outcomes and economic metrics have a margin of error of -30%/+50%. Metal prices were based on market analyst long-term forecasts. An exchange rate of US$0.77 per C$1 was used. Forward escalation and contingencies for scope changes and associated costs were not considered. Cost estimates are based on Q4 2022 pricing without allowances for inflation.

Euro Manganese cautions that the Bécancour Plant scoping study does not constitute a scoping study within the definition used by the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"), as it relates to a standalone industrial project and does not concern a mineral project of the Company. As a result, disclosure standards prescribed by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI-43-101") are not applicable to the scientific and technical disclosure in the Study. Any references to scoping study or feasibility study by Euro Manganese in relation to the Bécancour Plant are not the same as terms defined by the CIM Definition Standards and used in NI 43-101.

6. Review of Operations (continued)

Subsequent to quarter-end, the Company signed a Cooperation Agreement with the Grand Council of the Waban-Aki Nation, a tribal council consisting of the Abenaki Bands of Odanak and Wôlinak, on whose ancestral territory the Bécancour Plant would be situated. The Agreement outlines how the Company and the W8banaki intend to communicate openly and regularly, and work together for the mutually acceptable development of the Bécancour Plant, especially during the evaluation and planning phases.

The Company also signed an MoU with MMC, a South African producer of HPEMM, to supply the Bécancour dissolution plant with selenium-free, 99.9% pure HPEMM. The MoU provides feedstock optionality for the Bécancour Plant, allowing it to be fed with HPEMM from MMC and/or with HPEMM from the Chvaletice Project. The MoU is strategically significant for the Company as it enables the potential acceleration of the Bécancour Plant to supply the North American market possibly as early as mid-2026, thus bringing forward cash flows for the Company.

The development of a strategic business partnership with MMC provides the opportunity to explore how each party may benefit from each other's production and marketing capabilities. MMC has provided HPEMM samples to the Company for test work as part of the Study work, which is to commence shortly. Both parties intend to work together in good faith to conclude a definitive agreement.

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	**Apr to Jun'23**	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
	$	$	$	$	$	$	$	$
Cash and cash equivalents	**10,896**	13,805	18,305	21,561	28,026	32,070	29,129	31,219
Total assets	**32,603**	34,956	38,212	39,896	42,280	44,800	41,589	43,336
Working capital [(1)]	**9,187**	11,191	16,129	19,754	26,839	30,676	23,341	26,078
Current liabilities	**2,333**	3,008	2,758	2,440	1,630	1,823	6,549	5,685
Revenue	**—**	—	—	—	—	—	—	—
Chvaletice Project evaluation expenses	**604**	1,722	1,018	1,739	1,023	1,511	1,399	1,437
Other evaluation expenses	**51**	87	210	95	280	71	10	—
Other administrative expenses	**1,449**	2,161	1,480	2,089	1,804	1,673	1,763	1,256
Net loss attributable to shareholders	**2,104**	3,970	2,708	3,923	3,106	3,255	3,172	2,693
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 five quarters from July 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 focused on awarding the EPCM contract.

7. Quarterly Financial Review (continued)

- In the two quarters from October 2022 to March 2023, the Company continued the work related to the preparation and submission of the final ESIA.

- In the most recent four 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 five quarters from July 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 and in the quarter ended March 31, 2023, other administrative expenses increased mainly as a result of a higher number of employees in the corporate office in Canada along with bonuses paid during the quarter, and higher legal and professional fees relating to the project financing efforts.

7. Quarterly Financial Review (continued)

Three months ended June 30, 2023, compared to the three months ended June 30, 2022

	Three Months Ended June 30,	
	2023	2022
(expressed in thousands of Canadian dollars, except per share data)	**$**	$
Chvaletice Project evaluation expenses		
Engineering	**(24)**	387
Remuneration	**274**	306
Share-based compensation	**28**	77
Metallurgical	**—**	1
Travel	**42**	23
Legal and professional fees	**113**	205
Geological	**—**	5
Market studies	**19**	33
Supplies and rentals	**152**	(13)
	604	1,024
Other evaluation expenses		
Engineering	**3**	103
Legal and professional fees	**51**	132
Travel	**9**	44
Other income	**(12)**	—
	51	279
Other expenses		
Remuneration	**625**	576
Share-based compensation	**398**	603
Total remuneration	**1,023**	1,179
Legal and professional fees	**324**	194
Investor relations	**41**	77
Product sales and marketing	**20**	19
Travel	**80**	95
Filing and compliance fees	**75**	81
Office, general and administrative	**43**	40
Insurance	**57**	57
Conferences	**26**	14
Depreciation	**67**	48
Accretion expense	**6**	6
Interest income	**(272)**	(40)
Foreign exchange	**(41)**	33
	1,449	1,803
Loss and comprehensive loss for the period	**2,104**	3,106
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 June 30, 2023 and 2022, were $604,092 and $1,023,393, respectively. The decrease in expenses over the comparative quarter 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. The main variances include: a decrease of $410,186 in engineering costs mainly due to the completion of the Feasibility Study in 2022; a $92,640 decrease in legal and professional fees due to lower costs for land purchase negotiations; a decrease of $48,656 in share-based compensation due to the partial vesting of a share option grant in the comparative quarter; a decrease of $32,785 in remuneration as a result of higher amount of salaries related to site preparation for the demonstration plant in the comparative period; a $13,876 decrease in market studies due to lower costs for services; and a decrease of $5,453 and $1,104 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 $165,848 due to land rental from the Municipality of Chvaletice; and an increase of $19,551 in travel expenses in the current quarter versus the comparative period due to increased travel to site.

Other evaluation costs for the three months ended June 30, 2023 and 2022, were $51,250 and $279,118, 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. The decrease in costs over the comparative period is mainly attributable to a decrease of $100,553 in engineering costs due to fewer engineering studies performed in the current period and a decrease of $80,580 in professional fees due to a lower volume of consulting work. Additionally, the Company has progressed work on the initiatives with Nano One Materials Corp. and the Company has received $11,446 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 $354,491 decrease in administrative costs for the three months ended June 30, 2023, compared to the same quarter in 2022, is mainly attributable to: a decrease of $204,807 in share-based compensation due to partial vesting of a share option grant in the comparative quarter; an increase of $231,493 in interest earned on the Company's bank deposits; a $73,940 foreign exchange gain mainly arising from the revaluation of the EPCS Option at quarter end; a decrease of $36,143 in investor relations expenses due to fewer campaigns and promotional activities; and a $14,843 decrease in travel expenses in the current quarter due to the higher amount of site visits in the comparative period following the easing of COVID-19 restrictions. The overall decrease in administrative costs was partially offset by a $130,421 increase in legal and professional expenses related to costs for the project financial advisor; a $49,062 increase in remuneration due to a higher number of employees in the corporate office in Canada; a $19,395 increase in depreciation due to the new lease of two buildings at the project site which hosts the demonstration plant; and an increase of $11,996 in conference expenses.

7. Quarterly Financial Review (continued)

Nine months ended June 30, 2023, compared to the nine months ended June 30, 2022

	Nine Months Ended June 30,	
	2023	2022
(expressed in thousands of Canadian dollars, except per share data)	**$**	$
Chvaletice Project evaluation expenses		
Engineering	**1,419**	2,007
Remuneration	**846**	858
Share-based compensation	**129**	411
Metallurgical	**—**	46
Travel	**85**	66
Legal and professional fees	**250**	337
Geological	**—**	58
Market studies	**88**	112
Supplies and rentals	**527**	39
	3,344	3,934
Other evaluation expenses		
Engineering	**160**	103
Legal and professional fees	**205**	211
Travel	**29**	47
Other income	**(46)**	—
	348	361
Other expenses		
Remuneration	**2,351**	1,924
Share-based compensation	**1,426**	1,654
Total remuneration	**3,777**	3,578
Legal and professional fees	**878**	444
Investor relations	**207**	265
Product sales and marketing	**67**	9
Travel	**213**	208
Filing and compliance fees	**252**	314
Office, general and administrative	**185**	144
Insurance	**171**	172
Conferences	**176**	75
Depreciation	**193**	129
Accretion expense	**20**	17
Interest income	**(519)**	(96)
Foreign exchange	**(529)**	(19)
	5,091	5,240
Loss and comprehensive loss for the period	**8,783**	9,535
Basic and diluted loss per common share	**$0.02**	$0.02

7. Quarterly Financial Review (continued)

Chvaletice Project evaluation expenses for the nine months ended June 30, 2023 and 2022, were $3,343,784 and $3,933,675, 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 nine months ended June 30, 2023, the Company focused on EPCM and the preparation and submission of the ESIA. The main variances include: a decrease of $587,108 in engineering costs due to the completion of the Feasibility Study in fiscal 2022; a $282,209 decrease in share-based compensation due to the partial vesting of a share option grant in the comparative period; a decrease of $86,944 in legal and professional fees due to lower costs for land purchase negotiations; a decrease of $58,027 and $46,178 in geological and metallurgical costs, respectively, as these parts of the Feasibility Study work were completed in previous periods; and a $24,209 decrease in market studies due to fewer studies and lower costs for services. The overall decrease in project evaluation costs was partially offset by an increase in supplies and rentals of $488,481 due to land rental from the Municipality of Chvaletice; and an increase of $18,960 in travel expenses in the current period versus the comparative period due to increased travel to site.

Other evaluation costs for the nine months ended June 30, 2023 and 2022, were $347,978 and $360,666, 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. The decrease in costs over the comparative period is due to the $45,905 received from IRAP. The Company received these funds for the work on the initiatives with Nano One Materials Corp which has progressed. The IRAP funding is shown as other income within other evaluation costs.

The overall administrative costs for the nine months ended June 30, 2023 decreased by $149,702, compared to the same period in 2022. However, there was in increase in certain costs such as: a $433,808 increase in legal and professional expenses related to costs for the project financial advisor; a $426,742 increase in remuneration due to a higher number of employees in the corporate office in Canada; an increase of $100,610 in conferences due to more in-person events attended following the easing of COVID-19 restrictions; a $64,771 increase in depreciation due to the lease assets from the two buildings at the project site which hosts the demonstration plant; a $57,933 increase in product sales and marketing resulting from an increase in marketing activities with customers; and a $42,051 increase in office, general and administrative expenses due to increased IT, communications and other administrative expenses. The overall decrease in administrative costs is mainly due to: a $510,229 foreign exchange gain mainly arising from the revaluation of the EPCS Option; a $422,881 increase in interest earned on the Company's bank deposits; a decrease of $228,335 in share-based compensation due to partial vesting of a share option grant in the comparative period; a $62,625 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; and a $58,525 decrease in investor relations expenses due to fewer campaigns and promotional activities.

8. Liquidity and Capital Resources

As at June 30, 2023, the Company held cash and cash equivalents of approximately $10.9 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 $10.7 million during the nine months ended June 30, 2023, is a result of $7.8 million of cash used in operating activities and $2.9 million of cash used in investing activities, which included the payment for demonstration plant costs and certain land related payments. Working capital decreased by $10.6 million during the nine months ended June 30, 2023, to $9.2 million from $19.8 million at September 30, 2022.

8. Liquidity and Capital Resources (continued)

The Company has sufficient funding to advance the permitting of the Project, complete the commissioning of the Chvaletice demonstration plant and its initial operation and for general and administration expenses for the next 12 months. Additional funding will be required for the continuous operation of the demonstration plant, execution of the EPCM services for the Project, certain scheduled land acquisition and option payments, as well as the potential future construction of infrastructure and processing facilities for the Project, and to advance the Company's North American strategy including the Bécancour Project feasibility study and other developments expenses related thereto.

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 equity and debt financial advisors 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 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 June 30, 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]	404,237	85,536	318,701
Land acquisition payments [2]	2,147,739	2,147,739	—
Operating expenditure commitments	666,102	660,807	5,295
Total contractual obligations	3,218,078	2,894,082	323,996

[1] The Company has signed a non-cancellable office lease, with the option to sublet the premises, that will commence in 2024.
[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 nine months ended June 30, 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 June 30, 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 June 30,		**Nine months ended June 30,**	
	2023	2022	**2023**	2022
	$	$	**$**	$
Salaries and fees	**529,496**	440,401	**1,850,838**	1,502,837
Share-based compensation	**359,955**	566,014	**1,337,750**	1,474,617
	889,451	1,006,415	**3,188,588**	2,977,454

At June 30, 2023, amounts owing to directors and officers of the Company for salaries and directors' fees amounted to $28,374 (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 June 30, 2023, for the reimbursement of office and travel related expenses were $5,807 (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 August 11, 2023:

	Number of securities
Issued and outstanding common shares	402,669,227
Share options	38,897,584
Warrants	6,000,000

11. 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 nine months ended June 30, 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 nine months ended June 30, 2023.

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

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 nine months ended June 30, 2023.

12. 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 nine months ended June 30, 2023.

13. 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 nine months ended June 30, 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 nine months ended June 30, 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 nine months ended June 30, 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.

Management, including the CEO and CFO, has evaluated the design and operating effectiveness of the Company’s disclosure controls and procedures as of June 30, 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.

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

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.

14. 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 Chvaletice mineral project, its proposed Bécancour Plant 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.

Regarding the Chvaletice Project, results of the Feasibility Study constitutes forward-looking information or statements, including but not limited to estimates of 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 ability of the Company to deliver on samples meeting specifications to potential customers from the demonstration plant, the timing for completion and expected outcomes of each phase of the EPCM contract, timing of final investment decision, the acceptability of the revised ESIA documentation by the Czech Ministry of Environment and the anticipated timing of various regulatory approvals, statements regarding the ability of the Company to obtain remaining surface rights and various permits, 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 ability of the Company to enter into binding offtake agreements with potential customers, the growth of the EV industry, the use of manganese in batteries, the manganese project supply line, support from European financial institutions, any anticipated benefits from legislation and the Company’s ability to obtain financing.

Regarding the Bécancour Plant, forward-looking statements include, but are not limited to, statements concerning the Company’s plans for advancing the Bécancour Plant and results of the Scoping Study including estimates of internal rates of return, net present values, and estimates of costs. Such forward-looking information or statements also include, but are not limited to, statements regarding the timing for completion of the Bécancour feasibility study, the Company’s ability to acquire the Bécancour land parcel, the Company’s ability to reach a definitive agreement with MMC to supply feedstock, the Company’s estimated engineering/ construction timelines to build the Bécancour Plant and ability to arrange necessary infrastructure, the Company’s ability to provide supplemental HPEMM feedstock to the Bécancour Plant from the Chvaletice Project and source other feedstock, the technical capability of the Bécancour Plant and the Company’s ability to operate the Bécancour Plant and produce both HPMSS and HPMSM and any associated cash flow and timelines for cash flow, the projected growth of the North American demand for high-purity manganese products, any benefits of legislation, the economic and environmental benefits of producing HPMSS, the Company’s ability to secure offtake from North American customers, the Company’s ability to raise the necessary financing, and the timing of any permit application submissions and approvals and continuing successful cooperation with the W8banaki Nation.

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

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.

Factors that could cause actual results or events to differ materially from current expectations include, among other things for the Chvaletice Project, 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, variations in rates of recovery and extraction, 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; a delay or inability to get the ESIA approved by relevant authorities; unexpected results or unsuccessful completion of the various stages of the EPCM contract; and changes in project parameters as plans continue to be refined. For the Bécancour Plant, factors include, among other things: assumptions in the scoping study not proving accurate over time and negatively affecting results; an inability to obtain financing, unanticipated operational difficulties including failure of the Bécancour Plant; cost escalation for reagents, labour, power and other cost increase; inability to secure key reagents; a delay or inability to obtain or maintain necessary licenses or permits; the potential for unknown or unexpected events to cause contractual conditions to not be satisfied; unexpected results from the feasibility study; and risks and uncertainties related to limited feedstock supply options.

Additional factors that could cause results or events to differ materially from current expectations include risks related to global epidemics or pandemics and other health crises; 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 working conditions, accidents or labour disputes; social unrest or war; the possibility that future results will not be consistent with the Company's expectations; increase in competition, developments in EV battery markets and chemistries; risks related to fluctuations in currency exchange rates, changes in laws or regulations; and regulation by various governmental agencies and changes or deterioration in general economic conditions. 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. For the Chvaletice Manganese Project, these assumptions include, among others: the presence of and continuity of manganese at estimated grades; the ability of the Company to obtain all necessary land access rights and permits; the availability of personnel, machinery, and equipment at estimated prices and within estimated delivery times, and the successful completion of the various stages of the EPCM contract. For the Bécancour Plant, assumptions include demand for products develops as anticipated, that customers and other counterparties perform their contractual obligations, that operating and capital plans will not be disrupted by issues like lack of availability of personnel, machinery, equipment, there are no material variations in costs, successful completion and positive outcome of the feasibility study, and that the Company will obtain required environmental and other permits. In addition, general assumptions include currency exchange rates; manganese sales prices; 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 financing; success in realizing proposed operations; and favorable regulatory environment.

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

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.