



**Euro
Manganese
Inc.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2021 AND 2020
(unaudited)**

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Condensed Consolidated Interim Statements of Financial Position

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

	Note	June 30, 2021	September 30, 2020
		\$	\$
ASSETS			
Current assets			
Cash		33,457,216	2,730,739
Prepaid expenses		324,135	378,378
Accounts receivable		64,755	30,084
		33,846,106	3,139,201
Non-current assets			
Exploration and evaluation assets	4	6,693,544	1,249,086
Property and equipment	5	2,609,268	364,688
Other assets	6	507,598	239,534
Option	6	815,000	815,000
Total assets		44,471,516	5,807,509
LIABILITIES			
Current liabilities			
Accounts payable		1,347,065	169,662
Due to related parties	9	46,776	20,717
Liability for land deposits	6	82,152	—
Lease liability		84,990	27,110
Liability for royalty buy back	4	4,464,180	—
		6,025,163	217,489
Non-current liabilities			
Lease liability		155,123	—
Government loan	7	—	40,000
Long term liability for land deposits	6	82,152	—
Total liabilities		6,262,438	257,489
EQUITY			
Share capital	8	65,350,547	28,608,578
Equity reserves		5,355,240	2,592,667
Deficit		(32,496,709)	(25,651,225)
Total shareholders' equity		38,209,078	5,550,020
Total liabilities and shareholders' equity		44,471,516	5,807,509

Events after the Reporting Period (Note 4, 8, 14)

Approved on behalf of the Board of Directors on August 12, 2021

"Marco Romero"

Marco Romero, Director

"John Webster"

John Webster, Director

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

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Euro Manganese Inc.

(expressed in Canadian dollars, except for number of shares outstanding - unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Project evaluation expenses				
Engineering	1,186,051	169,007	2,296,871	1,553,114
Remuneration	185,856	206,608	520,302	721,942
Share-based compensation	117,699	18,853	329,395	87,715
Metallurgical	—	—	—	41,408
Drilling, sampling and surveys	47,499	—	47,499	3,690
Geological	67,926	1,031	104,232	78,797
Legal and professional fees	82,083	997	129,496	137,237
Market studies	31,314	9,633	63,845	83,043
Travel	—	—	—	63,782
Supplies and rentals	5,800	1,645	20,944	18,250
	1,724,228	407,774	3,512,584	2,788,978
Other expenses				
Remuneration	431,873	196,693	1,098,443	772,856
Share-based compensation	141,526	35,750	314,822	161,693
Total remuneration	573,399	232,443	1,413,265	934,549
Legal and professional fees	221,802	108,945	502,640	351,952
Investor relations	151,921	16,714	510,242	134,095
Product sales and marketing	36,358	105,088	111,250	238,038
Travel	1,628	403	2,918	85,293
Filing and compliance fees	70,258	55,304	308,074	164,106
Office, general and administrative	55,063	24,686	135,980	110,910
Accretion expense	5,368	26,034	15,066	92,078
Insurance	28,584	26,689	85,576	74,728
Conferences	22,264	—	26,919	23,138
Depreciation	35,757	18,557	64,467	56,194
Foreign exchange	139,200	21,213	156,503	19,539
	1,341,602	636,076	3,332,900	2,284,620
Loss and comprehensive loss for the period	3,065,830	1,043,850	6,845,484	5,073,598
Weighted average number of common shares outstanding - basic and diluted	368,337,184	185,098,889	324,926,878	178,844,429
Basic and diluted loss per common share	\$0.01	\$0.01	\$0.02	\$0.03

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

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

Euro Manganese Inc.

(expressed in Canadian dollars, except for number of shares outstanding - unaudited)

	Attributable to equity shareholders of the Company					
	Note	Share Capital	Share Capital	Equity Reserves	Deficit	Shareholders' Equity (Deficit)
		#	\$	\$	\$	\$
Balance at October 1, 2019		175,065,435	22,973,236	2,182,856	(19,275,732)	5,880,360
Shares issued in private placement, net of expenses		6,616,283	717,523	—	—	717,523
Shares issued as payment of services		3,723,917	582,654	—	—	582,654
Shares issued as repayment of deferred consideration		3,333,333	300,000	—	—	300,000
Share-based compensation		—	—	249,408	—	249,408
Loss and comprehensive loss for the period		—	—	—	(5,073,598)	(5,073,598)
Balance at June 30, 2020		188,738,968	24,573,413	2,432,264	(24,349,330)	2,656,347
Balance at October 1, 2020		258,162,887	28,608,578	2,592,667	(25,651,225)	5,550,020
Shares issued in private placement, net of expenses		110,444,445	37,822,210	—	—	37,822,210
Options exercised		559,000	144,738	(56,498)	—	88,240
Warrants exercised for cash		2,856,750	1,025,793	(168,768)	—	857,025
Warrants issued		—	(2,250,772)	2,250,772	—	—
Deferred share consideration	8 d)	—	—	92,850	—	92,850
Share-based compensation		—	—	644,217	—	644,217
Loss and comprehensive loss for the period		—	—	—	(6,845,484)	(6,845,484)
Balance at June 30, 2021		372,023,082	65,350,547	5,355,240	(32,496,709)	38,209,078

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

Condensed Consolidated Interim Statements of Cash Flows

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

		Nine Months Ended June 30,	
	Note	2021	2020
		\$	\$
Operating activities			
Net loss for the period		(6,845,484)	(5,073,598)
Less non-cash transactions:			
Share-based compensation		644,217	249,408
Depreciation		64,467	56,194
Loss on disposal of fixed assets		1,176	—
Lease liability accretion		15,066	67,916
Accretion expense	4	—	24,162
Non-cash foreign exchange loss (gain)		128,866	—
Other income		(9,651)	5,023
		(6,001,343)	(4,670,895)
Changes in non-cash working capital items:			
Accounts payable		1,106,883	57,504
Accounts receivable		(34,672)	5,141
Prepaid expenses		54,243	92,603
Due to related parties		26,059	214,861
		1,152,513	370,109
Cash used in operating activities		(4,848,830)	(4,300,786)
Financing activities			
Common shares issued for cash	8	40,149,390	717,523
Share issue costs paid	8	(2,324,467)	—
Share subscriptions received	8	92,850	—
Exercise of warrants	8	857,025	—
Exercise of stock options	8	88,240	—
Lease principal payments		(65,126)	(88,394)
(Repayment of) proceeds from government loan		(30,000)	40,000
Cash generated from financing activities		38,767,912	669,129
Investing activities			
Property and equipment acquisition	5	(1,965,100)	(4,317)
Payment for royalty buy back	4	(1,105,698)	—
Option and deposit for land	6	(121,807)	(6,740)
Cash used in investing activities		(3,192,605)	(11,057)
Increase (decrease) in Cash		30,726,477	(3,642,714)
Cash - beginning of period		2,730,739	4,084,694
Cash - end of period		33,457,216	441,980

Supplemental cash flow information (Note 13)

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

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

1. Nature of Operations

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

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

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

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

The Company continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and on the Chvaletice Manganese Project. Throughout the pandemic, the Company has taken a number of measures to safeguard the health of its employees while continuing to advance work related to the project. The Company has experienced delays on a number of fronts due to the COVID-19 pandemic, largely as a result of travel restrictions and supply chain disruptions. Despite the easing of certain travel restrictions and some improvement in the global economy, the duration of the pandemic and its impact on the Company's ability to progress the development of its project remain uncertain. While productivity has improved in recent months thanks to widespread vaccinations, there have been recent signs related to Delta variant COVID-19 outbreaks that some new or extended travel restrictions could continue to have an impact on the Project schedule.

2. Basis of Preparation

2.1 Statement of compliance

These condensed consolidated interim financial statements 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*. The comparative information has also been prepared on this basis.

These condensed consolidated interim financial statements do not include all the information required for full annual financial statements and therefore should be read in conjunction with our audited consolidated financial statements for the year ended September 30, 2020.

These condensed consolidated interim financial statements were prepared by management and approved by the Board of Directors of the Company (the "Board") on August 12, 2021.

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

2. Basis of Preparation (continued)

2.2 Basis of measurement

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

2.3 Basis of consolidation

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

3. Significant Accounting Policies, Estimates and Judgments

3.1 Change in accounting policies

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended September 30, 2020.

3.2 Significant estimates and judgments

The preparation of financial statements requires the use of estimates and judgments that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These estimates and judgments are based on management's best knowledge of the relevant facts and circumstances, taking into consideration previous experience, but actual results may differ materially from the amounts included in the financial statements. The significant estimates and judgments applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in Note 3.14 to the Company's audited consolidated financial statements for the year ended September 30, 2020.

3.3 New standards and pronouncements not yet adopted

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

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

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

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

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

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

4. Exploration and Evaluation Assets

The Company holds two exploration licenses for the Chvaletice Manganese Project (the "Licenses"). The Company was also issued a Preliminary Mining Permit by the Czech Ministry of Environment, referred to by the Ministry as the prior consent of the establishment of the Mining Lease District (the "Preliminary Mining Permit"). The Preliminary Mining Permit covers the areas included in Licenses and secures the Company's rights for the entire deposit. The Preliminary Mining Permit forms one of the prerequisites for the application for the establishment of the Mining Lease District and represents one of the key steps towards final permitting for the project. The establishment of the Mining Lease District, the application for the final Mining Permit, and applications for permits relating to the construction of infrastructure required for the project, are required prior to operation at the Chvaletice Manganese Project. At June 30, 2021, the Licences and the Preliminary Mining Permit were valid until May 31, 2023, and April 30, 2023, respectively. Subsequent to the period end, the Company was granted an extension of its Licences to May 31, 2026, and was issued a new Preliminary Mining Permit valid to May 31, 2026.

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

On May 31, 2021, the Company entered into royalty termination agreements with the original owners of Mangan to purchase and extinguish the NSR in the Chvaletice Manganese Project for an aggregate consideration of USD4,500,000 (\$5,424,458), payable in two instalments: 20% in cash, amounting to USD900,000 (\$1,085,698) which was paid May 31, 2021; and 80%, amounting to USD3,600,000 (\$4,338,760), on or before January 31, 2022, by a combination of cash and up to 50% in common shares, at the sole option of the Company, based on a price per share equal to the 20-day volume weighted average price on the TSX-V prior to the date of issuance. The Company also incurred \$20,000 in transaction costs. The liability for the royalty buy back increased to \$4,464,180 at June 30, 2021 due to the movement in the foreign exchange rate.

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

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

5. Property, Plant and Equipment

June 30, 2021

	Assets under construction ^(a)	Equipment	Land	Lease assets	Total
	\$	\$	\$	\$	\$
Cost					
October 1, 2020	—	85,755	318,729	50,665	455,149
Additions	1,981,726	26,190	14,602	287,705	2,310,223
Disposals	—	(6,609)		(50,665)	(57,274)
June 30, 2021	1,981,726	105,336	333,331	287,705	2,708,098
Accumulated depreciation					
October 1, 2020	—	(58,080)	—	(32,381)	(90,461)
Additions	—	(20,029)	—	(44,438)	(64,467)
Disposals	—	5,433		50,665	56,098
June 30, 2021	—	(72,676)	—	(26,154)	(98,830)
Net Book Value					
October 1, 2020	—	27,675	318,729	18,284	364,688
June 30, 2021	1,981,726	32,660	333,331	261,551	2,609,268

^(a) Represents demonstration plant under construction.

September 30, 2020

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

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

6. EPCS Option and Other Assets

a) Option

On October 17, 2018, the Company, through its Czech subsidiary Mangan, made the first option payment of 14 million Czech Koruna (\$815,000) as stipulated in an option agreement for the purchase of a 100% interest in EP Chvaletice s.r.o. ("EPCS") dated on August 13, 2018 ("EPCS Option Agreement"). EPCS is a Czech operating company whose principal asset is a large parcel of industrial zoned land adjacent to the Chvaletice Manganese Project, where the Company proposes to develop its high-purity manganese processing facility.

Pursuant to the EPCS Option Agreement, the Company has the right to acquire a 100% interest in EPCS by making two additional instalments aggregating 126 million Czech Koruna (approximately \$7.28 million) as follows:

- i) an instalment of 42,000,000 Czech Koruna (approximately \$2.43 million at June 30, 2021), due within 60 days of final approval of the environmental impact assessment for the Chvaletice Manganese Project, but no later than three years after signing the EPCS Option Agreement. The three-year term may be extended by up to one year for an additional payment of 2,100,000 Czech Koruna (approximately \$121,303), payable together with the deferred instalment in 2022.
- ii) a final instalment of 84,000,000 Czech Koruna (approximately \$4.85 million at June 30, 2021), due upon receipt of all development permits for the Chvaletice Manganese Project, but no later than five years after signing the EPCS Option Agreement.

The Company intends to exercise the option to extend the payment term of the second instalment to August 13, 2022, in which case the final instalment is divided into two payments: 14 million Czech Koruna (approximately \$0.81 million) due on August 13, 2021, and 70 million Czech Koruna (approximately \$4.04 million) due according to the terms stated above.

The first payment made on October 17, 2018, is a derivative classified as FVTPL due to the following:

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

There was no change in the fair value of the option in the three and nine months ended June 30, 2021 (three and nine months ended June 30, 2020 - nil).

b) Other assets

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

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

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

6. EPCS Option and Other Assets (continued)

- a) On February 7, 2019, the Company signed an amendment to the EPCS Option Agreement (the "Amendment"), funding, through EPCS, the purchase of several land parcels adjacent to the land owned by EPCS, and thus increasing the Option Agreement value by 3,500,000 Czech Koruna (\$203,220). Pursuant to the Amendment, in the event that EPCS is not ultimately acquired under the EPCS Option Agreement, the ownership of these land parcels will be transferred to Mangan at no additional cost. The Company also incurred transaction costs of \$24,447.
- b) On May 11, 2019, the Company signed a purchase contract with the Municipality of Trnavka for a 2.96-hectare parcel of land adjacent to the Chvaletice Manganese Project tailings, on which the Company plans to construct a visual and acoustic barrier between Trnavka and the Chvaletice Manganese Project tailings. The first payment, representing 10% of the total amount, 202,699 Czech Koruna (\$11,867) was paid on May 20, 2019. Subsequent payments are based on permitting milestones over the period to March 2029.
- c) On December 18, 2020, the Company paid the first installment of \$86,373 pursuant to the agreement with Sprava Nemovitosti Kirchdorfer CZ s.r.o. to acquire a 49,971 m² parcel of land, including a rail spur extension that provides additional room and flexibility for the Chvaletice commercial plant layout. The cost of the land is CZK 18,739,125 (approximately \$1.1 million) and is to be paid in five annual installments of approximately \$80,000, followed by the remaining balance of approximately \$700,000 in the final year. The first installment was refundable, subject to a positive environmental due diligence of the site, which was obtained in January 2021. Thereafter, the Company has the option to terminate the contract after the third installment. At March 31, 2021, the Company recognized a liability for the two payments due in October 2021 and 2022 in the total amount of \$160,857, which increased to \$164,304 at June 30, 2021 due to the change in the foreign exchange rate. The Company also incurred transaction costs of \$20,834.

7. Government Loan

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

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

8. Equity

a) Common shares

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

	Share price	Number of common shares	Share capital
	\$		\$
Balance at October 1, 2020		258,162,887	28,608,578
Shares issued in private placements			
	0.19 (a)	60,000,000	11,339,829
	0.45	444,445	200,000
	0.58 (b)	50,000,000	28,609,561
Less: Cash expenses paid			(2,324,467)
		110,444,445	37,824,923
Add:			
Options exercised	0.16	559,000	88,240
Broker warrants exercised	0.30	2,856,750	857,025
Total shares issued for cash		113,860,195	38,770,188
Less: non-cash expenses:			
Share issuance expenses payable			(2,713)
Broker warrants issued			(2,250,772)
Add:			
Non-cash value of exercised options			56,498
Non-cash value of exercised broker warrants			168,768
Balance at June 30, 2021		372,023,082	65,350,547

(a) Includes 58,066,754 of CDIs issued in Australia for AUD0.20 per CDI.

(b) All 50,000,000 of CDIs were issued in Australia for AUD0.60 per CDI.

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

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

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

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8. Equity (continued)

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

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

b) Share options

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

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

	June 30, 2021		September 30, 2020	
	Number of share options	Weighted average exercise price (\$ per share)	Number of share options	Weighted average exercise price (\$ per share)
Balance, beginning of the period	19,725,000	0.16	15,500,000	0.17
Options granted	2,850,000	0.59	4,800,000	0.12
Options exercised	(559,000)	0.16	—	—
Options expired	(283,335)	0.28	(575,000)	0.10
Options forfeited	(201,334)	0.20	—	—
Balance, end of the period	21,531,331	0.22	19,725,000	0.16

During the nine months ended June 30, 2021, the Company recorded share-based compensation expense of \$644,217 (nine months ended June 30, 2020 - \$249,408) of which \$329,395 has been allocated to project evaluation expenses (nine months ended June 30, 2020 - \$87,715) and \$314,822 to administrative expenses (nine months ended June 30, 2020 - \$161,693).

The average fair value of share options granted in the nine months ended June 30, 2021, was estimated to be \$0.49 per share option. To determine the fair value of the share options granted to employees and non-employees on the grant date, the Company used the Black-Scholes option pricing model with the following weighted-average assumptions: risk free interest rate of 0.16%, expected life of 9 years, annualized volatility of 90%, dividend and forfeiture rates at nil%, option exercise price of \$0.59 per share option.

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

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assumptions of comparable companies. Changes in the subjective input assumptions can materially affect the estimated fair value of the options.

8. Equity (continued)

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

Options outstanding & exercisable			Options exercisable		
Exercise price (\$ per share)	Number of share options	Weighted average remaining contractual life (years)	Number of share options	Weighted average remaining contractual life (years)	
0.08	1,625,000	4.9	1,625,000	4.9	
0.10	1,450,000	5.8	1,450,000	5.8	
0.11	7,398,000	7.8	4,832,670	7.0	
0.13	500,000	9.2	166,667	9.2	
0.20	3,600,000	6.7	3,600,000	6.7	
0.25	1,716,667	7.6	1,616,667	7.5	
0.28	2,391,664	7.6	2,391,664	7.6	
0.59	500,000	10.0	166,668	10.0	
0.61	2,350,000	9.8	483,336	9.8	
0.22	21,531,331	7.5	16,332,672	6.9	

c) Warrants

	June 30, 2021		September 30, 2020	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Balance, beginning of the period	5,756,750	0.34	5,756,750	0.34
Issued	8,500,000	0.40	—	—
Exercised	(2,856,750)	0.30	—	—
Balance, end of the period	11,400,000	0.39	5,756,750	0.34

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

Expiry date	Weighted average exercise price (\$)	Number of warrants	Weighted average remaining contractual life (years)
October 1, 2021	0.38	2,900,000	0.3
December 16, 2023	0.30	3,000,000	2.5
December 16, 2023	0.35	3,000,000	2.5
May 10, 2023	0.58	2,500,000	1.9
	0.39	11,400,000	1.8

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8. Equity (continued)

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

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

d) Deferred share consideration

On February 22, 2021, the Company announced the cooperation with EIT InnoEnergy, a European entity, which will invest EUR 250,000 in total in the Company in three tranches over the course of calendar 2021. Common shares for this non-brokered private placement will be issued in early calendar 2022. To the date of these financial statements, the first and second investment tranches of €62,500 (\$92,850) and €125,000 (\$185,162), respectively, were advanced to the Company.

9. Related Party Transactions

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

a) Key management compensation

Key management personnel include the board of directors, President and Chief Executive Officer, Chief Financial Officer, Vice President, Corporate Development and Corporate Secretary, Vice President, Operations, Chief Technology Officer and the Managing Director of the Company's Czech subsidiary. During the three and nine months ended June 30, 2021 and 2020, the Company incurred the following expenses to key management of the Company or companies with common directors:

	Three months ended June 30,		Nine months ended June 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Salaries and fees	476,494	224,745	1,342,398	873,304
Share-based compensation	56,110	26,568	140,247	147,628
	532,604	251,313	1,482,645	1,020,932

The comparative period in 2020 was impacted by cost cutting measures relating to the COVID-19 pandemic.

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9. Related Party Transactions (continued)

b) Related party transactions during the three and nine months ended June 30, 2021 and 2020

Fees paid to PRK Partners s.r.o. ("PRK"), a legal firm associated with a former director and former advisory board member, amounted to \$nil and \$27,757 in the three and nine months ended June 30, 2021, respectively (three and nine months ended June 30, 2020 - \$1,740 and \$148,943, respectively). Fees paid to the advisory board members for the three and nine months ended June 30, 2021 amounted to \$5,000 and \$20,000, respectively (three and nine months ended June 30, 2020 - nil).

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

	June 30, 2021	September 30, 2020
	\$	\$
Salaries and fees payable	33,756	16,158
Fees provided by a legal firm associated with an advisory board member	—	576
Outstanding payable due to officers and directors	13,020	3,983
	46,776	20,717

These transactions were incurred in the normal course of operations.

10. Fair Value Measurement of Financial Instruments

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

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

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

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

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

The first option payment pursuant to the EPCS Option Agreement (Note 6) is a derivative. It is a financial instrument measured at fair value through profit and loss using Level 3 inputs as there is no observable market data available. The option was initially recognized at fair value which equaled the initial cash payment of \$815,000 as stipulated in the EPCS Option Agreement. There was no change in the fair value of the EPCS Option in the time from the initial recognition to the period end.

There were no transfers between the levels of the fair value hierarchy in the three and nine months ended June 30, 2021.

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11. Segmented Information

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

12. Commitments

As at June 30, 2021, the Company was committed to make the minimum annual cash payments, as follows:

	Payments due by period		
	Total	Less than one year	1 - 2 years
	\$	\$	\$
Minimum office lease payments ⁽¹⁾	8,097	6,261	1,836
Operating expenditure commitments ⁽²⁾	129,016	129,016	—
Total contractual obligations	137,113	135,277	1,836

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

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

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

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

13. Supplemental Cash Flow Information

Non-cash financing and investing transactions in the nine months ended June 30, 2021 and 2020 were as follows:

	Nine months ended June 30,	
	2021	2020
	\$	\$
Shares issued in private placement as settlement of payable	—	300,000
Transfer of reserves on exercise of share options	56,498	—
Fair value of broker warrants issued from private placement	2,250,772	—
Transfer of reserves on exercise of broker warrants	168,768	—
Recognition of liability for land deposits	164,304	—
Repayment of deferred consideration commitment	—	300,000
Recognition of liability for royalty buy back	4,464,180	—

14. Events after the Reporting Period

Subsequent to the period end, 1,650,000 stock options were exercised for proceeds to the Company of \$256,750.