TSXV: EMN   ASX: EMN   WWW.MN25.CA

Euro Manganese Inc.

2019 ANNUAL REPORT

ARBN 627 968 567

CORPORATE DIRECTORY

Board of Directors	Roman Shklanka	Non-Executive Chairman
	Marco A. Romero	President and Chief Executive Officer
	Harvey N. McLeod	Non-Executive Director
	John Webster	Non-Executive Director
	Daniel Rosický	Non-Executive Director
	David B. Dreisinger	Non-Executive Director
	Gregory P. Martyr	Non-Executive Director
	Jan Votava	Managing Director, Mangan Chvaletice s.r.o.
Management	Marco A. Romero	President and Chief Executive Officer
	Pierre F. Massé	VP Finance and Chief Financial Officer
	Thomas Glück	VP Development
	Fausto Taddei	VP Corporate Development and Corporate Secretary
	Jan Votava	Managing Director, Mangan Chvaletice s.r.o.
Incorporation Details	*Business Corporations Act* (British Columbia)	
Registered Office	Suite 1700 - 666 Burrard Street, Vancouver, British Columbia V6C 2X8 Canada	
Head Office	1500 - 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H8 Canada	Tel: + 1 604 681 1010
Website	www.mn25.ca	
e-mail	info@mn25.ca	
Share Registry	Australia: Computershare Investor Services Pty Limited Level 4, 60 Carrington Street Sydney NSW 2000, Australia	Canada: Computershare Investor Services Inc. 510 Burrard Street, 3rd Floor Vancouver, British Columbia V6C 3B9 Canada
Legal Counsel	Australia: MinterEllison Level 40, Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000 Australia	Canada: Stikeman Elliott LLP Suite 1700 - 666 Burrard Street, Vancouver, British Columbia V6C 2X8 Canada
Auditors	PricewaterhouseCoopers LLP 250 Howe Street, Suite 1400, Vancouver, British Columbia V6C 3S7 Canada	

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LETTER TO SHAREHOLDERS

16 December 2019

Dear Fellow Shareholders,

2019 was a transformative year for Euro Manganese. Our stated, near-term goals following completion of our initial public offerings on the Australian Securities Exchange and the TSX Venture Exchange at the beginning of the fiscal year included: an update to the Mineral Resource for our 100%-owned Chvaletice Manganese Project in the Czech Republic; and the completion of a Preliminary Economic Assessment (“PEA”).

Based on the results of an additional drilling program and test work conducted during 2018, we issued the updated mineral resource statement for the Chvaletice Manganese Project in mid-December 2018, improving the confidence classification of the resources to Measured and Indicated, from Indicated and Inferred. Specifically, the updated mineral resource estimate reported 26.5 million tonnes of Measured and 0.46 million tonnes of Indicated mineral resources grading 7.32% and 7.85%, respectively. The classification of our mineral resources as 98.3% Measured is a significant achievement for any resource company.

In late January 2019, we released the results of the PEA for the Project, incorporating the updated Mineral Resource. The PEA reported strong economics with an after-tax net present value ("NPV") of US$593 million at a 10% discount rate and a 22.6% internal rate of return (“IRR”), and a pre-tax NPV of US$782 million at a 10% discount rate and a 25.2% IRR. Notable aspects of the PEA included: a 25-year project operating life producing 1.19 million tonnes of high-purity electrolytic manganese metal (“HPEMM”) with specifications exceeding 99.9%, two-thirds of which is expected to be converted into high-purity manganese sulphate monohydrate (“HPMSM”) having a minimum manganese content of 32.34%, both specifications exceeding typical industry standards; and US$404 million in pre-production capital, US$24.8 million in sustaining capital, and US$31 million in working capital. Moreover, the recycling of the 27 million tonne resource without any hard rock mining, crushing or milling, and the design of the project provide exceptional green credentials. We intend to meet or exceed all Czech and European health, safety and environmental standards, resulting in a significant remediation of the Chvaletice tailings site, arresting the existing ongoing pollution related to historical mining activities.

Throughout 2019, our technical team worked on the design, engineering, planning and permitting of a demonstration plant for the Project, intended to produce bulk, multi-tonne high-purity manganese finished product samples for customer testing, evaluation and qualification. In early December 2019, we entered into a fixed-price, turnkey contract with Changsha Research Institute for Mining and Metallurgy, a division of China Minmetals Corporation, for the supply and commissioning of the demonstration plant which includes performance guarantees. The demonstration plant replicates the process flowsheet that was used in the PEA and will process Chvaletice tailings to produce up to 100 kg/day of dry crystalline HPMSM made from approximately 32 kg/day of ultra HPEMM. The cost of the demonstration plant is approximately US$2.5 million, exclusive of our site infrastructure and installation costs, which together with a year’s operating costs, are estimated at an additional US$2.5 million. The supply and delivery of the demonstration plant remains subject to financing and we are targeting its installation and commissioning by calendar Q4 2020.

Based on the highly encouraging results of the PEA and on strong projected market fundamentals for high-purity manganese products, particularly in Europe, the Company advanced the Chvaletice Manganese Project to the feasibility stage. We appointed Tetra Tech Canada Inc. as our engineering representative for the feasibility study, responsible for overseeing the consultants and service providers, and for the preparation of the NI 43-101/JORC feasibility study report. We also appointed several other key consultants, including BGRIMM Technology Group ("BGRIMM") as the lead process plant engineer. BGRIMM is a division of Beijing General Research Institute of

Mining and Metallurgy, a leading provider of innovative technology, diversified products and process-orientated engineering services for the mineral and material industries worldwide and their appointment allows the Company to leverage on the engineering and construction expertise for similar plants that exists in China. A number of other contributors to the feasibility study have been selected, principally including engineering firms based in the Czech Republic, which will be responsible for: environmental and tailings extraction planning and design; managing the preparation of the Project's environmental impacts assessment ("EIA") and related studies; the railway infrastructure design study; and to provide localization, regulatory compliance and cost estimation services. The feasibility study test work program, which includes numerous optimization and verification tests, began in the fourth quarter of fiscal 2019. The completion of the Feasibility Study is expected in the second half of 2020.

Numerous parties have expressed interest in securing long-term supply of high-purity manganese products from the Chvaletice Manganese Project and in testing the products of the proposed demonstration plant. These have included manufacturers of electric vehicle batteries, precursors and cathodes, as well as chemical, aluminum and steel companies, and electric vehicle manufacturers. We have signed one strategic cooperation and technical agreement with a consumer of high-purity manganese products for the testing of our demonstration plant's products focused on large-scale lithium-ion battery manufacturing, including the production of high-performance lithium-ion batteries for several market segments, including electric vehicles. Upon successful completion of testing and evaluation of these products, we would expect to enter into offtake agreement negotiations with interested parties.

Our goals for 2020 include the completion of the aforementioned feasibility study and demonstration plant, accompanied by the filing of the Project Description/Notification in the second quarter of calendar 2020 and subsequent filing of EIA documentation in the fourth quarter of calendar 2020, both with the Czech Ministry of the Environment. To complete these goals, we expect to announce a financing in early 2020. To that end, we believe that the geographical location and demonstrable environmental benefits of the Project, as well as the continued development of a major European electrical vehicle industry supply chain, opens a number of financing options that are significantly broader than those typically available to most resource extraction projects. Additionally, we recently appointed Bacchus Capital Advisers as our strategic and financial adviser, to provide tactical and strategic advisory services. The Bacchus Capital team have been involved in building some of the world's most successful mining companies, playing key roles in many of the metals and mining industry's most significant transactions and their knowledge of the battery raw materials sector will be of great assistance as we move forward.

The Chvaletice Manganese Project is the only significant manganese deposit in Europe and stands to become its only primary producer of high purity manganese products, and as a result, we believe it is a strategic European asset. Our aim is to establish the Project as a reliable producer of HPEMM and HPMSM to satisfy the needs of producers of lithium-ion battery precursor materials, as well as producers of specialty steel and aluminum alloys. We are committed to achieving this in an effective, efficient and prudent manner while adhering to the best practices in corporate governance, application of technology, environmental excellence and social integration.

In conclusion, we would again like to take this opportunity to thank all our stakeholders, including shareholders, our fellow directors, executives and employees, as well as the local communities, residents and governments, for their continued and valued support, guidance and assistance over the past year. We look forward to an exciting 2020.

Yours faithfully,

(Signed) "*Roman Shklanka*"
Non-Executive Chairman

(Signed) "*Marco A. Romero*"
Director, President & CEO

Financial Statements

Notes to the Consolidated Financial Statements

Management's Responsibility for Financial Reporting

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

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

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

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

December 16, 2019

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

President and Chief Executive Officer

(Signed) ***"Pierre Massé"***

Vice President Finance and Chief Financial Officer

Independent auditor's report

To the Shareholders of Euro Manganese Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Euro Manganese Inc. and its subsidiary (together, the Company) as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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

- the consolidated statements of financial position as at September 30, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

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

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Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Vancouver, British Columbia
December 16, 2019

Consolidated Statements of Financial Position

Euro Manganese Inc.

(Expressed in Canadian dollars)

	Note	September 30, 2019	September 30, 2018
		$	$
ASSETS			
Current assets			
Cash		**4,084,694**	10,368,002
Prepaid expenses		**112,864**	124,326
Accounts receivable		**45,148**	162,549
		4,242,706	10,654,877
Non-current assets			
Exploration and evaluation assets	4	**1,249,086**	1,249,086
Property and equipment	5	**369,952**	369,110
Other assets	6	**232,794**	—
Option	6	**815,000**	—
Total assets		**6,908,538**	12,273,073
LIABILITIES			
Current liabilities			
Accounts payable		**581,722**	940,028
Due to related parties	9	**170,618**	320,639
Deferred consideration	7	**275,838**	275,236
		1,028,178	1,535,903
Non-current liabilities			
Deferred consideration	6	—	240,537
Total liabilities		**1,776,440**	1,776,440
EQUITY			
Share capital	8	**22,973,236**	19,972,416
Equity reserve		**2,182,856**	1,482,544
Deficit		**(19,275,732)**	(10,958,327)
Total equity		**5,880,360**	10,496,633
Total liabilities and shareholders' equity		**6,908,538**	12,273,073

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors on December 16, 2019

"Marco Romero"	*"John Webster"*
Marco Romero, Director	John Webster, Director

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

Consolidated Statements of Loss and Comprehensive Loss

Euro Manganese Inc.
(Expressed in Canadian dollars)

	Year ended September 30, 2019	2018
	$	$
Project evaluation expenses		
Engineering	**1,977,576**	1,854,448
Remuneration	**1,098,270**	683,450
Share-based compensation	**254,004**	216,043
Drilling, sampling and surveys	**212,214**	329,595
Metallurgical	**380,687**	277,209
Travel	**123,338**	233,241
Legal and professional fees	**370,366**	459,398
Geological	**215,060**	141,522
Market studies	**208,681**	142,961
Project management	**—**	146,619
Supplies and rentals	**107,019**	105,176
	4,947,215	4,589,662
Other expenses		
Remuneration	**1,305,466**	816,105
Share-based compensation	**493,630**	414,820
Total remuneration	**1,799,096**	1,230,925
Legal and professional fees	**252,690**	121,226
Investor relations	**274,728**	21,660
Product sales and marketing	**35,325**	27,213
Travel	**273,394**	122,457
Filing fees and compliance	**258,710**	127,142
Accretion expense	**60,065**	91,396
Office, general and administrative	**181,056**	107,494
Insurance	**102,991**	39,899
Office rent	**53,108**	28,942
Conferences	**55,354**	20,403
Depreciation	**23,673**	5,656
	3,370,190	1,944,413
Loss and comprehensive loss for the year	**8,317,405**	3,413,356
Weighted average number of common shares outstanding – basic and diluted	172,002,914	116,356,568
Basic and diluted loss per common share	**$0.05**	$0.06

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

Consolidated Statements of Changes in Shareholders' Equity

Euro Manganese Inc.

(Expressed in Canadian dollars)

	Attributable to equity shareholders of the Company				
	Share Capital	**Share Capital**	**Equity Reserves**	**Deficit**	**Shareholders' Equity (Deficit)**
	#	**$**	**$**	**$**	**$**
Balance at September 30, 2017	90,411,610	7,183,542	381,086	(4,424,252)	3,140,376
Shares and warrants issued for cash, net of expenses	62,750,000	11,462,746	474,345	—	11,937,091
Options exercised	50,000	9,250	(3,750)	—	5,500
Shares issued as payment of services	2,833,940	370,875	—	—	370,875
Shares issued as part of broker fees	2,964,050	646,003	—	—	646,003
Shares issued as repayment of deferred consideration	1,500,000	300,000	—	—	300,000
Share-based compensation	—	—	630,863	—	630,863
Loss and comprehensive loss for the year	—	—	—	(6,534,075)	(6,534,075)
	70,097,990	12,788,874	1,101,458	(6,534,075)	7,356,257
Balance at September 30, 2018	**160,509,600**	**19,972,416**	**1,482,544**	**(10,958,327)**	**10,496,633**
Shares and warrants issued for cash, net of expenses	10,000,000	2,232,609	48,890	—	2,281,499
Warrants exercised	2,927,265	418,211	(96,212)	—	321,999
Shares issued as part of broker fees	200,000	50,000	—	—	50,000
Shares issued as repayment of deferred consideration	1,428,570	300,000	—	—	300,000
Share-based compensation	—	—	747,634	—	747,634
Loss and comprehensive loss for the year	—	—	—	(8,317,405)	(8,317,405)
	14,555,835	**3,000,820**	**700,312**	**(8,317,405)**	**(4,616,273)**
Balance at September 30, 2019	**175,065,435**	**22,973,236**	**2,182,856**	**(19,275,732)**	**5,880,360**

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

Consolidated Statements of Cash Flows

Euro Manganese Inc.
(Expressed in Canadian dollars)

	Note	Year ended September 30, 2019	2018
		$	$
Operating activities			
Net loss for the period		**(8,317,405)**	(6,534,075)
Less non-cash transactions:			
Share-based compensation		**747,634**	630,863
Shares and warrants for services		—	277,771
Depreciation		**23,673**	5,656
Accretion expense	7	**60,065**	91,396
		(7,486,033)	(5,528,389)
Changes in non-cash working capital items:			
Accounts payable		**(126,772)**	377,649
Accounts receivable		**117,401**	(89,539)
Prepaid expenses		**11,462**	4,902)
Due to related parties		**(135,833)**	237,719)
		(133,742)	530,731
Cash used in operating activities		**(7,619,775)**	(4,997,658)
Financing activities			
Common shares issued for cash, net of expenses	8 (a)	**2,085,777**	12,865,239
Exercise of warrants		**321,999**	—
Exercise of stock options		—	5,500
Cash generated from financing activities		**2,407,776**	12,870,739
Investing activities			
Option and deposit for land	6	**(1,047,794)**	—
Property & equipment acquisition	5	**(23,515)**	(366,073)
Cash used in investing activities		**(1,071,309)**	(366,073)
(Decrease) increase in Cash		**(6,283,308)**	7,507,008
Cash - beginning of year		**10,368,002**	2,860,994
Cash - end of year		**4,084,694**	10,368,002
Non-cash transactions excluded from above:			
Common shares issued as payment of financing services		**(50,000)**	(682,426)
Share issue costs		**50,000**	682,426
Shares issued as payment of broker warrants			
Equity reserve		**48,890**	474,345
Share capital		**(48,890)**	(474,345)
Issue of employee warrants			
Equity Reserve		**—**	116,313
Share Capital		**—**	(116,313)
Repayment of deferred consideration commitment			
Share capital		**300,000**	300,000
Deferred share payment commitment		**(300,000)**	(300,000)

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

1. Nature of Operations and Going Concern

Euro Manganese Inc. (the "Company") was incorporated under the British Columbia Business Corporations Act on November 24, 2014. The Company completed an initial public offering ("IPO") of its shares on the Australia Securities Exchange ("ASX") on September 28, 2018, and completed an IPO on the TSX Venture Exchange ("TSX- V") on October 2, 2018. The Company's common shares commenced trading on the TSX-V and CHESS Depository Interests ("CDIs", with each CDI representing one common share) started trading on the ASX on October 2, 2018, under the symbols "EMN.V" and "EMN.AX", respectively. The Company is focused on the evaluation and potential development of the Chvaletice deposit, which involves the re-processing of a manganese deposit hosted in historic mine tailings 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").

The Company's corporate offices are located at 1040 West Georgia Street, Suite 1500, Vancouver, B.C., Canada, and its registered offices are located at Suite 1700, 666 Burrard Street, Vancouver, B.C., Canada.

These consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"), which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Several conditions discussed below and in Note 14 give rise to material uncertainties that may cast significant doubt on this assumption.

As an early stage resource development company, it does not own any properties with established reserves, has no operating revenues and is unable to self-finance its operations. 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 likely operate at a loss while the Company is evaluating the potential of the Chvaletice Manganese Project.

At September 30, 2019, the Company's equity totaled $5,880,360 (2018 - $10,496,633) and working capital totaled $3,214,528 (2018 - $9,118,974), including cash of $4,084,694 (2018 - $10,368,002). The loss for the year was $8,317,405 (2018 - $6,534,075) while cash used in operating activities was $7,619,775 (2018 - $4,997,658). These capital resources are not expected to provide sufficient working capital to fund its corporate and committed project development costs for at least twelve months from the date of these financial statements.

Additional funding will be required for further evaluation and development work including the completion of feasibility studies, environmental studies, permitting, as well as the potential future construction of infrastructure and facilities for the Chvaletice Manganese Project. The ability of the Company to arrange such equity or other financing in the future will depend principally upon prevailing market conditions and the performance of the Company. Such additional funding may not be available when needed, if at all, or 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 principal property and could result in material adjustments to the carrying values of assets.

2. Basis of Preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The accounting policies presented in Note 3 were consistently applied to all periods presented, except for IFRS 9 *Financial instruments*, which was adopted on October 1, 2018; however, the adoption did not have any impact on the comparative period (Note 3.8).

These consolidated financial statements were prepared by management and approved by the Board of Directors of the Company (the "Board") on December 16, 2019.

2. Basis of Preparation (continued)

2.2 Basis of measurement

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

2.3 Basis of consolidation

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

3. Significant Accounting Policies, Estimates and Judgments

3.1 Foreign currency translation

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

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

3.2 Mineral exploration and evaluation costs

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

Exploration and evaluation costs that are incurred prior to the Company obtaining a material legal interest in a property, are expensed in the period incurred. In addition, exploration and evaluation costs, other than direct acquisition costs, incurred prior to management identifying that the Mineral Resource of a property has economic potential, are expensed in the period incurred.

Exploration and evaluation costs are capitalized as mineral interests when a mineral resource of a property is identified as having economic potential. This can be determined based on a completed feasibility study and management's decision to proceed with the development of the project. A mineral resource is considered to have economic potential when it is expected that documented resources can be legally and economically developed considering long-term metal prices.

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

a) There is a probable future benefit that will contribute to future cash inflows,
b) The Company can obtain the benefit and control access to it, and
c) The transaction or event giving rise to the benefit has already occurred.

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

Once the technical and commercial viability of a property has been determined, the exploration and evaluation assets are first tested for impairment, and then reclassified as a mineral project and carried at cost until it is placed into commercial production, sold, abandoned or determined by management to be impaired.

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

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

3.3 Impairment of non-financial assets

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

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

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

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

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

3.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The carrying amount of a replaced asset is derecognized when replaced. IT hardware and software, and equipment and furniture are amortized on a declining balance basis at an annual rate of 30%. Land is not depreciated.

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

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

3.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. There were no cash equivalents at September 30, 2019, and 2018.

3.6 Share and warrant based compensation

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

   The fair value of the options is determined using the Black-Scholes Option Pricing Model or when they are issued in settlement of compensation, measured at the fair value of the services rendered. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest (note 8(b)).

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

3.7 Income taxes

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

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

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

Deferred tax assets and liabilities where recognized are presented as non-current.

3.8 Financial instruments

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, and sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial instruments: recognition and measurement ("IAS 39"). IFRS 9, for the most part, retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 financial assets categories of held to maturity, loans and receivables and available for sale. IFRS 9 allows for exemption from restating prior periods in respect to the standard's classification and measurement requirements. The Company chose to apply this exemption upon initial adoption; however, the adoption had no impact on the comparative period's financial statements. The accounting policy for financial instruments adopted on October 1, 2018, is as follows:

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

The Company's financial instruments consist of cash, receivables, due from related parties, accounts payable, deferred consideration and due to related parties. Cash, receivables, and due from related parties are classified as loans and receivables. Accounts payable, due to related parties and deferred consideration are classified as other financial liabilities.

i) Classification

Classification of financial instruments is determined at initial recognition.

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

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

ii) Measurement

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

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

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

iii) Impairment of financial assets

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

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

iv) Derecognition

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

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

v) Fair value of financial instruments

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

The accounting policy applied under IAS 39 during the year ended September 30, 2018 was as follows:

The Company's financial instruments consist of cash, receivables, due from related parties, accounts payable, deferred consideration and due to related parties. Cash, receivables, and due from related parties are designated as loans and receivables. Accounts payable, due to related parties and deferred consideration are classified as other financial liabilities.

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories:

Fair value through profit or loss ("FVTPL") - This category includes derivatives, or assets incurred mainly for the purpose of selling or repurchasing them in the near term. The assets are measured at fair value with gains and losses recognized in the consolidated statement of loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. The assets in this category are measured at amortized cost using the effective interest rate method.

Held to maturity investments - This category includes non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company intends to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. Any changes to the carrying amount of the investment, including impairment losses, are recognized in statement of loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available- for-sale. They are measured at fair value with gains and losses recognized in other comprehensive income or loss, except for impairment losses. Interest calculated using the effective interest method and foreign exchange gains and losses on monetary items are recognized in the consolidated statement of loss.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Fair value through profit and loss - This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or re-purchasing in the near term. The fair value changes are recognized in the consolidated statement of loss.

Other financial liabilities - Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating the accretion charge over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability.

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

3.9 Related party transactions

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

3.10 Loss per share

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

3.11 Asset Retirement Obligation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development and ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at September 30, 2019 and 2018, the Company does not have any decommissioning obligations.

3.12 Recent accounting pronouncements

The Company has not applied the following pronouncements that have been issued but are not yet effective:

IFRS 16 - *Leases* ("IFRS 16") - The new standard on lease accounting was issued on January 13, 2016 and replaces the current guidance in IAS 17 *Lease Accounting*. The new standard results in substantially all lessee leases being recorded on the consolidated statement of financial position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

The Company will adopt IFRS 16 for the annual reporting period beginning on October 1, 2019, using the modified retrospective approach with measurement of the right-of-use asset at an amount equal to the lease liability. The Company will apply the following practical expedients on initial application:

- apply IFRS 16 only to contracts that were previously identified as leases; and
- not recognize leases for which the underlying asset is of low value or considered to be a short-term lease.

The assessment of non-cancellable operating lease commitments for office space and office equipment in Canada and the Czech Republic indicates that our arrangements will meet the definition of a lease under IFRS 16 and will result in the recognition of a right-of-use asset and a corresponding liability in respect of these leases at October 1, 2019 in the amount of approximately $98,000. The Company does not expect a material impact to the Consolidated Statements of Comprehensive Loss or the Consolidated Statements of Cash Flows; however, compared with the existing accounting for operating leases, the classification of expenses and cash flows will be impacted.

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

3.13 Critical Estimates and Judgments

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

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

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

a) Management is required to assess impairment in respect of exploration and evaluation assets. The triggering events are defined in IFRS 6 *Exploration for and Evaluation of Mineral Resources ("IFRS 6").* In making the assessment, management is required to make judgments on the status of each project, future plans towards finding commercial reserves and whether future economic benefits are likely either from exploitation or future sale or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The nature of exploration and evaluation activity is such that only a small proportion of projects are ultimately successful, and some assets are likely to become impaired in future periods.

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

b) As part of the acquisition of Mangan on May 13, 2016, the Company discounted the $1.2 million future deferred share consideration at an annual rate of 15%, which represented an estimate of the Company's borrowing rate at the time of the acquisition. The deferred consideration balance is accreted at an annual rate of 15% over the remaining repayment period and the resulting increase is recorded as an annual accretion charge in the statement of loss and comprehensive loss.

c) Significant estimation was involved in determining the fair value of shares issued by the Company prior to being publicly traded on October 2, 2018. Reference was made to the most recent share price negotiated with arms-length third parties when estimating the fair value of shares issued.

d) In addition, the Company applied significant judgment in determining the fair value of the first option payment pursuant to an option agreement with EPCS ("EPCS Option Agreement") and its classification as financial instrument at FVTPL (Note 6).

4. Exploration and Evaluation Assets

The Company was formed with the objective of evaluating, acquiring, developing and operating the Chvaletice Manganese Project as an HPEMM and HPMSM project. The Company holds two exploration licenses for the Chvaletice Manganese Project (the "Licenses"), both expiring May 31, 2023. On April 17, 2018, with effect from April 28, 2018, the Company was 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, valid until April 30, 2023, 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 mining at the Chvaletice Manganese Project.

(Expressed in Canadian dollars)

4. Exploration and Evaluation Assets

The acquisition of Mangan included granting a 1.2% net smelter royalty interest and the issue, over a four-year period, of common shares of the Company in five equal tranches, each valued at $300,000 (see Note 7). The carrying value of the Company's exploration and evaluation assets of $1,249,086 represents 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.

5. Property and Equipment

		September 30, 2019	
	Equipment	**Land**	**Total**
	$	**$**	**$**
Cost			
October 1, 2018	58,932	318,729	377,661
Additions	23,515	—	23,515
September 30, 2019	**82,447**	**318,729**	**401,176**
Accumulated depreciation			
October 1, 2018	(8,551)	—	(8,551)
Additions	(23,623)	—	(23,623)
September 30, 2019	**(32,224)**	**—**	**(32,224)**
Net Book Value			
October 1, 2018	50,381	318,729	369,110
September 30, 2019	**50,223**	**318,729**	**368,952**

(Expressed in Canadian dollars)

5. Property and Equipment (continued)

	September 30, 2018		
	Equipment	Land	Total
	$	$	$
Cost			
October 1, 2017	11,588	—	11,588
Additions	47,344	318,729 [(a)]	366,073
September 30, 2018	58,932	318,729	377,661
Accumulated depreciation			
October 1, 2017	(2,895)	—	(2,895)
Additions	(5,656)	—	(5,656)
September 30, 2018	(8,551)	—	(8,551)
Net Book Value			
October 1, 2017	8,693	—	8,693
September 30, 2018	50,381	318,729	369,110

[(a)] In November 2017, the Company acquired land near the Chvaletice Project area.

6. EPCS Options and Other Assets

EPCS Option

On October 17, 2018, the Company, through its Czech subsidiary Mangan, made the first option payment of 14 million Czech Korunas ($815,000) as stipulated in the EPCS Option Agreement for the purchase of a 100% interest in EPCS dated on August 13, 2018. 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 $7.32 million) as follows:

a) an instalment of 42,000,000 Czech Koruna (approximately $2.35 million at September 30, 2019), within 60 days of final approval of the environmental impact assessment ("EIA") for the Chvaletice Manganese Project, but no later than three years after signing the EPCS Option Agreement. The three-year term may be extended under certain circumstances by up to one year; and

b) a final instalment of 84,000,000 Czech Koruna (approximately $4.69 million at September 30, 2019), due upon receipt of all development permits for the Chvaletice Manganese Project, but no later than five years after signing the EPCS Option Agreement.

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

a) The option is for the acquisition of shares of EPCS rather than a non-monetary asset;

b) It does not meet any of the scope exceptions from recognition as a derivative under IFRS 9;

c) 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 period from the payment to September 30, 2019.

(Expressed in Canadian dollars)

6. EPCS Options and Other Assets (continued)

Deposits for Land

On February 7, 2019, the Company signed an amendment to the 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 Option Agreement, the ownership of these land parcels will be transferred to Mangan at no additional cost. As at September 30, 2019, the amount was paid to EPCS. The payment and the related transaction costs of $17,707 were classified as a deposit for land under other non-current assets.

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 Project tailings, on which the Company plans to construct an infrastructure corridor, as well as a visual and acoustic barrier between Trnavka and the Project tailings. The total amount of 2,026,990 Czech Koruna (approximately $120,000) will be paid in four installments, based on the EIA and permitting milestones. The first payment, representing 10% of the total amount, 202,699 Czech Koruna ($11,867) was paid on May 20, 2019.

7. Deferred Consideration

The deferred consideration relates to the Company's remaining share issuance commitment in connection with the acquisition of its exploration and evaluation assets (note 4). Movement in the deferred consideration during the year is as follows:

	Year ended September 30,	
	2019	2018
	$	$
Balance, beginning of the year	**515,773**	724,377
Accretion during the year	**60,065**	91,396
Fair value of share consideration issued during the year	**(300,000)**	(300,000)
Balance, end of the year	**275,838**	515,773
Less: current portion	**(275,838)**	(275,236)
	—	240,537

On May 13, 2019, and May 9, 2018, the Company issued a total of 1,428,570 and 1,500,000 shares at $0.21 and$0.20 per share, respectively, as repayments of $300,000 in deferred consideration

At September 30, 2019, the Company has a commitment to issue common shares for a total value of $300,000 due on May 13, 2020. The number of shares to be issued will be based on the value of the Company's shares at the time of issuance, which is defined to be the 20-trading day weighted average of the Company's share price. Pursuant to an amending agreement between the Company and Mangan's founding shareholders dated June 15, 2018, the terms of the remaining obligations were modified to (i) limit the minimum deemed value of the shares to be issued so as not to be less than $0.05 per share; (ii) provide the Company with an option to settle the obligation in cash rather than shares; and (iii) require the obligation to be settled in cash in the event that the remaining share issuance results in a deemed value of below $0.05 per share.

(Expressed in Canadian dollars)

8. Equity

a) Common shares

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

Issued and outstanding shares at September 30, 2019, were as follows:

	Share price	Number of common shares	Share capital
	$		$
Balance at September 30, 2018 [(a)]		160,509,600	19,972,416
Shares issued pursuant to IPO in Canada			
Initial public offering	0.25	10,000,000	2,500,000
Less: Cash expenses paid			(414,223)
Exercise of broker warrants (note 8c)	0.11	2,927,265	321,996
		12,927,265	2,407,776
Less: non-cash expenses:			
Issue costs accrued in prior period			245,722
Broker warrants exercised			96,212
Broker warrants issue			(98,890)
			2,650,820
Shares issued for broker fees	0.25	200,000	50,000
Shares issued for deferred consideration (Note 7)	0.21	1,428,570	300,000
Balance at September 30, 2019		**175,065,435**	**22,973,236**

(a) Incudes the proceeds from the Australian IPO which was completed on September 30, 2018.

The following is a summary of shares issued during the year ended September 30, 2019:

i) Shares issued for cash and broker fees:

On October 2, 2018, the Company completed its IPO on the TSX-V of 10,000,000 common shares at a price of $0.25 per share, for aggregate gross proceeds of $2,500,000. Fees payable to the Canadian agent included the corporate finance fee; plus 6% of the aggregate gross proceeds of the Canadian IPO in excess of $1,500,000, payable 1% or $10,000 in cash and 5% in fully paid common shares (200,000 shares valued at $50,000), and a warrant entitling the Canadian agent to purchase 400,000 shares at an exercise price of $0.375 per share for a period of 36 months from the date of issue (the "Canadian Agent's Warrant").

ii) Escrowed securities

Upon the listing of the Company's CDIs and common shares on the ASX and TSXV, respectively, certain of its securities became subject to escrow. Specifically, under National Policy 46-201 Escrow for Initial Public Offerings ("NP 46-201"), 29,045,361 common shares and 6,400,000 options became subject to escrow. Under the TSX-V's Seed Sale Resale Restrictions ("SSRR"), 778,575 common shares and 225,000 options became subject to escrow. Under the ASX Listing Rules, 25,522,290 common shares, 9,550,000 options and 8,684,015 warrants became subject to escrow.

(Expressed in Canadian dollars)

8. Equity (continued)

In many cases, a particular holder, or particular common share, option or warrant, will be subject to escrow under one or more of NP 46-201, SSRR and ASX Listing Rules. In such cases, the particular security will not be released from escrow until the release schedule for all regimes have been met. Accordingly, as of the date of these consolidated financial statements, the following securities remain subject to escrow and are scheduled to be released as follows:

	Common shares	Options	Warrants
October 2, 2019	2,093,632	406,250	—
April 2, 2020	1,874,466	406,250	—
September 28, 2020	25,770,568	7,175,000	5,756,750
	29,738,666	**7,798,500**	**5,756,750**

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 stock 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 or, if the Company's shares are not traded on a stock exchange, the share value equal to the Company's most recent arm's length equity financing share price.

Current outstanding options have an expiry date of ten years and vest over a period of 24 months. A continuity summary of the stock options granted and outstanding under the Plan for the year ended September 30, 2019 and 2018 is presented below:

	Year ended			
	September 30, 2019		September 30, 2018	
	Number of share options	**Weighted average exercise price ($/per share)**	Number of share options	Weighted average exercise price ($/per share)
Balance, beginning of the year	**12,525,000**	**0.15**	7,250,000	0.10
Options granted during the year	**3,275,000**	**0.27**	5,275,000	0.20
Options exercised during the year	—	—	(50,000)	0.11
Options expired	**(200,000)**	**0.25**	(149,995)	0.09
Options forfeited	**(100,000)**	**0.25**	(250,005)	0.10
Balance, end of the year	**15,500,000**	**0.17**	12,525,000	0.15

During the year ended September 30, 2019 the Company recorded share-based compensation expense of $747,634 (2018 - $630,863) of which $254,004 has been allocated to project expenses (2018 - $216,043) and $493,630 to administrative expenses (2018 - $414,820).

(Expressed in Canadian dollars)

8. Equity (continued)

The balance of options outstanding and exercisable at September 30, 2019, is as follows:

	Options outstanding & exercisable		Options exercisable [a]	
Exercise price ($/Share)	Number of share options	Weighted average remaining contractual life (years)	Number of share options outstanding	Weighted average remaining contractual life (years)
0.08	1,625,000	6.6	1,625,000	6.6
0.10	1,775,000	7.4	1,775,000	7.4
0.11	4,100,000	8.0	3,866,660	8.0
0.20	3,725,000	8.4	2,483,295	8.4
0.25	1,550,000	9.2	849,999	9.1
0.28	2,725,000	9.4	908,326	9.4
0.17	15,500,000	8.2	11,508,280	8.0

[a] Certain options are subject to escrow (Note 8 a) ii)).

The weighted-average fair value of share options granted in the year ended September 30, 2019, was estimated to be $0.21 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 assumptions of comparable companies. Changes in the subjective input assumptions can materially affect the estimated fair value of the options.

In the year ended September 30, 2019 and 2018, the Company applied the fair value-based method of accounting to determine the value of stock options granted to employees, including directors, and non-employees on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year ended September 30,	
	2019	2018
Risk free rate	1.74%	2.20%
Expected life (years)	9.0	9.0
Annualized volatility	90%	67%
Dividend rate	—%	—%
Forfeiture rate	—%	—%
Option exercise price	$0.27	$0.19
Grant date fair value	$0.21	$0.14

(Expressed in Canadian dollars)

8. Equity (continued)

c) Warrants

	September 30, 2019		September 30, 2018	
	Number of warrants	Weighted-average exercise price $	Number of warrants	Weighted-average exercise price $
Outstanding, beginning of the year	5,784,015	0.20	2,927,265	0.11
Issued	2,900,000	0.38	2,856,750	0.30
Exercised	(2,927,265)	0.11	—	—
Expired	—	—	—	—
Outstanding, end of the year	5,756,750	0.34	5,784,015	0.20

As at September 30, 2019, the following warrants were outstanding:

Expiry date	Weighted average exercise price	Number of warrants	Weighted average remaining contractual life (years)
February 28, 2021	0.30	2,856,750	0.9
October 1, 2021	0.38	2,900,000	2.4
	0.34	5,756,750	1.7

On October 2, 2018, in connection with the IPO in Australia and Canada, the Company issued warrants entitling the Australian and Canadian agents to purchase 2,500,000 and 400,000 common shares, respectively, at $0.375 per share. Based on Black-Scholes pricing model using a risk-free rate of 2.19%, 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 $0.25, these warrants were assigned an estimated total value of $354,466.

On June 14, 2019 and July 25, 2019, Cannaccord Genuity Corp. exercised 2,335,145 and 592,120 warrants, respectively, which were issued between June 16, 2017 and August 18, 2017, for their services as an agent in a private offering, and purchased in total 2,927,265 common shares at $0.11 per share. These common shares remain subject to escrow until September 28, 2020.

(Expressed in Canadian dollars)

9. Related Party Transactions

Transactions between the Company and its subsidiary have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below. Related parties include the board of directors 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 and the Chief Executive Officer, Chief Financial Officer, the Managing Director of the Company's Czech subsidiary, Vice President, Corporate Development and Corporate Secretary and the Vice President, Project Development.

During the year ended September 30, 2019, and 2018, the Company incurred the following expenses to officers or directors of the Company or companies with common directors:

	Year ended September 30,	
	2019	2018
	$	$
Salaries and consulting fees payable to directors and officers	**1,512,566**	1,269,954
Directors' and officers' stock-based compensation	**475,038**	406,158
	1,987,604	1,676,112

b) Related party transactions during the year

A Company's director is associated with PRK Partners s.r.o. ("PRK"), a legal firm based in the Czech Republic. During the year ended September 30, 2019, PRK's legal fees charged to the Company totaled $226,935 (2018 - $468,540).

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

	September 30,	
	2019	2018
	$	$
Salaries and consulting fees from directors and officers	**71,414**	64,895
Fees provided by a legal firm associated with a director	**48,329**	237,246
Outstanding payable due to officers and directors	**50,875**	18,498
	170,618	320,639

These transactions were incurred in the normal course of operations.

10. Fair Value Measurement of Financial Instruments

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

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

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

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

10. Fair Value Measurement of Financial Instruments (continued)

The fair values of the Company's cash, accounts receivable, accounts payable and due to related parties approximate carrying values, which are the amounts recorded on the consolidated statement 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. No factors affecting the fair value of the EPCS Option in the time from the initial recognition to the period end were identified.

11. Financial Risk Management

a) Credit risk

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

At September 30, 2019 and 2018, the Company's maximum exposure to credit risk was its cash balance of$4,084,694 and $10,368,002, respectively.

b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation (Note 1). At September 30, 2019, the maturity of accounts payable and due to related parties balances is under one year.

c) Market risk

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

<u>Interest rate risk</u>

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

<u>Foreign currency risk</u>

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency rates. The Company's financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the functional currency of the entity that holds them. Exchange gains and losses in these situations impact earnings.

<u>Price risk</u>

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(Expressed in Canadian dollars)

12. Segmented Information

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

13. Commitments

The following is a maturity profile of financial liabilities and operating and capital commitments presenting undiscounted cash flows at September 30, 2019:

		Payments due by period:			
	Total	Less than one year	1 - 2 years	2 - 3 years	After 3 years
	$	$	$	$	$
Minimum office lease payments [(1)]	161,820	106,646	52,208	2,373	593
Operating expenditure commitments [(2)]	503,743	503,743	—	—	—
Total contractual obligations	665,563	610,389	52,208	2,373	593

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

(2) Operating expenditure commitments relate mostly to the exploration and evaluation work on the Chvaletice Project.

Other commitments include:

a) The Company's obligation to issue common shares in satisfaction of the remaining deferred consideration relating to Mangan's Acquisition (note 7).

b) The Company has entered into employment agreements with its executive officers in which the individuals are entitled to a combination of base salary, extended benefits, specified milestones payments, and may be eligible for annual performance-based bonus as determined by the Board in its sole discretion. Following termination without cause, executive officers are also entitled to 12-month written notice or, in one case, a severance equivalent of one year's salary. Further, upon a change of control, as defined in their employment agreements, certain executives are entitled to lump sum payments of between eighteen and twenty-four months of their base salaries. Total maximum commitment upon change of control would amount to $1.9 million.

   Following termination without cause, certain executive officers are also entitled to up to 12-month written notice of termination, a severance equivalent up to one-year salary or, two-year salary if the officer's employment is terminated or unilaterally changed within six months of a Company's change of control.

c) In connection with the acquisition of Mangan, the Chvaletice Manganese Project is subject to a 1.2% net smelter royalty interest. Mangan has a right of first refusal on the sale of all or a part of the royalties held by Mangan's founding shareholders and has 90 calendar days to match any bona fide and binding offer accepted by any of the royalty holders.

(Expressed in Canadian dollars)

14. Management of Capital

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

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

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

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

The Company is uncertain as to whether its current capital resources will be sufficient to carry on its evaluation and development plans and operations through its current operating period and, accordingly, management is reviewing the timing and scope of current evaluation plans and is also pursuing other financing alternatives to fund the Company's operations.

The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management in the period.

15. Income Taxes

A reconciliation of the income tax recoveries at the statutory tax rate of 27% (2018 - 26%) is as follows:

	September 30,	
	2019	2018
	$	$
Loss for the year	**(8,317,405)**	(6,534,075)
)Expected income tax recovery	**(2,245,699)**	(1,764,200
Non-deductible expenses and other	**204,150**	201,735
Effect of foreign tax rates and tax rate changes	**603,011**	568,908
Effect of deductible temporary difference not recognized	**1,438,538**	993,557
Income tax recovery	**—**	—

(Expressed in Canadian dollars)

15. Income Taxes (continued)

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

	September 30,	
	2019	2018
	$	$
Equipment	**18,526**	13,542
Exploration and evaluation assets	**1,840,739**	1,139,862
Tax operating losses	**8,345,200**	3,283,500
	10,204,465	4,436,904
Unrecognized deferred income tax assets	**(10,204,465)**	(4,436,904)
Deferred income tax assets	**—**	—

At September 30, 2019, the Company had the following estimated tax operating losses available to reduce future taxable income, including losses for which deferred tax assets are not recognized as listed in the table above. Losses expire at various dates and amounts between 2022 and 2039.

At September 30, 2019	**$**
Canada	5,430,500
Czech Republic	2,914,700
Tax operating losses	**8,345,200**

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2019

1. Introduction

The principal business and current focus of Euro Manganese Inc. (the "Company") is the evaluation and potential development of the Chvaletice Manganese Project (the "Project"), which involves the re-processing of a manganese deposit hosted in historic mine tailings in the Czech Republic in order to produce high-purity manganese products in an economically, socially and environmentally-sound manner.

The Company was incorporated under the British Columbia Business Corporations Act on November 24, 2014. The Company's corporate offices are located at Suite 1500, 1040 West Georgia Street, Vancouver, B.C., Canada and its registered offices are located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, B.C., Canada. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") and 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.

This management's discussion and analysis ("MD&A") of the financial condition and results of operations, prepared as of December 16, 2019, supplements, but does not form part of the audited consolidated financial statements of the Company for the year ended September 30, 2019 (the "September 2019 Financial Statements"), which can be found along with other information of the Company on SEDAR at www.sedar.com. The Company prepares its financial statements in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (the "IASB"). The Company's significant accounting policies are set out in Note 3 of September 2019 Financial Statements.

Additional information relating to the Company, including the Annual Information Form for the year ended September 30, 2019, 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 Mr. Gary Nordin, 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 18.

The financial information presented in this MD&A is in Canadian dollars, unless otherwise stated.

2. Overview

The Company was formed with the objective of acquiring, evaluating, developing and operating the Chvaletice Manganese Project located in the Czech Republic, an anthropogenic manganese deposit hosted in historic mine tailings, in which the Company has a 100% ownership interest. The Company's wholly-owned subsidiary, Mangan Chvaletice s.r.o. ("Mangan") holds two licences covering mineral exploration rights for the Chvaletice Manganese Project ("Licences"), which are both valid until May 31, 2023. In 2018, Mangan was also issued a Preliminary Mining Permit by the Ministry of Environment, referred to by the Ministry of Environment as the prior consent for the establishment of a Mining Lease District. The Preliminary Mining Permit, valid until April 30, 2023, represents one of the key steps towards final permitting for the Project, covers the areas included in the Licences, and secures Mangan's exploration rights for the entire deposit.

Based on the Preliminary Mining Permit and other documents, including the Environmental Impact Assessment ("EIA"), which may only commence after the Preliminary Mining Permit is issued, Mangan has until April 30, 2023, to apply for the establishment of the Mining Lease District covering the areas included in the Licences. 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 Chvaletice Manganese Project.

At present, Mangan does not hold surface rights to the Chvaletice Manganese Project area, which includes those parcels of land underlying and immediately surrounding the three tailings deposits which comprise the Chvaletice Manganese Project. The area of interest for the Chvaletice Manganese Project overlies several privately-owned land parcels with surface rights. To date, Mangan has received the consent to conduct exploration activities and to access the site from the landowners whose surface properties underlie the tailings. The Company is currently negotiating the acquisition of these surface rights, leases, rights of way, or other arrangements in additional areas where it intends to develop its operations, site facilities and infrastructure. There is no guarantee that areas needed for these activities and facilities will be secured.

Mangan has, however, signed an option agreement giving it the right to acquire 100% of a company that owns a 19.94-hectare parcel of land intended to be the site of Mangan's ultra-high purity processing plant (section 5 of this MD&A).

On December 12, 2018, the Company reported an updated Mineral Resource Estimate and on January 30, 2019, the Company reported the results of a Preliminary Economic Assessment ("PEA") for the Chvaletice Manganese Project (section 5 of this MD&A).

The Chvaletice Manganese Project is targeting production of ultra-high-purity electrolytic manganese metal ("HPEMM") with specifications exceeding 99.9% Mn and ultra-high-purity manganese sulphate monohydrate ("HPMSM") with a minimum manganese content of 32.34%, which exceed typical industry standards. These products will be selenium and chromium-free, and are designed to contain very low levels of deleterious impurities. As such, the Company believes the Chvaletice Manganese Project stands to become an important and environmentally-sustainable part of the international and European lithium-ion battery supply chains.

The main activities required for the Chvaletice Manganese Project's full development will incorporate several phases in order to support the construction of a new plant, focusing principally on the rapidly emerging electric vehicle battery industry. The phases include:

- construction and commissioning of a demonstration plant in the second half of calendar 2020 to produce multi-tonne, high-purity manganese product samples for customer testing and supply-chain qualification;
- completion in the second half of 2020 of a feasibility study incorporating the design of processing facilities and infrastructure;
- submission of a Project notification and description to the Czech Ministry of the Environment, the filing of an Environmental Impact Assessment and related permit applications; and
- continued market development for the Company's HPEMM and HPMSM products with the goal of initiating product testing and qualification programs and, eventually, entering into commercial agreements with potential customers over the course of calendar 2020.

3. Financial and Project Highlights

The following is a summary of the Company's highlights during the year ended September 30, 2019, and to the date of this MD&A:

- Selected BGRIMM Technology Group ("BGRIMM") as the lead process plant engineer, who will be working closely with Tetra Tech and the Company's other consultants to complete a feasibility study in the second half of calendar 2020.
- Entered into a fixed-price, turnkey contract with Changsha Research Institute for Mining and Metallurgy ("CRIMM") for the supply and commissioning of a technology, equipment package for a demonstration plant, which includes performance guarantees, as well as commissioning services and an operator training program.
- On September 5, 2019, filed an application for certain investment incentives in the Czech Republic. If approved, these tax credits would be in addition to the normal tax depreciation on eligible Project assets acquired by Mangan and would be applied toward Czech corporate income taxes otherwise payable by Mangan on earnings generated by the

Project. Based on the legislation in place at the time of the application and on eligible assets of up to € 100 million (approx. $148 million), the tax credits would amount to approximately € 18.75 million (approximately $27.75 million).

- On July 24, 2019 and June 14, 2019, pursuant to the exercise of broker warrants, issued a total of 2,927,265 common shares at $0.11 per common share for total proceeds of $321,999.
- On May 13, 2019, issued a total of 1,428,570 common shares at $0.21 per common share as repayment of
- $300,000 in deferred consideration related to the acquisition of the shares of Mangan. The Company's remaining commitment related to the acquisition of the Mangan shares is for a final issuance of common shares on May 13, 2020, valued at $300,000.
- On May 8, 2019, signed a strategic agreement with a consumer of battery raw materials, which includes a framework for technical cooperation. The parties intend to collaborate so that the Company's proposed Project plant can be designed and built to meet the party's long-term requirements for environmentally-superior high purity manganese products. The strategic agreement also provides for potential offtake negotiations.
- Appointed Bilfinger Tebodin Czech Republic s.r.o. to initiate preparation of the Project's EIA and related permit applications.
- Appointed Tetra Tech Canada Inc. ("Tetra Tech") as the owner's engineering representative, responsible for overseeing the other consultants and service providers in connection with the Project's feasibility study, and to prepare the NI 43-101/Joint Ore Reserves Committee Code ("JORC Code") feasibility study report for the Project.
- Acquired five small parcels of land from the operator of the electrical power station adjacent to the Project, which fill small gaps in and around the proposed Project plant site lands owned by EP Chvaletice s.r.o. ("EPCS"), which the Company has the option to acquire.
- On May 11, 2019, signed a purchase contract with the Municipality of Trnavka for a 2.96-hectare parcel of land adjacent to the Project tailings, on which the Company plans to construct a visual and acoustic barrier between Trnavka and the Project tailings. The total amount of 2,026,990 Czech Korunas ("CZK") (approximately $120,000) will be paid in four installments, conditional on the EIA and permitting milestones. The first payment, representing 10% of the total amount, CZK 202,699 ($11,867) was paid on May 20, 2019.
- In April and May, 2019, the neighbouring municipalities of Chvaletice and Trnavka, on which the Project tailings are located, and which respectively lie just to the west and east of the Project, voted unanimously to approve the initiation of the rezoning process of the lands underlying the Project's tailings deposit under municipal land use plans.
- On January 30, 2019, reported the results of the PEA for the Chvaletice Manganese Project, supporting a 25- year project life with strong economics of an after-tax net present value ("NPV") of US$593 million at a 10% discount rate and a 22.6% IRR, and a pre-tax NPV of US$782 million at a 10% real discount rate and a 25.2% IRR.
- On January 28, 2019, filed an updated NI 43-101 Mineral Resource Estimate for the Chvaletice Manganese Project, in which the 27 million tonnes of Indicated and Inferred Mineral Resource categories were upgraded to Measured and Indicated Mineral Resource categories with an average grade of 7.33% Mn (98.3% of the resource tonnage were classified as Measured Mineral Resources).
- On October 17, 2018, made the first option payment of CZK 14 million ($815,000), through Mangan, to acquire 100% of the equity of EPCS, a company that owns 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.
- Completed the Initial Public Offering ("IPO") on the TSX-V ("Canadian Offering") and raised $2,500,000 on October 2, 2018, for the continued evaluation of the Chvaletice Manganese Project. The Company's shares and CDIs started trading on the TSX-V and the ASX, respectively, on October 2, 2018, under the symbols EMN.V and EMN.AX, respectively.

4. Significant Transactions During the Year Ended September 30, 2019

In addition to the events described in Section 3 of this MD&A, the Company completed the following transactions in the year ended September 30, 2019:

- Following the completion of the Australian IPO on September 28, 2018, raising gross proceeds of AUD$6,500,000 ($6,066,342) (the "Australian Offering"), the Company completed the Canadian IPO on October 2, 2018, raising additional gross proceeds of $2,500,000. Fees payable to the Canadian Agent included a corporate finance fee of $70,000, plus 6% of the aggregate gross IPO proceeds in excess of $1,500,000, payable 1% or $10,000 in cash and 5% in fully paid common shares (200,000 common shares valued at $50,000), and warrants entitling agent to purchase 10% of the common shares issued in excess of 6,000,000 common shares (400,000 common shares) at an exercise price of $0.375 per share for a period of 36 months from the date of issue.

- The expenses related to the Canadian IPO, including the $10,000 cash fee, the $50,000 value attributed to the 200,000 common shares and the $48,890 value attributed to the Canadian Agent's Warrants were applied against the gross proceeds. Upon completion of the Canadian IPO, on October 2, 2018, the Company's CDIs and common shares commenced trading on the ASX and TSX-V, respectively.

- On February 7, 2019, the Company signed an amendment to the option agreement with EPCS, funding, through EPCS, the purchase of several land parcels, adjacent to the land owned by EPCS, and thus increasing the option agreement value by CZK 3,500,000 ($203,220). Pursuant to the amendment, in the event that EPCS is not ultimately acquired under the option agreement, the ownership of these land parcels will be transferred to Mangan at no additional cost. The amount was fully paid as at September 30, 2019 and was classified as a deposit for land under other non-current assets.

5. Review of Operations - 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. The Czech capital city of Prague is located 90 kilometres to the west. The Chvaletice Manganese Project site is adjacent to established infrastructure, including an 820-megawatt coal-fired power station that supplies the Czech Republic's national grid, a railway line, a highway and a gas line. The surrounding region is industrialized and skilled labor is expected to be available from local markets.

The Chvaletice Manganese Project resource is contained in three flotation tailings piles that were emplaced on flat terrain immediately below the site of a flotation mill site, adjacent to the former Chvaletice open pit mine and mill. The tailings were deposited from historical milling operations for the recovery of manganese and the extraction of pyrite used for the production of sulfuric acid. The tailings, which are in three separate piles in thickness ranging from 12 to 28 meters, cover a cumulative surface area of approximately one square kilometre.

Mineral Resource Estimate Update

In 2018, the Company conducted additional drilling at the Chvaletice Manganese Project. Final results of the drilling program were incorporated in the NI 43-101 technical report entitled "Technical Report and Preliminary Economic Assessment for the Chvaletice Manganese Project, Chvaletice, Czech Republic" (the "Technical Report"), with an effective date of January 29, 2019, as prepared by Tetra Tech, released and filed on SEDAR on March 15, 2019. The Technical Report was prepared by Mr. James Barr, P. Geo, Mr. Jianhui (John) Huang, Ph.D., P. Eng., Mr. Mark Horan, P. Eng., Mr. Hassan Ghaffari, P. Eng., and Mr. Chris Johns, P. Eng., all with Tetra Tech and all of whom are Qualified Persons under NI 43-101.

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

Tailings Cell #	Classification	Dry In -situ Bulk Density (t/m³)	Volume (m³)	Tonnage (metric tonnes)	Total Mn (%)	Soluble Mn (%)
#1	MEASURED	1.52	6,577,000	10,029,000	7.95	6.49
	INDICATED	1.47	160,000	236,000	8.35	6.67
#2	MEASURED	1.53	7,990,000	12,201,000	6.79	5.42
	INDICATED	1.55	123,000	189,000	7.22	5.30
#3	MEASURED	1.45	2,942,000	4,265,000	7.35	5.63
	INDICATED	1.45	27,000	39,000	7.90	5.89
TOTAL	**MEASURED**	**1.51**	**17,509,000**	**26,496,000**	**7.32**	**5.86**
	INDICATED	**1.50**	**309,000**	**464,000**	**7.85**	**6.05**
COMBINED	**M&I**	**1.51**	**17,818,000**	**26,960,000**	**7.33**	**5.86**

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

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

Option Agreement

On August 13, 2018, the Company, through Mangan, signed an option agreement (the "EPCS Option Agreement"), giving Mangan the right to acquire 100% of the equity of EPCS, a small Czech steel fabrication company that owns a 19.94 hectare parcel of land located immediately south of the highway and rail line that bound the Chvaletice tailings deposit. This land parcel is immediately adjacent to the Chvaletice power plant and to a 1.7 hectare parcel of land and rail siding that was acquired by the Company in November 2017.

The land is zoned for industrial use and contains numerous buildings, including office, warehousing and other industrial structures, several of which are leased to short-term tenants. The land also contains two rail spurs and is served by gas, water and power.

The Company will have the right to acquire EPCS by making payments aggregating CZK 140 million payable in three cash instalments, the first of which was paid on October 17, 2018, in the amount of CZK14 million ($815,000). The Company can complete the acquisition of EPCS by making two additional instalments aggregating CZK126 million (approximately $7.04 million) as follows:

i. an instalment of CZK 42,000,000 (approximately $2.35 million at September 30, 2019) ("Second Instalment"), within 60 days of final approval of the EIA for the Chvaletice Manganese Project, and no later than three years after signing the EPCS Option Agreement. The three-year term may be extended under certain circumstances by up to one year; and

ii. a final payment of CZK 84,000,000 (approximately $4.69 million at September 30, 2019) ("Final Payment"), due upon receipt of all development permits for the Chvaletice Manganese Project, and no later than five years after signing the EPCS Option Agreement.

The shares of EPCS are being held in escrow pending release of the Final Payment by the Company. To secure the transaction, liens have been placed by the Company on the property and shares of EPCS, while the EPCS Option Agreement is in effect. The vendor of EPCS will continue to operate its steel fabrication business until the Final Payment is received, will retain profits from the business and will remain responsible for any losses incurred by the business during the term of the EPCS Option Agreement. The Company will endeavour to retrain and transition as many of the EPCS employees as possible into the proposed Chvaletice Manganese Project's workforce.

On February 7, 2019, the Company signed an amendment to the Option Agreement (the "Amendment"), funding, through EPCS, the purchase of several land parcels adjacent to the land owned by EPCS (section 4 of this MD&A).

PEA Results

On January 30, 2019, the Company completed and reported the results of the Chvaletice Manganese Project PEA for the production of high-purity manganese products, namely HPEMM and HPMSM. The Technical Report, with an effective date of January 29, 2019, as prepared by Tetra Tech, was released and filed on SEDAR on March 15, 2019.

The highlights of the PEA are as follows:

- Recycling of a 27 million tonne Measured and Indicated tailings resource (98.3% Measured) with a combined grade averaging 7.33% Mn, without the requirement of any hard rock mining, crushing or milling;
- 25-year project operating life producing 1.19 million tonnes of HPEMM, two-thirds of which is expected to be converted into HPMSM;
- Saleable product includes 404,100 tonnes of HPEMM and 2.35 million tonnes of HPMSM, focusing principally on Europe's rapidly emerging electric vehicle battery industry;
- Flexibility to supply either HPEMM or HPMSM, to suit customer preference;
- After tax NPV of US$593 million and pre-tax NPV of US$782 million, using a 10% real discount rate, and based on average life-of-project HPEMM (containing 99.9% Mn) price of US$4,617/tonne and an average HPMSM (containing 32% Mn) price of US$2,666/tonne (prices based on a market study prepared for the Company by CPM Group LLC);
- US$404 million in pre-production capital, US$24.8 million in sustaining capital, and US$31 million in working capital, with an ungeared, pre-tax 25.2% IRR with a 4.5-year payback, and a post-tax 22.6% IRR with a 4.9-year payback;
- Targeting production of ultra-high-purity electrolytic manganese metal with specifications exceeding 99.9% Mn and ultra-high-purity manganese sulphate monohydrate with a minimum manganese content of 32.34%, which exceed typical industry standards;
- 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 with the Project design meeting or exceeding all Czech and European health, safety and environmental standards, resulting in a significant remediation of the Chvaletice tailings site, arresting the ongoing pollution related to historical mining activities;
- Sophisticated, stable and business-friendly European Union jurisdiction that is highly supportive of new and, especially, green investment; and
- Opportunities exist to enhance returns through process optimization initiatives and various investment incentives that may be available through the Czech Republic and European Union.

HPEMM & HPMSM Market Development

In early May 2019, the Company signed a strategic agreement with a consumer of battery raw materials, which provides a framework for strategic and technical cooperation that is focused on large-scale lithium-ion batteries manufacturing, including the production of high-performance lithium-ion batteries for several market segments, including electric vehicles.

Pursuant to the agreement, both parties intend to collaborate and to share technical and strategic information, so that the Company's proposed Chvaletice Manganese Project plant can be designed and built to meet the long-term supply requirements of environmentally-superior high purity manganese products of the Party and its customers. Under the terms of the strategic agreement, the Company intends to deliver a specified quantity of HPMSM (the "Demonstration Material") to the Party's facility in the first half of calendar 2020. The Demonstration Material will be produced at the Company's demonstration plant, which will provide bulk, multi-tonne finished product samples for customer testing and evaluation, and which will be made from the Chvaletice tailings. Upon completion of testing and qualification of the Demonstration Material, the parties intend to enter into negotiations with the objective of agreeing on the terms and conditions of an offtake agreement with respect to the supply and purchase of high purity manganese products produced at the Chvaletice Manganese Project.

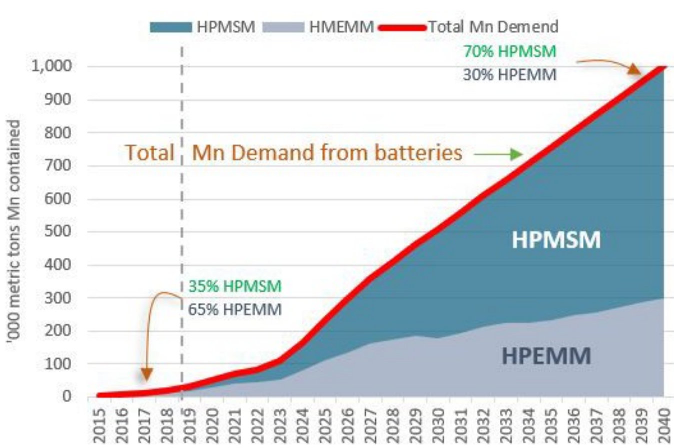
The Company continues to hold active discussions with several other consumers of high-purity manganese products in Asia, Europe and North America, and expects to enter into similar agreements with such companies during the calendar 2020, for the testing and qualification of the remainder of the Demonstration Material, followed by negotiations of offtake agreements and long-term commercial relationships with some or all of these parties later in the year.

The Chvaletice Manganese Project is targeting production of ultra-high-purity electrolytic manganese metal with specifications exceeding 99.9% Mn and ultra-high-purity manganese sulphate monohydrate with a minimum manganese content of 32.34%, which exceed typical industry standards. These products will be selenium and chromium-free and are designed to contain very low levels of deleterious impurities. As such, the Company believes the Chvaletice Manganese Project stands to become an important and environmentally-sustainable part of the international and European lithium-ion battery supply chains.

In connection with the preparation of the PEA, the Company commissioned the independent research and consultancy firm of CPM Group LLC ("CPM Group") to provide an HPEMM and HPMSM product market outlook study for the Chvaletice Manganese Project. The CPM Group prepared a comprehensive market research report and provided an extended executive summary of the market information for high purity manganese products, including market demand and supply and projected HPEMM and HPMSM prices. Cairn Energy Research Advisors ("Cairn ERA") contributed technical and battery industry inputs to the CPM Group report. The extended executive summary of the CPM market outlook entitled "Market Outlook for High-Purity Electrolytic Manganese Metal and High-Purity Manganese Sulfate Monohydrate," dated January 21, 2019 is reproduced in Section 19 of the Technical Report.

Highlights of the CPM Group report include:

- A double-digit increase of HPEMM and HPMSM demand is expected, driven by the electric vehicle ("EV") Lithium-ion battery industry.
- The Chvaletice Manganese Project is poised to become a key strategic asset in the heart of Europe by targeting production of some of the highest purity electrolytic manganese metal and manganese sulphate monohydrate available in the world today. The European consumers are currently sourcing the majority of their needs from China, which produces over 98% of electrolytic manganese metal and over 85% of high-purity manganese sulfate in the world.
- Production of rechargeable lithium-ion batteries for EVs is expected to dominate the market for HPEMM and HPMSM over the next two decades dwarfing any other application for these products. Following Cairn ERA's research into battery markets and combining it with its own research, CPM Group forecasts an 80-fold increase in the use of manganese in rechargeable Li-ion batteries between 2017 and 2037, as shown in the following figure.



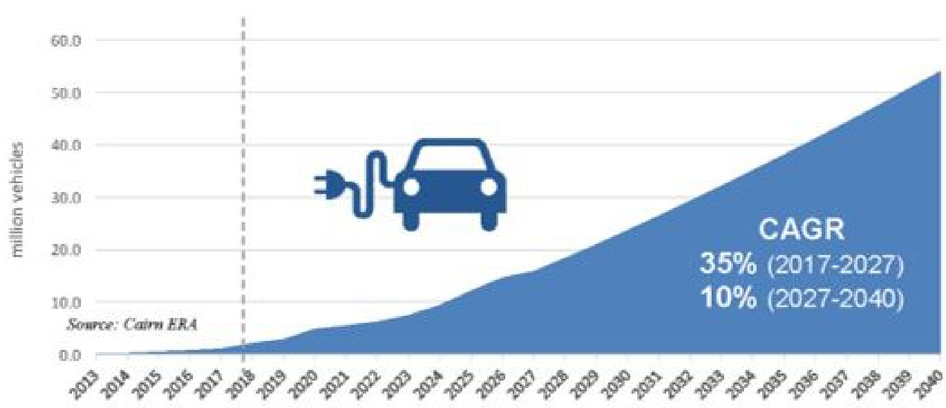
Source: Cairn ERA, CPM Group

- Europe is expected to play an important part in this 'electric vehicle revolution' with nine battery and battery precursor factories, with no fewer than twelve electric car factories already under construction or announced recently. Europe is expected to become the second most important centre (after China) of the global electric car and battery industries. Six large battery factories that will consume manganese inputs are located between 200 km and 400 km of Chvaletice as shown below:

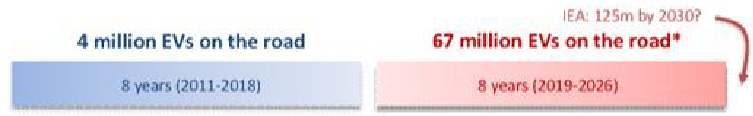
Source: Cairn ERA, CPM Group

- The CPM Group believes that the entire planned output of the Chvaletice Manganese Project can be consumed by the growing lithium-battery sector in Europe. Local supply chains are being built in Europe and apart from the convenient logistics, companies located within the European single market benefit from frictionless trading and additional benefits (e.g. imported manganese sulphate monohydrate is subject to a 5% EU import tariff).

- Data from the motor vehicle industry indicates that the number of EVs on the roads of the world surpassed the 3 million mark in 2017 with 1/3rd of this number sold in 2017 alone. In 2018, China on its own produced more than a million EVs and is expected to double this amount by 2020. The following figure represents the annual forecast EV annual sales forecast to 2040 (including plug-in hybrids) with a cumulative annual growth rate (CAGR) of 35% from 2017 to 2027, and 10% from 2027 to 2040.



- CPM Group reports that the EV production is ramping up rapidly and that accelerating market demand will lead to stronger sales during the next two decades, based on the forecasts from Cairn ERA and the International Energy Agency (IEA).



Source: CPM Group calculation based on Cairn ERA EV sales forecast; * assuming the oldest EV on the road in 2026 is 11 years old.

Feasibility Study and EIA

The Company advanced the Chvaletice Manganese Project to the feasibility stage, and appointed Tetra Tech as the owner's engineering representative for the feasibility study, responsible for overseeing the consultants and service providers in connection with the feasibility study, and for the preparation of the NI 43-101/JORC feasibility study report for the Project.

The preparation of the Chvaletice Manganese Project's EIA and related permit application is underway. The Company appointed Bilfinger Tebodin Czech Republic s.r.o., to lead the preparation and filing of the Project Description/Notification with the Czech Ministry of the Environment. The Project Description/Notification will include a description of: the manganese production process and resulting environmental footprint; results of baseline and other studies conducted to date; health, safety and environmental management plans; impact assessment, impact mitigation and avoidance plans/measures; socio-economic impacts on local communities; and reclamation plans/ objectives.

The Project Description will be available to local communities, residents, organizations and regulators, during a public comment and consultation period. The Project Description and the input and comments received, as well as any requirements for changes, will serve as the basis of further environmental studies, if required, and will form the basis for the last stage of the environmental permitting process. The Company expects the filing of the Project Description/Notification with the Czech Ministry of the Environment to be made in the second quarter of calendar 2020 and the completion of the EIA documentation to be submitted to the Czech Ministry of the Environment by the fourth quarter of calendar 2020.

The Company also selected BGRIMM as the lead process plant engineer, who will be working closely with Tetra Tech and the Company's other consultants. Together, these firms will conduct the excavation design, process plant design, tailings/residue storage facility design, and other related studies for the project and compile the necessary feasibility study inputs. Subject to the awarding of any remaining feasibility study contracts, the Company expects the feasibility study to be completed in the second half of calendar 2020.

6. Outlook

The Company does not expect that its current capital resources will be sufficient to fully fund the feasibility study and the demonstration plant and any new commitments it may make with respect to additional acquisitions of land or surface rights. Accordingly, the Company expects it will be required to raise additional funding for its next stage of development (see section 9 - "Liquidity and Capital Resources"). The expected funding of the feasibility study and the demonstration plant is estimated at a total of $11.4 million.

As it moves through the feasibility stage, the Company expects to continue evaluating potential value-enhancing opportunities for the Chvaletice Manganese Project. These include the potential for on-site production of sulphuric acid, optimizing building sizing and layout, equipment selection, solid-liquid separation methods, alternative magnesium removal methods, manganese sulphate crystallization technologies, leaching methods, waste generation minimization and recycling, as well as minimizing energy and water consumption. In collaboration with one or more potential consumers of high-purity manganese products, the Company also intends to evaluate the feasibility of building one or more satellite manganese metal dissolution plants to be located at customer NMC precursor plants. This would allow the Company to sell manganese sulphate solution instead of granulated manganese sulphate monohydrate, eliminating the energy-intensive crystallization step. The Company also plans to evaluate the possibility of selling by-product magnesium sulfate for agricultural use. These opportunities and others will be evaluated within the scope of work of design studies of the feasibility study.

Planning is also underway to design, build and commission a demonstration plant in the Czech Republic that will provide bulk, multi-tonne finished product samples for customer evaluation. The plant is intended to replicate the entire process flowsheet proposed in the PEA and to produce the equivalent of 100kg per day of manganese sulphate monohydrate. Several parties have expressed interest in testing and qualifying these products in order to design precursor and cathode formulations in combination with available nickel, cobalt and lithium products. The demonstration plant will also enable process optimization and testing for the final products development. In addition, it is expected to serve as a testing and training facility for future operators. The Company entered into a fixed-price, turnkey contract with CRIMM for the supply and commissioning of a technology, equipment package for the demonstration plant, which includes performance guarantees, as well as commissioning services and an operator training program. The supply and delivery of the demonstration plant remains subject to financing. The Company is targeting the completion of the plant construction and the delivery of the first finished product samples to potential customers in the second half of calendar 2020.

The Company continues to hold discussions with several other consumers of high-purity manganese products in Asia, Europe and North America, centered around the possibility of the Chvaletice Manganese Project's future production providing a competitive, high-purity, environmentally-superior and reliable long-term supply of HPEMM and/or HPMSM. The Company expects to enter into agreements with such companies over the course of 2020, and to enter into negotiations of offtake agreements with these parties. However, given that the Chvaletice Manganese Project is still in the evaluation stage, and still requires financing and permits, there can be no assurance that these discussions will lead to offtake agreements or commercial or strategic relationships in the near term, if at all.

7. Annual Financial Review

	Years ended September 30,		
	2019	2018	2017
(expressed in thousands of Canadian dollars, except per share data)	**$**	$	$
Revenue	—	—	—
Exploration and evaluation expenses Chvaletice Project	4,947	4,590	2,398
Other expenses	3,370	1,943	1,015
Net loss for the year attributable to shareholders	8,317	6,533	3,413
Basic and diluted loss per share attributable to shareholders (1)	$0.05	$0.06	$0.07

	As at September 30,		
	2019	2018	2017
	$	$	$
Cash	4,085	10,368	2,861
Total assets (2)	6,909	12,273	4,321
Non-current financial liabilities (2)	—	241	450

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

(2) Total assets for each year shown include $1,249,086 in mineral property interest related to the acquisition of the Chvaletice Manganese Project on May 13, 2016. Non-current liabilities as at September 30, 2019, 2018 and 2017 represents the non- current portions of the deferred share consideration to be issued in connection with the acquisition of the Chvaletice Manganese Project.

Year ended September 30, 2019, compared to the year ended September 30, 2018

The loss for the year ended September 30, 2019, of $8,317,405 compares to a loss of $6,534,075 for the year ended September 30, 2018, representing an increase of $1,783,330 or 27.3%. Basic and fully diluted loss per share decreased by $0.01 in the current period to $0.05 per common share. A summary of the project evaluation and other expenses, and an explanation of the significant variances is as follows:

	Year ended September 30,	
(expressed in thousands of Canadian dollars, except per share data)	**2019** **$**	2018 $
Exploration and evaluation expenses		
Engineering	**1,978**	1,855
Remuneration	**1,098**	683
Share-based compensation	**254**	216
Drilling, sampling and surveys	**212**	330
Metallurgical	**381**	277
Travel	**123**	233
Legal and professional fees	**370**	459
Geological	**215**	142
Market studies	**209**	143
Project management	**—**	147
Supplies and rentals	**107**	105
	4,947	**4,590**
Other expenses		
Remuneration	**1,305**	816
Share-based compensation	**494**	415
Total remuneration	**1,799**	1,231
Legal and professional fees	**253**	121
Investor relations	**275**	22
Product sales and marketing	**35**	27
Travel	**273**	122
Filing fees and compliance	**259**	127
Accretion expense	**60**	91
Office, general and administrative	**181**	108
Insurance	**103**	40
Office rent	**53**	29
Conferences	**55**	20
Depreciation	**24**	6
	3,370	1,944
Total loss for the year attributable to shareholders	**8,317**	6,534
Loss per share attributable to shareholders	**$0.05**	$0.06

Project evaluation costs for the year ended September 30, 2019 and 2018, were $4,947,215 and $4,589,662 respectively. The main cost variances include: increases of $414,820 in remuneration and $123,128 in engineering costs, both related to the PEA and the feasibility study; an increase in geological costs of $73,538 due to a hydro- geological study of the Project; an increase in market studies of $65,720 due to completion of product pricing inputs to the PEA; and a $37,961 increase in share-based compensation as a result of the increased project personnel. These costs were partially offset by a decrease of $117,381 in drilling, sampling and surveys attributable to the completion of the 2018 drilling program; a decrease in travel of $109,903 as a greater portion of Project activities were performed in the Czech Republic in the current period; a decrease of $146,619 in external project management costs following the hiring of a full time Managing Director of Mangan; and a decrease in legal and professional fees of $89,032 which was mainly due to the high fees in the comparative period in relation to the EPCS Option.

Engineering, remuneration, geological and metallurgical costs for year ended September 30, 2019, represent approximately 74% (year ended September 30, 2018 - 64%) of the total project evaluation costs for the period and are related to a number of activities supporting the completion of the PEA and the future development of the Project, including: a tailings/residue facility design study; studies related to test work, process and infrastructure design; the initiation of a wide range of bench and pilot scale tests and investigations to determine the optimum process to recover manganese to produce HPEMM and HPMSM; scoping and pre-feasibility-level process design studies, evaluating plant and site infrastructure layout alternatives, developing preliminary capital and operating cost estimates, planning and carrying out extensive environmental studies, and conducting widespread community consultations. In the current period, the Company also incurred costs relating to the planning stage of the feasibility study and commenced work on the EIA and commissioned studies for the demonstration plant. In the comparative period, in addition to the aforementioned activities, costs also include an extensive geotechnical and hydrogeological study, initiated in January 2018, of the tailings and certain lands under consideration for a potential plant site.

The $1,425,777 increase in other expenses for the year ended September 30, 2019, over the same period in 2018, is mainly attributable to total remuneration which increased by $568,171, of which $78,810 was an increase in share-based compensation related to options granted to directors and officers during 2019. The increase in total remuneration was attributable to the growth of the Company, the hiring of more full-time employees rather than consultants and to bonuses paid in December 2018 of $70,000.

Other significant increases in administrative costs for the year ended September 30, 2019, over the comparative period included: a $253,068 increase in investor relations expenses following the listings on the TSX-V and ASX and the hiring of investor relations consultants in Europe and Australia, news dissemination costs and investor conferences; a $131,464 increase in legal and professional fees mainly due to the regulatory filing requirements in Canada and Australia; a $150,937 increase in travel costs related to increased investor relations and market development activities; $73,562 increase in general administration expenses due to higher information technology related costs and foreign exchange loss and a $63,092 increase in insurance costs relating to the IPO. These costs were partially offset by lower filing fees by $131,568 as significant initial filing fees payable to the TSX-V and the ASX were incurred in the comparative period in relation to the Company's public listing and by a decline in accretion expense as a result of the decreasing remaining balance of the deferred consideration.

8. Quarterly Financial Review

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

As at the end of or for the period ending	July to Sept'19	April to June'19	Jan to March'19	Oct to Dec'18	July to Sept'18	April to June'18	Jan to March'18	Oct to Dec'17
	$	$	$	$	$	$	$	$
Cash	**4,085**	5,512	7,093	9,013	10,368	6,194	7,648	1,536
Total assets	**6,909**	8,390	10,029	11,773	12,273	7,928	9,381	3,302
Working capital [(1)]	**3,215**	4,814	6,416	8,385	9,119	5,450	6,973	721
Current liabilities	**1,028**	902	1,001	957	1,536	891	825	1,005
Revenue	—	—	—	—	—	—	—	—
Project exploration expenses	**1,059**	1,127	1,217	1,544	1,453	1,049	969	1,119
Other expenses	**751**	878	909	833	629	452	515	348
Net loss attributable to shareholders	**1,810**	2,005	2,126	2,377	2,082	1,501	1,485	1,467
Net loss per share, basic and diluted, attributable to shareholders	**0.02**	0.01	0.01	0.01	0.02	0.01	0.01	0.02

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

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

Project evaluation expenses

a. The four quarters of fiscal 2018 and the first quarter of fiscal 2019 reflect the work performed in the preparation of the PEA, which was completed in January 2019. The work included various engineering, sampling and surveys, and metallurgical studies from Canadian, European and Chinese engineering consulting firms.

b. In order to manage the increased level of engineering consultants and other project activities within the Czech Republic, in October 2017, the Company started hiring local full-time personnel, starting with a full-time Managing Director of Mangan subsequently followed by the hiring of additional technical and administrative personnel. Around the same time, the Company also raised its presence in the country with the opening of offices in Prague and a Project Information Centre in the town of Chvaletice.

c. Beginning January 2018, project related costs reflect the hiring of a full-time Vice President, Project Development, to oversee process engineering and overall project development planning.

d. Expenditures in the second half of the fiscal year ended September 30, 2018, reflect legal and professional fees associated with negotiating land purchase agreements and the quarter ended September 30, 2018, also reflects the costs of the 2018 drilling program which was initiated in July 2018.

e. Costs incurred from mid-2018 to March 31, 2019, include the significant metallurgical test work, geological, engineering and other consultant fees, market studies, process and infrastructure design studies, and extensive environmental studies, all in support of the PEA on the Chvaletice Manganese Project.

f. In the most recent two quarters, the Company commissioned studies for the demonstration plant, initiated the planning stage of the feasibility study, and advanced the work on the EIA.

Other expenses

The increase in the level of quarterly administrative expenditures is mainly attributed to the combination of:

- Increased remuneration beginning in January 2018, due to a higher number of full-time employees. These costs also comprise increased non-cash share-based compensation related to option grants to directors, management and employees.
- Increased investor relations and travel costs following the Company listing on the ASX and TSX-V in October 2018, continuous financing efforts and ongoing negotiations with potential customers.
- Additional legal and professional costs resulting from the Company being a publicly listed entity from October 2, 2018, and costs relating to on-going negotiations of land purchases.
- Increased insurance costs as a result of the public listing.

Three months ended September 30, 2019, compared to the three months ended September 30, 2018

Three months ended September 30, (expressed in thousands of Canadian dollars, except per share data)	**2019** **$**	2018 $
Exploration and evaluation expenses		
Engineering	**355**	382
Remuneration	**324**	198
Share-based compensation	**45**	85
Drilling, sampling and surveys	**2**	299
Metallurgical	**131**	167
Travel	**37**	62
Legal and professional fees	**95**	186
Geological	**19**	30
Market studies	**40**	(38)
Project management	**—**	61
Supplies and rentals	**11**	21
	1,059	1,453
Other expenses		
Remuneration	**322**	222
Share-based compensation	**93**	128
Total remuneration	**415**	350
Legal and professional fees	**64**	21
Investor relations	**14**	16
Product sales and marketing	**17**	4
Travel	**43**	46
Filing fees and compliance	**70**	127
Accretion expense	**10**	18
Office, general and administrative	**34**	29
Insurance	**25**	8
Office rent	**6**	8
Conferences	**45**	—
Depreciation	**8**	2
	751	629
Total loss for the quarter	**1,810**	2,082
Basic and diluted loss per common share	**$0.02**	$0.02

Project evaluation costs for the three months ended September 30, 2019 and 2018, were $1,058,508 and$1,451,761 respectively. The main cost variances include: a $296,522 decrease in drilling and sampling costs as the drill programs were completed in late 2018; a $36,539 decrease in metallurgical costs which in the current period relate to the initial work on the feasibility study while in the comparative period they related to the completion of the PEA; a $90,719 decrease in legal and professional fees relating to significant land purchase negotiations in the comparative quarter and a decrease of $25,139 in travel expenses as greater portion of Project activities in the current quarter were performed in the Czech Republic. This was partially offset by an increase in market studies of $78,238 as various marketing studies were performed in the current quarter.

Engineering, remuneration, geological and metallurgical costs for three months ended September 30, 2019, represent approximately 78% (three months ended September 30, 2018 - 54%) of the total project evaluation costs. In the current quarter, these project evaluation costs related to the advancement of the EIA, the initial work on the feasibility study and the planning and studies for the demonstration plant. In the comparative quarter, such project evaluation costs related to a number of activities supporting the completion of the PEA, including: a tailings/ residue facility design study; studies related to test work, process and infrastructure design; the initiation of a wide range of bench and pilot scale tests and investigations to determine the optimum process to recover manganese to produce HPEMM and HPMSM; scoping and pre-feasibility-level process design studies; evaluating plant and site infrastructure layout alternatives; developing preliminary capital and operating cost estimates; planning and carrying out extensive environmental studies; and conducting widespread community consultations.

The $121,101 increase in administrative costs for the three months ended September 30, 2019, compared to the same period in 2018, is mainly attributable to: a $99,931 increase in remuneration due to higher number of full time employees and to bonuses paid in December 2018 of $70,000; a $45,058 and a $2,635 increase in conference participation and investor relations expenses, respectively, as a result of increased manganese market development activities; and a $43,455 increase in legal and professional fees due to increased regulatory compliance requirements. These costs were partially offset by a $35,887 decrease in non-cash share-based compensation which impacted the comparative period due to new options granted to employees, directors and officers in August 2018; a $57,154 decrease in filing fees as significant fees were incurred in connection with the initial public listings in the comparative period.

9. Liquidity and Capital Resources

As at September 30, 2019, the Company held cash of approximately $4.1 million. Cash is held with reputable financial institutions and is invested in highly liquid short-term investments with maturities of three months or less. The funds are not exposed to significant liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Cash decreased by $6.3 million during the year ended September 30, 2019, primarily due to cash used in operating activities of $7.6 million and cash used in investing activities of $1.1 million, representing mainly the payment of the first instalment on the EPCS Option Agreement. This was partially offset by the proceeds from the Canadian Offering, which raised $2.5 million, less cash expenses of $0.4 million, and the exercise of broker warrants which raised $0.3 million.

As at September 30, 2019, the Company had working capital of $3.2 million, including cash of $4.1 million. The loss for the year was $8.3 million while cash used in operating activities was $7.6 million. Working capital at September 30, 2018, was $9.1 million, including cash of $10.4 million. The decrease in working capital was due to operating expenditures and the first EPCS Option payment, offset by the proceeds from the Canadian IPO and the exercise of broker warrants, as described above.

The Company's commitments at September 30, 2019, which include minimum office lease payments and project development commitments of $0.7 million are shown in section 12 of this MD&A. Having completed the PEA, the Company is advancing the Chvaletice Manganese Project to the feasibility study stage, which will require expenditures of approximately $4.9 million and is being staged based on the Company's available cash resources. The Company also intends to build a demonstration plant to produce bulk product samples for customer testing and qualification. The supply and delivery of the demonstration plant remains subject to financing. The Company estimates that the total cost, including the purchase and its operation for one year, will be approximately $6.5 million. Accordingly, the Company does not have sufficient capital resources to fund the feasibility study, demonstration plant, ongoing corporate costs, and any new commitments it may make with respect to additional acquisitions of land or surface rights. The Company will be required to raise additional funding for these activities in fiscal 2020.

As an early stage corporation, the Company does not own any properties with established Mineral Reserves and has no operating revenues and is unable to self-finance its operations. Accordingly, the main source of future funds presently available to the Company is through the issuance of share capital. Additional funding will also be required for the potential future construction of infrastructure and facilities for the Project. The ability of the Company to arrange such equity financings will depend principally upon prevailing market conditions and the business performance of the Company. The Company's ability to continue as a going concern is substantially dependent on its ability to raise funds through the issuance of shares. Such funding may not be available when needed, if at all, or be available on terms favorable 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 and could result in material adjustments to the carrying values of assets.

Use of Proceeds

In the Company's prospectus dated September 21, 2018 for initial public offering on the TSX-V, the Company provided a listing of the expected use of proceeds in connection with the Canadian and Australian Offerings. The expected use of proceeds was pared as of August 31, 2018. Accordingly, the following provides a comparison of the expected use of proceeds to the actual use of proceeds for the 13-month period ending September 30, 2019:

Use of proceeds to September 30, 2019	**Proposed use of proceeds for 18 months per prospectus**	**Proposed use of proceeds amounts for 13 months to Sept. 30, 2019**	**Actual use of proceeds amounts for 13 months to Sept. 30, 2019**	**Difference (saving) / overspent for 13 month period**
	$	$	$	$
Geology and Mineral Resources program [1]	889,000	889,000	204,000	(685,000)
Metallurgical testing and process engineering work program and other engineering studies related to the PEA	874,000	874,000	1,032,000	158,000
Environmental studies	303,000	303,000	316,000	13,000
First option payment related to purchase of EP Chvaletice s.r.o.	831,000	831,000	815,000	(16,000)
Cost of technical staff in the Czech Republic and Vancouver for 18 months	2,427,000	1,753,000	1,953,000	200,000
Cost of the Canadian and Australian IPO	805,000	805,000	1,007,000	202,000
General and administrative expenses	2,837,000	2,112,000	3,066,000	954,000
Total	8,966,000	7,567,000	8,393,000	826,000

(1) The Company completed the geology and mineral resource program, but at a lesser cost that originally forecast.

The analysis of the general and administrative costs is as follows:

Use of proceeds to September 30, 2019	**Proposed use of proceeds for 18 months per prospectus**	**Proposed use of proceeds amounts for 13 months to Sept. 30, 2019**	**Actual use of proceeds amounts for 13 months to Sept. 30, 2019**	**Difference (saving) / overspent for 13 month period**
	$	$	$	$
Professional fees (legal and audit)	306,000	221,000	294,000	73,000
Salaries and consultants	1,685,000	1,217,000	1,409,000	192,000
Investor relations and manganese metal market development, product sales and marketing	340,000	258,000	278,000	20,000
Insurance	150,000	150,000	108,000	(42,000)
Travel	104,000	75,000	296,000	221,000
Office, administrative and other [1]	252,000	191,000	681,000	490,000
Total	2,837,000	2,112,000	3,066,000	954,000

[1] Variance mainly due to higher filing and compliance fees than originally estimated.

Differences noted in the table above are not expected to have material impact on the Company's ability to achieve its business objectives as disclosed in the Company's prospectus dated September 21, 2018.

10. Off Balance Sheet Arrangements

As at September 30, 2019, there are no off-balance sheet arrangements which could have a material impact on current or future results of operations or the financial condition of the Company.

11. Related Party Transactions

For the year ended September 30, 2019, amounts paid to related parties were incurred in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the transacting parties.

At September 30, 2019, 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 directors and officers, including its non-executive Chairman, President and Chief Executive Officer, Managing Director of Mangan, Chief Financial Officer and Vice President, Corporate Development and Corporate Secretary.

	Twelve months ended September 30, 2019	2018
	$	$
Salaries and consulting fees payable to officers and directors	**1,512,566**	1,269,954
Directors' and officers' stock-based compensation	**475,038**	406,158
Total remuneration	**1,987,604**	1,676,112
Fees provided by a legal firm associated with a director of the Company	**226,935**	468,540

Fees provided by PRK Partners s.r.o. ("PRK"), a legal firm associated with Daniel Rosický, a director of the Company, for the year ended September 30, 2019 amounted to $226,935 (2018 - $468,540). The current year fees relate to general legal services and various land purchase negotiations whereas the prior year fees primarily related to the extensive negotiations relating to the EPCS Option Agreement.

As at September 30, 2019, amounts owing to directors and officers of the Company for salaries and directors fees amounted to $71,414 (2018 - $64,895) and included $32,377 owing to the Managing Director of Mangan and$39,037 owing in directors' fees. As at September 30, 2019, fees owing to PRK amounted to $48,329 (2018-$237,246). Other amounts payable to officers and directors for the reimbursement of travel related expenses were $50,875 for the year ended September 30, 2019 (2018 - $18,498).

12. Contractual Commitments

Pursuant to the Mangan Acquisition Agreement, dated May 13, 2016, the Company committed to five issuances of common shares, each valued at $300,000. At September 30, 2019, the Company has a commitment to issue common shares for a total value of $300,000 due on May 13, 2020. The number of shares to be issued will be based on the value of the Company's shares at the time of issuance, which is defined to be the 20-trading day weighted average of the Company's share price. Pursuant to an amending agreement between the Company and Mangan's founding shareholders dated June 15, 2018, the terms of the remaining obligations were modified to (i) limit the minimum deemed value of the shares to be issued so as not to be less than $0.05 per share; (ii) provide the Company with an option to settle the obligation in cash rather than shares; and (iii) require the obligation to be settled in cash in the event that the remaining share issuance results in a deemed value of below $0.05 per share.

In connection with the acquisition of Mangan, the Chvaletice Manganese Project is subject to a 1.2% net smelter royalty interest. Mangan has a right of first refusal on the sale of all or a part of the royalties held by Mangan's founding shareholders and has 90 calendar days to match any bona fide and binding offer accepted by any of the royalty holders.

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

Contractual committed undiscounted cash flow requirements as at September 30, 2019, are as follows:

		Payments due by period			
	Total	**Less than one year**	**1 – 2 years**	**2 – 3 years**	**After 3 years**
	$	**$**	**$**	**$**	**$**
Minimum office lease payments (1)	161,820	106,646	52,208	2,373	593
Operating expenditure commitments (2)	503,743	503,743	—	—	—
Total contractual obligations	665,563	610,389	52,208	2,373	593

(1) The Company has three non-cancellable operating office leases expiring within 2 to 4 years.

(2) Operating expenditure commitments relate to the evaluation work on the Chvaletice Project, mainly the feasibility study.

13. Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares without par value. The following common shares, stock options and share purchase warrants were outstanding at December 16, 2019:

	Number of securities
Issued and outstanding common shares	175,065,435
Share options	15,500,000
Warrants	5,756,750

Certain number of common shares and share options and all of the share purchase warrants are subject to escrow. For detail on the number of escrowed securities and the timing of their release refer to note 8(ii) of the Company's September 2019 Financial Statements.

14. Proposed Transactions

As at September 30, 2019, there is no proposed asset or business acquisition or disposition being considered that would affect the financial condition, financial performance or cash flows of the Company.

15. Significant Accounting Policies, Estimates and Judgments

Basis of preparation and accounting policies

Our consolidated financial statements have been 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 September 2019 Financial Statements. The impact of future accounting changes is disclosed in Note 3.12. to our September 2019 Financial Statements.

Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas of judgment and key sources of estimation uncertainty that have the most significant effect are disclosed in note 3.13. of our September 2019 Financial Statements.

16. Financial Instruments and Financial Risk Management

A description of the Company's financial instruments and financial risks that the Company is exposed to and management of these risks can be found in notes 10 and 11, respectively, of the Company's September 2019 Financial Statements.

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

Disclosure Controls and Procedures

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

Management, including the CEO and CFO, has evaluated the design and operating effectiveness of the Company's disclosure controls and procedures as of September 30, 2019. Based on this evaluation, management concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

Internal Controls Over Financial Reporting

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

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

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

Management, under the supervision and with the participation of our CEO and CFO, has evaluated the effectiveness of the design and operating effectiveness of the Company's internal control over financial reporting as of September 30, 2019. Based its evaluation, management concluded that the Company's internal controls over financial reporting, as defined in NI 52-109 - Certification of Disclosure in Issuer'sAnnual and Interim Filings, are effective to achieve the purpose for which they have been designed.

18. Forward-Looking Statements and Risks Notice

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

All of the results of the PEA constitute forward-looking information or statements, including estimates of internal rates of return, payback periods, net present values, future production, estimates of cash cost, assumed long term prices for HPEMM and HPMSM, proposed extraction plans and methods, operating life estimates, cash flow forecasts, metal recoveries and estimates of capital and operating costs. Furthermore, with respect to this specific forward-looking information concerning the development of the Project, the Company has based itsassumptions and analysis on certain factors that are inherently uncertain. Uncertainties include among others: (i) the adequacy of infrastructure; (ii) the ability to develop adequate processing capacity; (iii) the price of HPEMM and HPMSM;

(iv) the availability of equipment and facilities necessary to complete development; (v) the size of future processing plants and future tailings extraction rates; (vi) the cost of consumables and extraction and processing equipment;

(vii) unforeseen technological and engineering problems; (viii) currency fluctuations; (ix) changes in laws or regulations; (x) the availability and productivity of skilled labour; and (xi) the regulation of the mining industry by various governmental agencies.

Such forward-looking information or statements also include, without limitation, statements regarding the Company's intentions regarding the Project in the Czech Republic, including without limitation, the continued evaluation and development of the Project, the completion of a feasibility study, the building of the demonstration plant in the Czech

Republic, the Company's ability to secure additional financing for the ongoing development of the Project, its ability to acquire the remaining land or surface rights needed for the Project, the filing of an EIA, related permit applications and a formal project description with the Czech regulatory agencies and local communities, the growth and development of the high purity manganese products market and any other matters relating to the evaluation, planning and development of the Project. The Company also cautions readers that the PEA on the Project that supports the technical feasibility or economic viability of the Project, including the marketability of the high-purity manganese products, extraction method, costs, processing, metal recoveries and any other technical aspects related to the Project, is preliminary in nature and there is no certainty that the PEA will be realized.

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

The Company is engaged in the evaluation, exploration and development of mineral projects which, by their nature, are speculative. Accordingly, the Company is subject to risks associated with its industry and business, including but not limited to: risks inherent in the mineral exploration and evaluation and mineral extraction business; commodity price fluctuations; competition for mineral properties; mineral resources and reserves and recovery estimates; currency fluctuations; interest rate risk; financing risk; environmental risk; country risk; permitting risk; political risk; legal proceedings; and numerous other risks. A summary of the risks relating to the business of the Company and industry-related risks, and risks relating to the Company's Shares is included in the Company's Annual Information Form dated December 16, 2019, filed on SEDAR at www.sedar.com under the Company's profile.

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

MINING TENEMENTS AND MINERAL RESOURCE STATEMENT

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

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

Notes:

1. Exploration license 631/550/14-Hd was issued by the Czech Ministry of Environment on 2 September 2014 in favour of GET s.r.o and subsequently transferred to Mangan Chvaletice s.r.o. effective 25 September 2015, and was valid until 30 September 2019. On 4 December 2018, Mangan received a renewal and extension of this license until 31 May 2023.
2. The Preliminary Mining Permit is the prior consent of the Ministry of Environment of the Czech Republic for the establishment of the Mining Lease District, issued 17 April 2018, with effect 28 April 2018. The Preliminary Mining License is valid until 30 April 2023, and covers the areas covered by Exploration License Trnávka I and Trnávka II.
3. Exploration license MZP/2018/550/386-HD was issued by the Czech Ministry of Environment on 4 May 2018 in favour of Mangan Chvaletice s.r.o., effective 23 May 2018, and is valid until 31 May 2023.

Mineral Resources Statement:

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

The initial mineral resource statement for the Chvaletice Manganese Project in the Czech Republic, as at the end of the previous balance sheet date, 30 September 2018, was prepared in accordance with Canadian National Instrument 43-101 and JORC Code (2012 Edition), and included 23.37 million tonnes of Indicated and 3.51 million tonnes of Inferred mineral resources grading 7.40% and 8.21%, respectively. Based on the results of additional drilling and test work conducted during 2018, the Company issued an updated mineral resource statement for the Chvaletice Manganese Project effective 8 December 2018 (with a release date of 28 January 2019) which has improved the confidence classification of the resources to the measured and indicated categories. The updated mineral resource estimate was also prepared in accordance with Canadian National Instrument 43-101 and JORC Code (2012 Edition), and reported the mineral resources as summarized below:

Tailings Cell #	Classification	Dry In -situ Bulk Density (t/m³)	Volume (m³)	Tonnage (metric tonnes)	Total Mn (%)	Soluble Mn (%)
#1	MEASURED	1.52	6,577,000	10,029,000	7.95	6.49
	INDICATED	1.47	160,000	236,000	8.35	6.67
#2	MEASURED	1.53	7,990,000	12,201,000	6.79	5.42
	INDICATED	1.55	123,000	189,000	7.22	5.30
#3	MEASURED	1.45	2,942,000	4,265,000	7.35	5.63
	INDICATED	1.45	27,000	39,000	7.90	5.89
TOTAL	**MEASURED**	**1.51**	**17,509,000**	**26,496,000**	**7.32**	**5.86**
	INDICATED	**1.50**	**309,000**	**464,000**	**7.85**	**6.05**
COMBINED	**M&I**	**1.51**	**17,818,000**	**26,960,000**	**7.33**	**5.86**

Notes:

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

Governance Arrangements and Internal Controls: The Company has ensured that the mineral resources quoted are subject to good governance arrangements and internal controls. The mineral resources reported have been based on information compiled by Mr. James Barr, P. Geo, Senior Geologist, and Mr. Jianhui (John) Huang, Ph.D., P. Eng., Senior Metallurgical Engineer, both with Tetra Tech. Messrs. Barr and Huang are consultants to the Company and have sufficient experience in the field of activity being reported to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves, and both are Qualified Persons under National Instrument 43-101 – 'Standards of Disclosure for Mineral Projects'. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimation. In addition, technical information concerning the Chvaletice Manganese Project is reviewed by Mr. Gary Nordin, a consultant to the Company and its Chief Geologist, and a Qualified Person under NI 43-101.

Competent Persons and Qualifying Person Statements

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

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

Euro Manganese Inc.

(ARBN 627 968 567)

Corporate Governance Statement

Overview

Euro Manganese Inc. (the "**Company**") believes in the importance of a strong board of directors ("**Board**") and sound corporate governance policies and practices to direct and manage its business affairs. The Company considers that good corporate governance enhances its performance, and is essential to retaining the trust of shareholders, attracting the right people to the organisation and maintaining its social license in the communities in which it operates.

Canadian Corporate Governance

The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administering its corporate governance structures to promote integrity and responsible decision making.

The Company is incorporated in the Province of British Columbia, Canada and its shares were listed on the TSX Venture Exchange ("**TSXV**") on 2 October 2018. Accordingly, the Board seeks to apply the corporate governance practices and procedures set out in National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**") (published by the British Columbia Securities Commission and other Canadian corporate securities regulators) where possible, having regard to the Company's size and the nature of its operations.

Compliance with ASX Recommendations

The Company was officially admitted to the ASX on 28 September 2018 sought to adopt the ASX Recommendations in August 2018 in preparation for listing on ASX. The corporate governance principles and practices adopted by the Company may depart from those generally applicable to ASX-listed companies under the Corporate Governance Principles and Recommendations' (Third Edition) ("**ASX Recommendations**") published by the ASX Corporate Governance Council.

The Company sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practice departs from the ASX Recommendations, to the extent that they are currently applicable to the Company.

Corporate Governance Documents

Copies of the Company's corporate governance mandates, policies and charters are available on its website, https://www.mn25.ca.

Date

This statement is current as of 16 December 2019 and has been approved by the Board of Directors of the Company.

	ASX Recommendation	Complied with?	Comment
1.	**Principle 1 – Lay solid foundations for management and oversight**		
	A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.		
1.1	**ASX Recommendation 1.1** A listed entity should disclose: a. the respective roles and responsibilities of its board and management; and b. those matters expressly reserved to the board and those delegated to management.	 Yes Yes	The Company has a formal Board Charter (a copy is located on the Company's website) which sets out those matters reserved for the Board and those delegated to management. The Board's functions include, among other things, developing and setting the Company's strategic direction in conjunction with management, overall review of performance against targets and objectives, reviewing management's performance, ensuring the Company has adequate systems and internal controls together with appropriate monitoring of compliance activities, approval and compliance with policies including health, safety and environment and reporting to shareholders on the direction and performance of the Company. The Board has also established various committees to assist in carrying out its duties. These Committees include the Audit Committee, the Technical Committee, and the Governance, Compensation, Nominating and Sustainability Committee (the "GCNS Committee"). The Chief Executive officer ("CEO"), supported by senior executives, is responsible for the day-to-day management of the Company's affairs and the implementation of strategy and policy initiatives.
1.2	**ASX Recommendation 1.2** A listed entity should: a. undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b. provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	 Yes Yes	Before the Company proposes to appoint a new Director, appropriate checks are undertaken which include but are not limited to reviewing the person's character, experience, education, work experience and criminal record. Interviews with the potential candidates are conducted by existing Directors to make sure their experience, personality and ethics are an appropriate fit for the strategic direction of Company. Appropriate discussions with third parties who know the proposed Director may also be undertaken. Directors' biographical details, including their relevant qualifications, experience and the skills they bring to the Board are detailed on the Company website, in the Company's Annual Information Form, and in the Management Information Circular for the Annual General and Special Meeting of Shareholders. Details of any other public company directorships held are also provided in the Company's Annual Information Form and in the Management Information Circular for the Annual General and Special Meeting of Shareholders.
1.3	**ASX Recommendation 1.3** A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Partially complied with.	All senior executives, including the Company's non-independent, executive directors, have a written employment agreement with the Company setting out the terms of their appointment. As a matter of practice, the Company does not currently enter into written formal agreements with its non-executive (independent) directors. All Directors are provided with copies of the board mandate, sub-committee mandates, and all other codes of conduct and policies outlining their responsibilities and company polices that they are expected to abide by. Additionally, the Company enters into a formal indemnity agreement with each director and senior executive upon their commencement with the Company.
1.4	**ASX Recommendation 1.4** The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Not followed	Given the Company's current size and stage of development, the company does not have a separate Corporate Secretary. Prior to 1 November 2018, the Company's VP Finance and Chief Financial Officer also acted as the Company's Corporate Secretary and reported to the President & CEO. Effective 1 November 2018, the Company hired a new executive as VP Corporate Development, who also acts as the Company's Corporate Secretary, reporting to the President & CEO. The CEO and the Corporate Secretary communicate regularly with the board Chair on matters having to do with the proper functioning of the board and its committees. All board meeting agendas are approved by the Chair.

	ASX Recommendation	Complied with?	Comment
1.5	**ASX Recommendation 1.5**		
	A listed entity should:		
	a. have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;	Partially followed.	The Diversity policy was established and approved by the Board on 14 December 2017. Given the Company's current size and stage of development, it is not practical to set measurable objectives for achieving gender diversity. The Company has a policy to select the best available officers and staff for each relevant position in a non-discriminatory manner based on merit.
	b. disclose that policy or a summary of it; and	Yes	A copy of the Diversity Policy is disclosed on the Company's website.
	c. disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:	No	Not done to date given The Company's current size and stage of development.
	1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or	No	Not done to date given the Company's current size and stage of development.
	2. if the entity is a "relevant employer" under the Workplace gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Not applicable.	The Company is a Foreign company and is not subject to the Workplace Gender Equality Act. Canada has not mandated/legislated requirements for gender equality for company directors or senior management.
1.6	**ASX Recommendation 1.6**		
	A listed entity should:		
	a. have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	Yes	The processes for periodic Board member performance evaluation are incorporated into the Board mandate and mandate of the GCNS Committee – both of which were approved by the Board on 14 December 2017, and are disclosed on the Company's website. Through the GCNS Committee, the Board will assess the overall effectiveness of (i) the Board as a whole, (ii) individual directors (including the Chairman, and any Lead Director, if appointed) and (iii) each of the committees (other than the GCNS Committee which shall be evaluated by the full Board) from a corporate governance perspective and compliance with the relevant mandate, charter or terms of reference as applicable. In connection with such evaluations, each director will be required to provide his or her assessment of the effectiveness of the Board and each committee as well as the performance of the individual directors, annually. Such evaluations take into account the competencies and skills each director is expected to bring to his or her particular role on the Board or on a committee, as well as any other relevant facts. The Audit Committee must also assess, on an annual basis, its effectiveness.
	b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	During the reporting period ended 30 September 2019, evaluations, as described above, were first completed in early December 2018, in connection with the approval of the 2018 financial reports and other year-end filings.
1.7	**ASX Recommendation 1.7**		
	A listed entity should:		
	a. have and disclose a process for periodically evaluating the performance of its senior executives; and	Yes	The Board Mandate provides for the monitoring of management's successes, which involves assessing the performance of senior executives. The performance of the CEO is evaluated by the Chairman with input from the Board and the review is then discussed with the Board. The CEO will also evaluate the performance of key executives on an annual basis.

	ASX Recommendation	Complied with?	Comment
	b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	During the reporting period ended 30 September 2019, performance evaluations were carried out by the CEO in early 2019, related to the 2018 calendar year. The Company intends to carry out these evaluations on a calendar year basis.
2.	**Principle 2 – Structure the board to add value**		
	A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.		
2.1	**ASX Recommendation 2.1** The board of a listed entity should: a. have a nomination committee which: 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, and disclose: 3. the charter of the committee; 4. the members of the committee; and 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b. if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	1. Yes 2. Yes 3. Yes 4. Yes 5. Yes b. Not applicable.	The GCNS Committee is composed of a minimum of three directors, the majority of whom shall be independent directors. Current members of the GCNS Committee include Harvey N. McLeod, John Webster, and Marco Romero, with Messrs. McLeod and Webster being independent directors. Harvey N. McLeod is the current chair of the committee. The GCNS Charter is disclosed on the Company's website. The members of the GCNS committee are disclosed above and on the Company's website. Since its formation 14 December 2017 to the end of the reporting period on 30 September 2018, the GCNS Committee held three meetings, each of which was attended by all three committee members. During the reporting period on 30 September 2019, the GCNS Committee met four times, on 10 December 2018, 11 February 2019, 29 April 2019 and 06 August 2019 each of which was attended by all three committee members.
2.2	**ASX Recommendation 2.2** A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Not followed	The Company does not currently have a formal skills or diversity matrix in relation to the Board members. The Board considers that such a matrix is not necessary given the current size and stage of the Company's development. However, as a matter of practice, the Board requires that each director: • possess the skills and experiences required to carry out their duties and functions; and • demonstrate a track record of honesty, integrity, ethical behaviour, fairness and responsibility and a commitment to representing the long-term interests of the Company's shareholders. The Board endeavours to ensure that the Board is comprised of individuals with varying backgrounds, who have (either collectively or individually) significant experience in running and managing public companies, particularly in the resource sector. The significant and relevant board experience is set out in each Director's biography on the Company's website, in the Company's Annual Information Form, and in the Management Information Circular for the Annual General and Special Meeting of Shareholders. The Board may adopt a formal skills matrix at a later time as the Company's operations grow and evolve.

	ASX RECOMMENDATION	COMPLIED WITH?	COMMENT
2.3	**ASX Recommendation 2.3** A listed entity should disclose:		
	a. the names of the directors considered by the board to be independent directors;	Yes	The Board currently consists of eight members, a majority of whom are independent. Marco A. Romero is not independent as he is the President and CEO of the Company, and Jan Votava is not independent as he is Managing Director of Mangan Chvaletice s.r.o., the Company's wholly-owned subsidiary. Additionally, Daniel J. Rosický is not independent as he is a partner in PRK Raft s.a., a wholly owned subsidiary of PRK Partners, attorneys, a Czech law firm that provides legal services to the Company's Czech subsidiary and in which he is a partner. Roman Shklanka, David B. Dreisinger, Harvey N. McLeod, Gregory Martyr and John Webster are considered independent as none of them is an adviser or supplier to the Company or has any other material contractual relationship with the Company other than their position as a Director.
	b. if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and	Yes	The Company has determined that there are no known conflicts of interest. As indicated above, Daniel J. Rosický is not independent as he is a partner in PRK Raft s.a., a wholly owned subsidiary of PRK Partners, attorneys, a Czech law firm that provides legal services to the Company's Czech subsidiary and in which he is a partner. The Board has determined that Mr. Rosický's position as partner in this firm does not interfere with his independent judgement as a director of the Company.
	c. the length of service of each director.	Yes	Each director has served since their appointments shown opposite their names: Roman Shklanka – 25 November 2014; Marco A. Romero - 25 November 2014; Harvey N. McLeod – 14 September 2015; John Webster -14 September 2015; David B. Dreisinger – 14 September 2015; Daniel J. Rosický – 11 January 2016; Jan Votava – 21 September 2017; and Gregory P. Martyr – 20 March 2018.
2.4	**ASX Recommendation 2.4** A majority of the board of a listed entity should be independent directors.	Yes	The Board currently comprises a majority of independent directors (five independent directors and three non-independent directors). Refer to Recommendation 2.3 for further information.
2.5	**ASX Recommendation 2.5** The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	The Company has adopted the recommendation that the Chairman should be independent. Roman Shklanka is non-Executive Chairman of the Board and is independent. The CEO is Marco A. Romero.
2.6	**ASX Recommendation 2.6** A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	In conjunction with the GCNS Committee, the Board oversees the establishment of suitable orientation programs for new Directors and continuing education opportunities for all Directors. New Directors are provided with corporate policies, historical information about the Company, management reports, Chvaletice Manganese Project site visits, as well as information on the Company's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Company also encourages Directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters. Each Director of the Company has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a Director. The Company arranges regular meetings and encourages interaction between the directors with the Company's management team members and requires all independent directors to participate in board committees.

	ASX Recommendation	Complied with?	Comment
3.	**Principle 3 – Act ethically and responsibly**		
	A listed entity should act ethically and responsibly.		
3.1	**ASX Recommendation 3.1** A listed entity should: a. have a code of conduct for its directors, senior executives and employees; and b. disclose that code or a summary of it.	Yes Yes	The Board adopted and approved a Code of Ethics and Business Conduct on 14 December 2017. All Directors, senior executives & employees are required to read and acknowledge (in writing) their having read the code. A copy of the Company's Code of Ethics and Business Conduct is disclosed on the Company's website.
4.	**Principle 4 – Safeguard integrity in corporate reporting**		
	A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.		
4.1	**ASX Recommendation 4.1** The board of a listed entity should: a. have an audit committee which:		
	1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and	Yes	All members of Audit Committee are non-executive directors, John Webster, David Dreisinger, Roman Shklanka (to 22 February 2019), and Gregory Martyr (from 22 February 2019), each of which is independent.
	2. is chaired by an independent director, who is not the chair of the board,	Yes	John Webster is the chair of the Audit Committee, is independent and is not the Chair of the Board.
	and disclose:		
	3. the charter of the committee;	Yes	A copy of the Audit Committee Charter is available on the Company's website.
	4. the relevant qualifications and experience of the members of the committee; and	Yes	The relevant qualifications and experience of the Committee members is included in Directors' Report contained in theCompany's Annual Information Form, and in the Management Information Circular for the Annual General and Special Meeting of Shareholders.
	5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes	Since its formation 14 December 2017 to the end of the reporting period on 30 September 2018, the Audit Committee held three meetings, of which John Webster attended all three, and Roman Shklanka and David Dreisinger attended two. During the reporting period on 30 September 2019, the Audit Committee met four times, on 07 December 2018, 11 February 2019, 10 May 2019 and 06 August 2019 each of which was attended by John Webster and David Dreisinger. Prior to the appointment of Gregory Martyr on 22 February 2019, Roman Shklanka attended the two Audit Committee meetings on 07 December 2018 and 11 February 2019. Following his appointment to the Audit Committee, Gregory Martyr attended the two Audit Committee meetings on 10 May 2019 and 06 August 2019.
	b. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Not applicable.	

	ASX Recommendation	Complied with?	Comment
4.2	**ASX Recommendation 4.2** The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	As a foreign registered company, the Company is not required to comply with the annual financial reporting requirements of the Corporations Act. The Company is therefore not required to provide these declarations in accordance with section 295A of the Corporations Act. However, in accordance with the requirements of Canadian securities law (National Instrument 52- 109), the chief executive officer and chief financial officer of the Company are required to formally certify financial statements filed by the Company. As part of this certification process, the chief executive officer and chief financial officer are required to provide a certificate declaring that they have each reviewed the financial statements, the financial statements contain no misrepresentations and that they fairly present, in all material respects, the financial condition, results of operations and cash flows of the Company.
4.3	**ASX Recommendation 4.3** A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company requests that a representative of its external auditor attend each annual general meeting and be available to answer any shareholder questions concerning the conduct of the audit and the preparation and content of the auditor's report.
5.	**Principle 5 – Make timely and balanced disclosure**		
	A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.		
5.1	**ASX Recommendation 5.1** A listed entity should: a. have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and	Yes	The Board has adopted a Continuous Disclosure Policy which raises awareness of the Company's obligations under the continuous disclosure regime; establishes a process to ensure that information about the Company, which may be market sensitive and which may require disclosure, is brought to the attention of the person(s) primarily responsible for ensuring that the Company complies with its continuous disclosure obligations in a timely manner and is kept confidential; and sets out the obligations of Directors, officers, employees and contractors of the Company to ensure that the Company complies with its continuous disclosure obligations.
	b. disclose that policy or a summary of it.	Yes	A copy of the Continuous Disclosure Policy is located on the Company's website
6.	**Principle 6 – Respect the rights of security holders**		
	A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.		
6.1	**ASX Recommendation 6.1** A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Company provides information about itself and its governance to investors via its website. The Corporate Governance tab/menu provides access to all Committee Charters and other relevant Corporate Governance Policies
6.2	**ASX Recommendation 6.2** A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Board aims to ensure that shareholders are provided with all of the information necessary to assess the performance of the Company. The Company follows the principles outlined in its Continuous Disclosure policy to ensure all investors are fully informed on the activities of the Company. The CEO is responsible for other investor relations activities with the assistance of the VP Corporate Development and Company Secretary.

	ASX Recommendation	Complied with?	Comment
			Shareholders or the public may make enquires to the Company via its website. Shareholder queries are dealt with on an individual basis and any requested information is provided whenever possible. Significant shareholder queries are brought to the attention of management or the Board.
6.3	**ASX Recommendation 6.3** A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Prior to each meeting of shareholders, the Company disseminates a notice of meeting and an information circular which informs of all matters to be put to the meeting, encourages participation of shareholders in such meetings and sets out the processes of facilitating participation.
6.4	**Recommendation 6.4** A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Company considers that communicating with shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner. Canadian law does not permit the Company to send all types of disclosure documents to shareholders electronically. However, as a matter of practice, the Company provides shareholders with the option to receive communications from the Company electronically, wherever possible. Existing shareholders are able and encouraged to: • consent to receiving communications electronically (where permitted by law) by completing and returning a consent form which may be obtained from the Company or its securities registry; and • subscribe to the Company's mailing list, to receive ongoing updates in relation to the Company and its operations via email.
7.	**Principle 7 – Recognise and manage risk**		
	A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.		
7.1	**ASX Recommendation 7.1** The board of a listed entity should:		
	a. have a committee or committees to oversee risk, each of which:		The Company has delegated risk oversight and risk management to the Audit Committee. Risk oversight and risk management are also a part of the overall responsibilities of the Board.
	1. has at least three members, a majority of whom are independent directors; and	Yes	
	2. is chaired by an independent director, and disclose:	Yes	The audit committee is comprised of three non-executive directors, all of which are independent. John Webster is the current chair of the Audit Committee.
	3. the charter of the committee;	Yes	A copy of the Audit Committee Charter is available on the Company's website.
	4. the members of the committee; and	Yes	John Webster, David Dreisinger and Gregory Martyr all of which are independent. John Webster is the current chair.
	5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes	Since its formation 14 December 2017 to the end of the reporting period on 30 September 2018, the Audit Committee held three meetings, of which John Webster attended all three, and Roman Shklanka and David Dreisinger attended two. During the reporting period on 30 September 2019, the Audit Committee met four times, on 07 December 2018, 11 February 2019, 10 May 2019 and 06 August 2019 each of which was attended by John Webster and David Dreisinger. Prior to the appointment of Gregory Martyr on 22 February 2019, Roman Shklanka attended the two Audit Committee meetings on 07 December 2018 and 11 February 2019. Following his appointment to the Audit Committee, Gregory Martyr attended the two Audit Committee meetings on 10 May 2019 and 06 August 2019.
	b. if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Not applicable.	

	ASX Recommendation	Complied with?	Comment
7.2	**ASX Recommendation 7.2** The board or a committee of the board should: a. review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and b. disclose, in relation to each reporting period, whether such a review has taken place.	Yes Yes	The Company commenced an organisation wide risk review in late 2018 to identify potential business risks, with such risks then being assessed and ranked using the Company's risk matrix. The effectiveness of controls in place to address each risk is to be reviewed on a regular basis and, and where the residual risk is considered outside of acceptable limits, further controls and risk mitigation measures are to be developed and implemented.
7.3	**Recommendation 7.3** A listed entity should disclose: a. if it has an internal audit function, how the function is structured and what role it performs; or b. if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Not applicable. Yes	Given its size and current stage of development, the Company does not have a formal internal audit function. Under the Audit Committee Charter, the Audit Committee is responsible for (amongst other things) inquiring as to the adequacy of the Company's system of internal controls and reviewing periodic reports from management regarding internal controls, which includes assessing risk with respect to financial reporting. The Audit Committee provides quarterly reports to the Board in this regard, and the Board is responsible for overseeing the processes implemented to ensure the integrity of the Company's internal control and management information systems. The processes that the Board and Audit Committee employ for evaluating and continually improving the effectiveness of the Company's risk management and control processes are set out in Recommendation 7.1 above.
7.4	**ASX Recommendation 7.4** A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	The Company is a mineral exploration company whose primary focus is the evaluation and development of the Chvaletice manganese project in the Czech Republic. The Company is therefore exposed to economic, environmental and social sustainability risks. <u>Economic risks:</u> The Company considers that the following (non-exhaustive) operational risks are inherent in the industry in which it operates: • fluctuations in commodity prices and exchange rates; • accuracy of mineral reserve and resource estimates; • reliance on licenses, permits and approvals from governmental authorities, as well as the Company's ability to secure surface rights over the claims which comprise its Chvaletice Manganese Project; • the intensively competitive nature of the mineral exploration and extraction industry for financial resources and technical expertise; • ability to obtain additional financing; • the dependence on key personnel, employees and consultants; • access to infrastructure and critical supplies; and • changed operating, market or regulatory environments, and in-country risks. The Audit Committee Charter provide for the establishment, maintenance and evaluation of risk management systems, to manage and minimise risks to the Company. <u>Environmental risk:</u> All phases of the Company's operations are subject to environmental regulation. Environmental legislation is evolving in a manner which requires increasingly strict standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for corporations and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations, including its ability to develop the Chvaletice Manganese Project, capital and operating expenditures, earnings and competitive position. The area covered by the Company's Chvaletice Manganese Project has been significantly impacted by past mining and other heavy industrial activities. Czech law exempts land owners and developers from impacts prior to 1989.

	ASX RECOMMENDATION	COMPLIED WITH?	COMMENT
			Mining activity at the Chvaletice Manganese Project predates 1975. The Company is, however, responsible for any new disturbances and impacts that it may cause. Environmental baseline studies have been in progress since the summer of 2016. These include hydrological sampling and monitoring, as well as fauna and flora surveys. As part of the permitting for the project, the Company will adhere to Czech environmental regulations, standards and best practices for an Environmental Monitoring and Management Plan, including waste water, waste and tailings storage, air, noise and other environmental regulations. The Company has initiated pro-active and regular consultation with community stakeholders, which are expected to intensify as the evaluation and planning for the Chvaletice Manganese Project advances. The Company's subsidiary, Mangan, opened a Project Information Center in November 2017 in the Town of Chvaletice's Municipal Culture House to provide local residents with opportunities to learn about the Chvaletice Manganese Project and to provide feedback and suggestions. Due to the location of the Chvaletice Manganese Project on the shore of the Labe River, there is potential for environmental sensitivities related to run-off and potential impacts to local groundwater. Adequate additional baseline environmental data collection and planning will be required to ensure the effects to the receiving environment are well understood. This baseline work has been initiated and is ongoing. Social sustainability risks: The Company emphasizes a safe and secure working environment and recognizes the importance of operating in a sustainable manner. The Company has adopted a Code of Ethics and Business Conduct which sets out the standards which guide the conduct of its business and the behavior of its directors, officers, employees and consultants. All new employees must read, and acknowledge that they will abide by, the Code when hired. The Code, among other things, sets out standards in areas relating to the Company's: commitment to health and safety in its business operations; compliance with applicable occupational health and safety laws and regulations; promoting and providing a work environment in which individuals are treated with respect, and are free of all forms of discrimination and abusive and harassing conduct; providing employees with equal opportunity; and ethical business conduct and legal compliance. The Code also requires the Company to conduct its exploration, development and mining operations using environmental best practices with a goal of protecting human health, minimizing impact on the ecosystem and returning exploration and mining sites to a high environmental standard, and always in compliance with all applicable environmental laws and regulations. Further, the Code requires that the Company conduct its operations with a view to respecting and enhancing the economic and social situations of the communities in which the Company operates. The Company has also adopted a Whistleblowing Policy wherein employees and consultants of the Company are provided with the mechanics by which they may raise concerns with respect to falsification of financial records, unethical conduct, harassment, theft, and violation of the Code, or any other "wrong-doing" in a confidential, anonymous process. More information on the environmental and social responsibility risks and how the company manages such risks can be found on the Company's website under https://www.mn25.ca/ethics
8.	**Principle 8 – Remunerate fairly and responsibly**		
	A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.		
8.1	**ASX Recommendation 8.1** The board of a listed entity should:		The Company has established a GCNS Committee which has been delegated responsibility of, among other things, making recommendations to the board regarding Director remuneration, as well as executive remuneration.

	ASX Recommendation	Complied with?	Comment
	a. have a remuneration committee which:		The GCNS Committee is composed of a minimum of three directors, the majority of whom shall be independent directors.
	1. has at least three members, a majority of whom are independent directors; and	Yes	Harvey N. McLeod, an independent director, is the current chair of the GCNS Committee.
	2. is chaired by an independent director,	Yes	
	and disclose:		
	3. the charter of the committee;	Yes	The Company has adopted a charter for the GCNS Committee, a copy of which is available on the Company's website.
	4. the members of the committee; and	Yes	Current members of the GCNS Committee include Harvey N. McLeod, John Webster, and Marco Romero.
	5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes	Since its formation 14 December 2017 to the end of the reporting period on 30 September 2018, the GCNS Committee held three meetings, each of which was attended by all three committee members. During the reporting period on 30 September 2019, the GCNS Committee met four times, on 10 December 2018, 11 February 2019, 29 April 2019 and 06 August 2019 each of which was attended by all three committee members.
	b. if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Not applicable	
8.2	**ASX Recommendation 8.2**		
	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	The structure of non-executive Director remuneration is clearly distinguishable from that of executive Directors and other senior executives. Non-executive Directors are remunerated on a fixed fee basis for time and responsibility as part of an aggregate remuneration approved by shareholders. Non-executive and executive Directors are eligible to receive incentive stock options under the Company's shareholder approved stock option plan. As of the date hereof, non-executive and executive Directors hold an aggregate of 8,325,000 stock options to purchase shares in the Company, representing 53.71% of the total incentive options outstanding. Senior executives are remunerated on an annual basis based on a combination, and in some cases are eligible for pre-defined bonuses based on the achievement of certain milestones. Senior officers of the Company are also eligible to receive incentive stock options under the Company's shareholder approved stock option plan. Further details regarding the remuneration practices and policies for the Company's Directors and officers are included in the Compensation section of the Company's Management Information Circular for the Annual General and Special Meeting of Shareholders which informs of all matters to be put to shareholders at an annual general meeting of the Company.
8.3	**ASX Recommendation 8.3**		
	A listed entity which has an equity-based remuneration scheme should:		
	a. have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and	Yes	The Company's only equity-based remuneration scheme is its Stock Option Plan which governs the issuance of incentive stock options to directors, officers, employees and consultants. The plan was ratified by the shareholders of the Company on 11 February 2019.
	b. disclose that policy or a summary of it.	Yes	The Company's Securities Trading Policy prohibits participants of any equity-based remuneration scheme entering into transactions which limits the economic risk of a participant. A copy of the Company's Insider Trading Policy is available on the Company's website.

OTHER ASX ANNUAL REPORT INFORMATION

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

Corporate Governance Statement

The Company's Corporate Governance Statement is provided in the preceding section of this Annual Report.

Names of Substantial Shareholders

The names of the substantial shareholders, as of 30 November 2019, are as follows:

Shareholder	Shares/CDIs held	Percentage interest
Terra Capital Natural Resources Fund	17,128,785	9.78%
Roman Shklanka	10,453,335	5.97%
Marco A. Romero	9,713,000	5.55%
Tribeca Investment Partners Pty Ltd.	9,265,156	5.29%

Number of Holders of Each Class of Securities(1)

The Company's authorized share capital consists of an unlimited number of Shares without par value. As at 30 November 2019, 175,065,435 Shares (including CDIs) are issued and outstanding and held by 308 shareholders, one of which (CDS & Co.) holds 58,339,155 Shares on behalf of 21 nominee and depository entities. In addition, as of 16 December 2019, there were 15,500,000 Shares issuable on the exercise of incentive stock options held by twenty-eight option holders, and 5,756,750 Shares issuable on the exercise of common share purchase warrants held by two warrant holders.

Voting Rights

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

Distribution of Holders(1)

As at 30 November 2019, the distribution of shareholders was as follows:

Size of holding	Number of holders	Percentage
1 – 1,000	14	4.55%
1,000 – 5,000	15	4.87%
5,001 – 10,000	30	9.74%
10,001 – 100,000	163	52.92%
100,001 and over	86	27.92%
Total	**308**	**100.00%**

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

As of 30 November 2019, there were approximately twenty-three holders of the Company's Shares/CDIs with less than a Marketable Parcel, based on the closing price of the CDIs on the ASX as of that date of A$0.165.

Name of Corporate Secretary

During the reporting period, the Company's VP Finance and Chief Financial Officer, Mr. Pierre Massé, was the Corporate Secretary of the Company from 1 October to 31 October 2018. Effective 1 November 2018, Mr. Fausto Taddei was appointed Vice President Corporate Development and Corporate Secretary.

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

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

Registered Office:
Suite 1700 - 666 Burrard Street, Vancouver, British Columbia
V6C 2X8 Canada

Canada:
1500 - 1040 West Georgia Street, Vancouver, British Columbia,
V6E 4H8 Canada
Tel: + 1 604 681 1010

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

The Register of securities is kept at the following offices

Australia:
Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000, Australia
Toll Free 1300 855 080
Toll +61 (03) 9415 4000

Canada:
Computershare Investor Services Inc.
510 Burrard Street, 3rd Floor
Vancouver, British Columbia V6C 3B9
Canada
Tel: + 1 604 661 9400

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

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

Number and Class of Restricted Securities

The following information is provided as of 30 November 2019.

Under ASX Listing Rules, Shares, options and warrants held by certain promotors, related parties, and consultants were escrowed for a period of up to two years from the ASX listing date of 28 September 2018. The following securities are escrowed until the following scheduled release dates:

Date to be released from Escrow	Shares/CDIs	Options	Warrants
28 September 2020	25,770,569	7,175,000	5,756,750
Total	**25,770,569**	**7,175,000**	**5,756,750**

In accordance with Canada's National Policy 46-201 – *Escrow for Initial Public Offerings* ("NP 46-201"), the following Shares and options are escrowed until the following scheduled release dates:

Date to be released from Escrow	Shares	Options	Warrants
2 April 2020	7,261,340	1,600,000	-
Total	**7,261,340**	**1,600,000**	**-**

Number and Class of Restricted Securities *(continued)*

In many cases, a particular holder, or any particular share, option or warrant, will fall into one or more of the above categories. If a holder of these securities is subject to one or more of these escrow regimes, the securities will not be released from escrow until the release schedule for all regimes have been met. Given this overlap, on any particular release date, despite a security being released from a particular escrow regime, such security may still be in escrow under another regime.

Particulars of Unquoted Equity Securities

Unquoted equity securities include options and warrants to purchase shares.

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

As of 30 November 2019, there were 15,850,000 Shares issuable on the exercise of incentive stock options held by twenty-eight option holders, having the following exercise prices and expiry dates:

Number of Options	Exercise Prices (CAD$)	Expiry Date
1,625,000	C$0.08	16 May 2026
200,000	C$0.10	14 June 2026
1,575,000	C$0.10	06 April 2027
3,400,000	C$0.11	22 September 2027
700,000	C$0.11	14 December 2027
3,225,000	C$0.20	21 February 2028
500,000	C$0.20	20 March 2028
1,000,000	C$0.25	15 August 2028
2,725,000	C$0.28	14 February 2029
400,000	C$0.25	14 May 2029
150,000	C$0.25	12 August 2029

In connection with fees related to private equity placements in 2018, and the initial public offerings of CDIs in Australia and Shares in Canada, the Company issued the broker and agent warrants entitling the holders to purchase Shares on the exercise of warrants having the following exercise prices and expiry dates:

Number of Warrants	Exercise Prices (CAD$)	Expiry Date
2,856,750	C$0.30	28 February 2021
2,900,000	C$0.375	02 October 2021

Review of Operations and Activities for the Reporting Period

A review of operations of the consolidated entity for the reporting period ended 30 September 2019 is provided in Management's Discussion and Analysis included in this Annual Report immediately following the consolidated financial statements for the same period.

Additional information on the Company, its directors and executive management, and risk factors faced by the Company can be found in the Company's Annual Information Form for the year ended 30 September 2019, dated 16 December 2019, a copy of which is lodged with ASX (www.asx.com.au) and on SEDAR (at www.sedar.com), both under the Company's profile.

Review of Operations and Activities for the Reporting Period *(continued)*

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

Details of a Current On-market Buy-back

None.

Use of Cash in a Manner Consistent with Business Objectives

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

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

None.

Details of Securities Purchased On-market during the Reporting Period

None.

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

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

Other Information:

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

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

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

Note 1: In Canada, in order for shares to settle and trade on the TSXV, shares must be held through a nominee or depository that is a participant in the Canadian Depository for Securities ("CDS"). Participants in CDS include brokers in Canada and other registered entities. Through participant accounts in CDS, the ultimate shareholder is able to make and settle trades on TSXV. As at 30 November 2019, 58,339,155 shares were held through CDS in 21 participant accounts. The Company is not readily able to determine the range of distribution for these 58,339,155 shares held in CDS and how many shareholders, if any, hold less than a marketable parcel of the Company's shares. Accordingly, the distribution of shareholders and the number of shareholders with less than a marketable parcel of the Company's shares/CDIs may not be accurate.