



**Euro
Manganese
Inc.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED
SEPTEMBER 30, 2018**

Contents

Contents

- 1 [Introduction](#)
- 2 [Forward-Looking Statements and Risks Notice](#)
- 3 [Overview](#)
- 4 [Financial and Project Highlights](#)
- 5 [Significant Transaction During the Year Ended September 30, 2018](#)
- 6 [Review of Operations - Chvaletice Manganese Project](#)
- 7 [Outlook](#)
- 8 [Select Annual Financial Information](#)
- 9 [Select Quarterly Financial Information](#)
- 10 [Liquidity and Capital Resources](#)
- 11 [Off Balance Sheet Arrangement](#)
- 12 [Related Party Transactions](#)
- 13 [Stock Options, Warrants and Commitments](#)
- 14 [Outstanding Share Data](#)
- 15 [Proposed Transactions](#)
- 16 [Significant Accounting Policies, Estimates and Judgments](#)
- 17 [Financial Instruments and Financial Risk Management](#)
- 18 [Disclosure of Internal Controls](#)
- 19 [Events after the Reporting Period](#)

1. Introduction

The Company's principal business and current focus is the evaluation and potential development of the Chvaletice Manganese Project, which involves the re-processing of a manganese deposit hosted in historic mine tailings in the Czech Republic.

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Euro Manganese Inc. ("EMI" or "the Company"), prepared as of December 10, 2018, supplements, but does not form part of the consolidated financial statements of the Company for the year ended September 30, 2018 (the "September 2018 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 IFRS, as issued by the International Accounting Standards Board (the "IASB"). The Company's significant accounting policies are set out in Note 3 of the audited consolidated financial statements for the year ended September 30, 2018.

All dollar amounts contained in this MD&A are expressed in Canadian dollars and tabular amounts are expressed in thousands of Canadian dollars, unless otherwise indicated. Further, all common share ("Shares") and per Share amounts in this MD&A have been adjusted to reflect the subdivision of Shares on a one-for-five basis, as approved at the Annual General Meeting of the Company on March 20, 2018 (the "Share Split").

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 NI 43-101.

Additional information relating to the Company is available at the Company's website www.mn25.ca.

2. 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. When the Company discusses its costs and timing of current and proposed evaluation; planning; development; capital expenditures; cash flow; working capital requirements; and the requirement for additional capital; operations; earnings; future prices of high-purity electronic manganese metal ("HPEMM"), high-purity manganese sulphate monohydrate ("HPMSM") and other manganese products; future foreign currency exchange rates; future accounting changes; future resolution of contingent liabilities; or other things that have not yet happened in this review, it is making statements considered to be forward-looking information or forward-looking statements under Canadian Securities laws (collectively, "forward-looking statements").

Forward-looking statements 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.

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 10, 2018, filed on SEDAR at www.sedar.com under the Company's profile.

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

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.

3. Overview

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 and registered offices are located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, B.C., Canada.

The Company was formed with the objective of acquiring, evaluating, developing and operating the Chvaletice Manganese Project, a manganese deposit hosted in historic mine tailings, in which the Company has a 100% ownership interest, and which is located in the Czech Republic. The Company's wholly-owned subsidiary, Mangan Chvaletice s.r.o. ("Mangan") holds two licences covering mineral exploration rights for the Chvaletice Manganese Project. The original exploration licence was transferred to Mangan effective January 28, 2015, and was valid until September 30, 2019. On December 4, 2018, this licence was extended until May 31, 2023. On May 4, 2018, the Czech Ministry of Environment issued Mangan an additional exploration licence, valid until May 31, 2023, allowing it to drill the slopes on the perimeter of the tailings piles. On April 17, 2018, with effect from April 28, 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 with the establishment of the Mining Lease District. The Preliminary Mining Permit, valid until April 30, 2023, covers the areas included in the Licenses and now secures Mangan's exploration 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. Based on the Preliminary Mining Permit and other documents, including the Environmental Impact Assessment (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 Licenses. 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.

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 capable of producing HPEMM using a conventional, proven, selenium-free process and, possibly as well, HPMSM for the lithium ion battery industry. The phases include: a) the evaluation of the mineral resource; b) the design of one or more process plants; c) permitting; and d) HPEMM and/or HPMSM market development.

4. Financial and Project Highlights

The following are a summary of the Company's highlights during the year ended September 30, 2018, and to the date of this MD&A:

- Raised \$7,550,000 in February 2018 for the continued evaluation of the Chvaletice Manganese Project.
- Confirmed the qualitative and quantitative characteristics of a historical mineral resource, the results of which are reported in an updated resource estimate that meets Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101").

4. Financial and Project Highlights (continued)

- Continued an extensive series of laboratory investigations in one of China's leading metallurgical research and development institutes and in several other laboratories around the world, to determine the optimum process to convert the manganese in the Chvaletice tailings into HPEMM and/or HPMSM, while meeting the safety and environmental standards of the Czech Republic and European Union.
- Continued the plant site selection, design and localization work, adapting conventional, modern Chinese EMM plant technology to meet stringent Czech and European health, safety and environmental regulations.
- Continued with a scoping and pre-feasibility level process development and engineering, along with preliminary capital and operating cost estimates to confirm and optimize the economic viability of the Chvaletice Manganese Project.
- Continued with a thorough assessment of the potential to produce battery-grade HPMSM, both from Chvaletice HPEMM and directly from Chvaletice tailings concentrates.
- Continued engagement and consultation with local community stakeholders to ensure the Chvaletice Manganese Project is well understood and designed to fit into the local environmental and social setting, and to ensure the Company develops enduring relationships with local residents.
- Continued to develop a deeper understanding of the Lithium-ion battery raw materials supply chain, and continued build a network in the industry, while evaluating opportunities to supply high-purity manganese products to battery makers in Europe, Asia and North America.
- Successfully obtained a Preliminary Mining Permit on April 17, 2018, one of the key steps toward final permitting for the Chvaletice Manganese Project.
- Obtained an additional exploration licence on May 4, 2018 from the Czech Ministry of Environment allowing the Company to drill the slopes on the perimeter of the tailings piles which, along with the Preliminary Mining Permit, further secures Mangan's rights to the entire tailings deposit.
- In June 2018, the Company initiated a two-month 80 holes drilling campaign, spread across all three tailings deposits on the Chvaletice Project designed to increase the confidence of the Mineral Resource estimate.
- In September 2018, the Company submitted an application to list its CHES Depositary Interests ("CDIs") on the Australian Securities Exchange ("ASX") and filed a final prospectus with the British Columbia, Alberta and Ontario securities commissions to list its shares in Canada on the TSX-Venture Exchange ("TSX-V"). The Australian initial public offering ("IPO") closing just before year-end and the Canadian IPO closed just after year-end on October 2, 2018. Together, the IPOs raised approximately \$8.6 million in gross proceeds. On October 2, 2018, trading of CDIs and shares commenced on the ASX and TSXV, respectively, both under the trading symbol "EMN".
- On August 13, 2018, through its subsidiary, Mangan, the Company signed an option agreement granting it the right to acquire 100% of the equity of EP Chvaletice s.r.o. ("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 (the "EPCS Option Agreement"), by making payments totalling 140 million Korunas (approximately \$8.31 million) payable in three instalments. On October 17, 2018, Mangan made the first option payment of 14 million Czech Korunas (approximately \$815,000).

5. Significant Transaction During the Year Ended September 30, 2018

The Company signed an engagement letter dated January 24, 2018, with Canaccord Genuity (Australia) Limited (the “Australian Agent”) to act as lead agent and sole book runner in connection with:

- (a) an issue or sale of securities of the Company via a pre-IPO private placement to raise no less than \$5,000,000, plus up to a \$1,500,000 President’s List, (together, the “February 2018 Private Placement”), at a price of \$0.20 per Share; and
- (b) a subsequent IPO for the issue or sale of new fully paid CDIs in respect of fully paid Shares to raise no less than \$5,000,000 (the “Australian Offering”), plus a \$1,500,000 President’s List issuance at a price of no less than \$0.25 per CDI.

The terms of the engagement letter allowed for the size of the February 2018 Private Placement and the Australian Offering to be increased subject to written agreement from the Company in its sole discretion. Accordingly, the Company and Australian Agent agreed to increase the February 2018 Private Placement to 37,750,000 Shares at a price of \$0.20 per Share, and on February 28, 2018, the Company closed the February 2018 Private Placement for gross proceeds of \$7,550,000. Fees paid to the Australian Agent amounted to 6% of the amount raised by the Australian Agent and were paid by the issuance of 1,515,000 new fully paid Shares at \$0.20 per Share. Further consideration included a warrant to purchase 2,525,000 Shares exercisable at \$0.30 per Share on or before February 28, 2021. Remuneration related to finder fees in connection with a portion of the \$1,500,000 President’s List included \$39,810, paid by the issuance of 199,050 Shares at \$0.20 per Share, and warrants to purchase 331,750 Shares exercisable at \$0.30 per Share on or before February 28, 2021. The warrants to purchase an aggregate of 2,856,750 Shares (the “Private Placement Warrants”) were valued at \$168,770 using the Black-Scholes option pricing model.

In connection with the filing of a prospectus with the Australian Securities and Investment Commission, on August 22, 2018, the Company signed an Offer Management Agreement with the Australian Agent (the “Offer Management Agreement”), which changed the offering price, as it relates to the Australian Offering, to AUD0.26 per CDI (equivalent to \$0.25 at the AUD:CAD exchange rate on August 22, 2018) (the “Australian Offering Price”) and set the number of CDIs offered to a minimum of 20,000,000, with a right to accept oversubscriptions of 14,000,000 CDIs to a maximum offering of 34,000,000 CDIs. The Company and the Australian Agent subsequently fixed the number of CDIs to be issued under the Australian Offering to 25,000,000. The Australian Offering closed on September 28, 2018 and raised AUD6,500,000 (\$6,066,342). Fees payable to the Australian Agent in connection with the Australian Offering included: AUD65,000 in cash (\$60,639); 1,250,000 CDIs in respect of fully paid Shares having a value of AUD325,000 (\$303,193); and warrants entitling the Australian Agent to purchase 2,500,000 CDIs at \$0.375 per CDI for a period of 36 months from the date of issue (the “Australian Agent’s IPO Warrant”), which the Company valued at \$305,574 using the Black-Scholes option pricing model.

On March 9, 2018, the Company also signed an engagement letter with Canaccord Genuity corp. (the “Canadian Agent”) to act as lead agent for the offering of 6,000,000 Shares in Canada at a price of \$0.25 per Share (the “Canadian Offering”). The Offering was intended to be in place of the President’s List issuance of CDIs contemplated under the January 24, 2018 engagement letter between the Company and the Australian Agent and be on substantially the same terms and conditions as the Australian Offering. In connection with the Canadian Offering of 6,000,000 Shares, the Company agreed to pay the Canadian Agent a flat-rate Corporate Finance Fee of \$70,000. On September 21, 2018, the Company signed an Agency Agreement with the Canadian Agent (the “Agency Agreement”), which allowed for an increase to the size of the Canadian Offering to 2,500,000 Shares at a price of \$0.25 per Share (the “Offering Price”) for total gross proceeds of up to \$2,500,000. The Canadian Offering closed on October 2, 2018 and raised \$2,500,000. Pursuant to the Agency Agreement, fees payable to the Canadian Agent include the Corporate Finance Fee, plus 6% of the aggregate gross proceeds of the Offering in excess of \$1,500,000, payable 1% or \$10,000 in cash and 5% in fully paid Shares (200,000 shares valued at \$50,000), and warrants entitling the Canadian Agent to purchase 10% of the Shares issued in excess of 6,000,000 Shares (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”).

5. Significant Transaction During the Year Ended September 30, 2018 (continued)

Total expenses related to the February 2018 Private Placement, the Canadian Offering and the Australian Offering are \$2,241,170, and include:

- a) cash expenses of \$1,006,825 inclusive of the 1% cash fees of AUD65,000 (\$60,639) and \$10,000 payable in respect of the Australian Offering and Canadian Offering, respectively;
- b) fees paid in Shares on the February 2018 Private Placement, Australian Offering and Canadian Offering valued at \$342,810, \$303,193 and \$50,000, respectively;
- c) other fees paid to consultants related to the IPO of \$36,425; and
- d) the value of the Private Placement Warrants, and Australian Agent's IPO warrant and Canadian Agent's Warrant in the amounts of \$168,770, \$305,574 and \$29,728, respectively.

Expenses related to the February 2018 Private Placement and the Australian Offering have been applied against the gross proceeds of such financings. The expenses related to the Canadian Offering, including the \$10,000 cash fee, the \$50,000 value attributed to the 200,000 Shares and the \$29,728 value attributed to the 200,000 Shares will be applied against the gross proceeds of the Canadian Offering in the period subsequent to the year-end.

6. 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 cover a cumulative surface area of approximately one square kilometre and were stacked on a flat plain in three separate piles ranging in height from about 12 to 28 meters.

In 2017, the Company conducted an extensive drilling program, using state-of-the-art Sonic sampling technology to sample the tailings for resource estimation and bulk-sampling purposes, conducted a broad range of tests and analyses at leading laboratories in Europe, North America and Asia, and implemented a quality assurance and quality control program to ensure the integrity of its resource estimates. The results of this 2017 work program have been reported on in the technical report dated effective April 27, 2018 (having a release date of May 16, 2018) and entitled "Technical Report on Mineral Resource Estimation for the Chvaletice Manganese Project Chvaletice, Czech Republic" (the "Chvaletice Technical Report"), as prepared by Mr. James Barr, P. Geo, Senior Geologist, and Mr. Jianhui (John) Huang, Ph.D., P. Eng., Senior Metallurgical Engineer, both with Tetra Tech Canada Inc. ("Tetra Tech"), both of which are "qualified persons" under NI 43-101.

The Company conducted an additional phase of drilling at the Chvaletice Manganese Project in July and August 2018, designed to upgrade the confidence level of the resource estimate that was published in Chvaletice Technical Report. A total of 80 holes were drilled, totalling 1,510 metres in length, comprising: 54 Sonic drill holes totalling 1410 metres, consisting of 35 vertical holes, totalling 661 metres, and 19 inclined holes, totalling 749 metres (focused on sampling the embankment of the tailings piles, which was largely classified as an inferred resource following the 2017 drill program, as it could not be accessed using vertical drill holes); and 26 hand-auger holes, totalling 100 metres. A total of 767 samples were sent for assaying and various other tests. An additional 63 samples were sent for analysis, as part of a comprehensive quality assurance/quality control program, that included blind insertion of duplicates, blanks and standards, as well as independent check assays.

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

Final results were received in late November 2018 and will be incorporated in an updated NI 43:101 Resource Estimate to be prepared by Tetra Tech. The updated Resource Estimate results are expected to be issued in December 2018. The final report for the updated Resource Estimate is expected to be filed in January 2019.

Following the collection of 14.8 tonnes of samples representative of the Chvaletice tailings in the summer of 2017, an extensive metallurgical testwork and process design program was initiated by the Company and is now nearing completion. The focus of the overall program is the development of technically, environmentally and economically robust process flowsheets for the production of ultra-high-purity electrolytic manganese metal and/or ultra-high-purity manganese sulphate monohydrate. The Company expects to make a decision in early 2019 on the flowsheet that will be advanced to the next stage of evaluation and planning, which is expected to be a Feasibility Study.

The metallurgical test work program involved completion of over 535 individual bench and pilot-scale tests, and 8,125 assays. It also entailed extensive equipment vendor testing and third-party exploratory, confirmation and verification tests. The program included beneficiation testwork, principally focused on magnetic separation, as well as leaching, solution purification, solid-liquid separation, wash water reagent recovery, electrowinning and passivation and crystallization tests. It also included 21 days of locked-cycle pilot-scale test runs, on a pilot plant that was purposely built for this program. Preliminary findings to date are encouraging and the resulting product specifications are excellent. Detailed results are being compiled and interpreted. A summary of these findings by Tetra Tech is expected to be presented in the context of a Preliminary Economic Assessment ("PEA") which is expected to be released early in calendar 2019.

In 2018, the Company initiated hydrological and hydrogeological studies to extend the baseline environmental monitoring program, and initiated a study on mining, tailings storage operations and reclamation design, and waste management plans. Planning and preparation of the Company's Environmental Assessment application has been initiated, with the objective of filing a Project Description/Notification early in 2019 and an Environmental Assessment application shortly thereafter. The Company has also undertaken scoping and pre-feasibility-level process design studies, evaluating plant and site infrastructure layout alternatives, elaboration of preliminary capital and operating cost estimates, planning and extensive environmental impact studies. It has also initiated widespread community and regulatory agency consultations. The Company believes that it must involve local communities in the development of the Chvaletice Manganese Project, and meaningfully incorporate local input to ensure the project's economic, environmental and social viability. The Company continues to advance its investigations to narrow down potential plant and related facilities site options, and to advance the Company's land acquisition program.

Market research and discussions with potential off-take purchasers are ongoing and are increasingly focused on product specifications, especially those required to meet the requirements of the producers of high-performance Nickel, Manganese and Cobalt ("NMC") lithium-ion battery precursor materials. NMC battery chemistry is progressively emerging as the dominant electric vehicle battery chemistry in the world and is widely expected to experience strong demand growth in the coming decade. High-purity manganese inputs are a vital constituent of this new generation of automotive batteries. The Company's goal is to differentiate itself in this highly competitive market by focusing on the reliable and sustainable European production of the highest quality and purity materials, designing its products to meet what it expects will be increasingly demanding raw material specifications, as the battery industry progresses with the deployment of highly sophisticated low cobalt NMC formulations.

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

A summary of the Chvaletice Technical Report resources is presented in the table below:

Cell	Class	Volume (m ³ , '000s)	Tonnes (kt)	Bulk Density (t/m ³)	Total Mn (%)	Soluble Mn (%)
T1	Indicated	5,684	8,832	1.55	8.08	6.46
	Inferred	1,004	1,497	1.49	8.60	6.87
T2	Indicated	6,773	10,567	1.56	6.86	5.48
	Inferred	996	1,648	1.65	7.90	6.05
T3	Indicated	2,772	3,973	1.43	7.34	5.78
	Inferred	250	363	1.46	7.84	6.14
Total	Indicated	15,229	23,372	1.53	7.40	5.90
	Inferred	2,250	3,508	1.56	8.21	6.43

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. Inferred Resources have lower confidence than Indicated Resources. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

The original exploration license for the Chvaletice Manganese Project, issued by the Czech Republic's Ministry of the Environment on September 2, 2014, was transferred to Mangan effective January 28, 2015 and is now valid until May 31, 2023 ("Exploration License Trnávka I"). On May 4, 2018, the Czech Ministry of Environment issued Mangan an additional exploration licence allowing it to drill the slopes on the perimeter of the tailings piles ("Exploration License Trnávka II"). Exploration License Trnávka II became effective May 23, 2018 and is valid until May 31, 2023. On April 17, 2018, with effect from April 28, 2018, Mangan was issued a Preliminary Mining Permit by the Ministry of Environment, referred to by the Ministry of Environment 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 Exploration License Trnávka I and the Exploration License Trnávka II (together the "Licenses") and now secures Mangan'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. Based on the Preliminary Mining Permit and other documents, including the Environmental Impact Assessment (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 Licenses. 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.

At present, Mangan does not hold surface rights to the Chvaletice Manganese Project area, which are considered as those lands of original ground elevation surrounding, and those parcels of original ground underlying and immediately surrounding, the three tailings deposit which comprise the Chvaletice Manganese Project. The area of interest for the Chvaletice Manganese Project overlies 18 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 land owners whose surface properties underlie the tailings. In the future, the Company expects to negotiate the acquisition of surface rights, leases, rights of way, or other arrangements in those areas where it may wish to develop its operations, site facilities and infrastructure. There is no guarantee that areas needed for these activities and facilities will be available.

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

On August 13, 2018, following completion of legal and financial diligence, the Company, through its subsidiary, Mangan, signed the EPCS Option Agreement giving it 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 and immediately adjacent to the Chvaletice power plant and 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 140 million Korunas payable in three cash instalments, the first of which was paid on October 17, 2018, in the amount of 14 million Czech Korunas (approx. CAD\$815,000). The Company can complete the acquisition of EPCS by making two additional instalments aggregating 126 million Korunas (approx. CAD\$7.32 million) as follows:

- i. an instalment of 42,000,000 Czech Koruna (approx. CAD\$2.44 million) ("Second Instalment"), within 60 days of final approval of the environmental impact assessment 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 84,000,000 Czech Koruna (approx. CAD\$4.88 million) ("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 into the proposed Chvaletice Manganese Project workforce as many of the EPCS employees as possible.

7. Outlook

The Company's planned activities for the next twelve months include the completion of the engineering studies mentioned above, which will be incorporated into the Chvaletice Manganese Project PEA for the production of HPEMM and HPMSM, expected to be completed early in 2019. This work program includes: completing the study on mining, tailings storage operations, reclamation design and waste management plans; and advancing investigations to narrow down options for the plant site and related facilities and to advance the Company's land acquisition program.

During the fiscal year 2019, the Company intends to complete the ongoing environmental scoping and baseline studies, hydrogeological studies and, having been issued its Preliminary Mining Permit in April 2018, complete the related planning for, and initiate, an Environmental Impact Assessment for the Chvaletice Manganese Project. Plans also include the completion of the process evaluation studies and related test work for HPMSM. Having recently completed the sonic drilling program in October 2018, the Company expects to upgrade the Mineral Resource estimate for the project to a Measured and Indicated Mineral Resource status.

Discussions with leading Asian, European and North American importers of high-purity manganese products are ongoing. The discussions have centered around the possibility of the Chvaletice Manganese Project's future production providing a competitive and reliable long-term supply of HPEMM and/or HPMSM. However, given that the Chvaletice Manganese Project is still in the exploration and evaluation stage, there can be no assurance that these discussions will lead to offtake agreements, or strategic partnerships in the near term, if at all.

8. Select Annual Financial Information

The following table sets out select annual information, expressed in thousands of Canadian dollars, except for per share data:

	Years ended September 30,		
	2018	2017	2016
	\$	\$	\$
Revenue	—	—	—
Exploration and evaluation expenses			
Chvaletice Project	4,590	2,398	624
Other expenses	1,944	1,015	322
Net loss for the year attributable to shareholders	6,534	3,413	946
Basic and diluted loss per share attributable to shareholders ⁽¹⁾	\$0.06	\$0.07	\$0.05

	September 30,		
	2018	2017	2016
	\$	\$	\$
Cash	10,368	2,861	117
Total assets	12,273	4,321	1,379
Non-current financial liabilities	241	450	622

⁽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.

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, 2018, 2017 and 2016 represents the non-current portions of the deferred share consideration to be issued in connection with the acquisition of the Chvaletice Manganese Project.

8. Select Annual Financial Information (continued)

Year ended September 30, 2018, compared to the year ended September 30, 2017

(expressed in thousands of Canadian dollars, except per share data)

	Year ended September 30,	
	2018	2017
	\$	\$
Exploration and evaluation expenses		
Engineering	1,854	1,168
Remuneration	683	—
Metallurgical	277	195
Market studies	143	28
Travel	233	216
Share-based compensation	216	76
Geological	142	96
Legal and professional fees	459	52
Project management	147	113
Supplies and rentals	105	43
Drilling, sampling and surveys	330	346
Geophysical	—	43
Taxes	—	22
	4,589	2,398
Other expenses		
Remuneration	816	557
Share-based compensation	415	135
Net remuneration	1,231	692
Travel	150	58
Legal and professional fees	121	68
Filing Fees	127	—
Office, general and administrative	108	35
Accretion expense	91	131
Insurance	40	7
Conferences	20	3
Office rent	29	18
Investor relations	22	1
Depreciation	6	2
	1,945	1,015
Total loss for the year attributable to shareholders	6,534	3,413
Loss per share attributable to shareholders	\$0.06	\$0.07

8. Review of Annual Financial Results (continued)

To date, the Company's operating results have solely reflected the exploration and evaluation activities at its Chvaletice Manganese Project and supporting administrative expenses. Project evaluation costs in the year ended September 30, 2018, increased by approximately \$2.2 million over the same period in 2017. The main cost increases were primarily attributable to: a \$814,575 increase in engineering, metallurgical and geological expenses related to the ongoing PEA report, initiated around the end of June 2017; a \$683,450 increase in remuneration expenditures covering personnel in the Czech Republic primarily due to the hiring of a local management team; a \$407,013 increase in legal and professional costs mainly related to the EPCS Option Agreement; a \$114,918 increase in manganese metal market studies intended to form part of the final PEA report and a \$139,979 increase in share-based compensation being allocated to project personnel.

The PEA study was initiated in mid-2017 and is expected to be completed in 2019. During the year ended September 30, 2018, engineering, remuneration, metallurgical and geological costs amounted to approximately 64% of the total project evaluation costs of the engineering studies. Details of the studies associated with the ongoing PEA studies are described in section 6 of this MD&A.

The \$929,599 increase in administrative costs in the year ended September 30, 2018, over the same period in 2017 is mainly attributable to: a \$258,742 increase in remuneration and a \$280,067 increase in share-based compensation to the Company senior management and directors; an increase of \$108,810 in travel and conference expenses related to an several trips to Asia and Europe for purposes of technical or marketing efforts; a \$53,547 increase in legal and professional fees mainly attributed to quarterly financial reviews by the Company's auditors and other external consultants; a \$32,961 increase in insurance amortization expense related increases in the general liability insurance and the directors and officers insurance policies; a \$147,548 increase in filing fees and investor relation expenditures both related to the Company's ongoing initial public offering in Canada and Australia; and a \$39,177 decrease in the non-cash accretion expense related to the deferred consideration obligation.

9. Select Quarterly Financial Information

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:

	July to Sept'18	April to June'18	Jan to March'18	Oct to Dec'17	July to Sept'17	April to June'17	Jan to March'17	Oct to Dec'16
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	10,368	6,194	7,648	1,536	2,861	3,335	185	108
Total assets	12,273	7,928	9,381	3,302	4,321	4,595	1,438	1,360
Working capital ⁽¹⁾	9,119	5,450	6,973	721	2,333	2,768	(328)	(327)
Current liabilities	1,536	891	825	1,005	730	569	513	435
Revenue	—	—	—	—	—	—	—	—
Project exploration expenses	1,451	1,050	969	1,119	1,488	592	226	92
Other expenses	631	451	515	348	347	265	195	208
Net loss attributable to shareholders	2,082	1,501	1,485	1,467	1,835	857	421	301
Net loss per share, basic and diluted, attributable to shareholders	0.02	0.01	0.01	0.02	0.03	0.02	0.01	0.01

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

9. Select Quarterly Financial Information (continued)

Summary of major variations in quarterly financial activities:

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

Timing of exploration expenditures:

- At the beginning of January 2017, the Company embarked on a growth phase which marked a significant increase in project related activities. As a result, starting April 2017, the level of quarterly project exploration expenditures significantly increased.
- In June 2017, the Company initiated a drilling and assay program as the first step of a series of studies to be incorporated into the final PEA report. At the same time, the Company also commissioned, from Canadian, European and Chinese engineering consulting firms, various engineering, sampling and surveys, and metallurgical studies, the results of which will be ultimately included in the PEA report. The timing during the year, when studies are performed and or when milestones payments become due, account for the significant movements in project activities on a quarterly and annual basis.
- 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.
- 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.
- The increased involvement of outside advisors in the management of technical issues allowed senior management to concentrate their efforts on raising additional capital for the Company. Consequently, starting at the beginning of October 2017, no additional administrative and overhead charges were allocated to project exploration and evaluation activities.

Timing of administrative expenditures:

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

- Increased remuneration at the beginning January 2018;
- Additional legal and professional costs related to private and IPO financing activities, which also required more senior management time, and
- Increases in non-cash share-based compensation related to option grants to directors, management and employees.

9. Review of Quarterly Financial Information (continued)

Three months ended September 30, 2018, compared to the three months ended September 30, 2017
(expressed in thousands of Canadian dollars, except per share data)

	Three months ended September 30,	
	2018	2017
	\$	\$
Exploration and evaluation expenses		
Engineering	382	794
Remuneration	198	—
Metallurgical	167	169
Market studies	(38)	1
Travel	62	73
Share-based compensation	85	44
Geological	30	45
Legal and professional fees	186	40
Project management	60	63
Supplies and rentals	21	26
Drilling, sampling and surveys	299	200
Geophysical	—	43
Taxes	—	(10)
	1,452	1,488
Other expenses		
Remuneration	222	164
Share-based compensation	128	67
Net remuneration	350	231
Travel	50	38
Legal and professional fees	21	12
Filing fees	127	—
Office, general and administrative	27	17
Accretion expense	18	35
Insurance	11	7
Office rent	8	5
Investor relations	16	1
Depreciation	2	1
	630	347
Total loss for the quarter	2,082	1,835
Loss per share	\$0.02	\$0.02

9. Review of Quarterly Financial Information (continued)

Project evaluation costs for the quarter ended September 30, 2018 and 2017, both totalled \$1,451,760 and \$1,487,930 respectively. The main cost variances include: a decrease of \$215,959 in engineering, remuneration and metallurgical costs related to the PEA; a \$145,267 increase in legal and professional costs related to the August 2018 EPCS Option Agreement giving the Company the right to purchase a Czech entity holding a large land package located near the Chvaletice Project; and a \$99,452 increase in drilling, sampling and surveys attributable to the 2018 drilling program initiated at the beginning of July 2018.

Engineering, remuneration, geological and metallurgical costs for the quarter ended September 30, 2018, represent approximately 54% of the total project evaluation costs for the quarter and are related to: 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 re-process Chvaletice tailings and 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 \$284,355 increase in administrative costs for the quarter ended September 30, 2018, is mainly attributable to: a \$127,142 increase in fees payable to Canadian and Australian security exchanges covering initial listing fees; a \$59,000 increase in remuneration mainly attributable to \$40,000 in quarterly directors' fees paid, first implemented in the quarter ended March 2018; a \$61,107 increase in non-cash share-based compensation related to new options granted to directors and officers during the year ended September 30, 2018; and a \$17,028 decrease in non-cash accretion expense related to the deferred consideration obligation which decreased by \$300,000 from the prior period.

10. Liquidity and Capital Resources

As at September 30, 2018, the Company held cash of approximately \$10.4 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 increased by \$7.5 million during the year ended September 30, 2018, primarily due to the February 2018 Private Placement and the Australian IPO, which raised aggregate gross proceeds of \$13.6 million, less cash expenses of \$0.8 million. Cash generated from financing activities were offset by cash used in net operating activities of \$5.0 million for the year ended September 30, 2018, as well as by cash used to acquire land and equipment near the project area in the amount of \$0.4 million.

As at September 30, 2018, the Company had working capital of \$9.1 million which compares to working capital at September 30, 2017, of \$2.3 million. The increase in working capital was due to the February 2018 Private Placement and the Australian Offering, offset by operating expenditures and the acquisition of land and equipment, as described above. Subsequent to year-end, cash and working capital was impacted by: the closing of the \$2.5 million Canadian Offering on October 2, 2018; and the first option payment of 14 million Czech Korunas (approximately \$815,000) on October 17, 2018 pursuant to the EPCS Option Agreement.

10. Liquidity and Capital Resources (continued)

The Company's capital resources at September 30, 2018, combined with the net proceeds from the Offering, are expected to provide sufficient working capital to fund its corporate and project development costs for at least 12 months. As an early exploration 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 only source of future funds presently available to the Company is through the issuance of share capital. The ability of the Company to arrange such equity financings in the future will depend principally upon prevailing market conditions and the business performance of the Company. Its inability to raise additional funds in the future may require the Company to curtail or terminate its activities and may result in material adjustments to the carrying values of assets.

The Company is not subject to any externally imposed capital requirements. As of the date of this MD&A, other than as described in section "*Contractual Commitments*", the Company had no material contractual obligations which required minimum annual cash payments.

In the Company's prospectus for the Canadian IPO dated September 21, 2018, the Company provided a listing of the expected use of proceeds in connection with the prospectus offerings in Australia and Canada. Due to the short period between the receipt of funds from the Australian offering and the year end at September 30, 2018, we have not yet used the proceeds from the offering. The funds from the Canadian offering were received after the period end on October 2, 2018.

11. Off Balance Sheet Arrangements

As at September 30, 2018, 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.

12. Related Party Transactions

For the year ended September 30, 2018, 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, 2018, 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, Chief Financial Officer, Corporate Secretary and Vice President, Corporate Development and Managing Director of Mangan.

	Twelve months ended September 30,	
	2018	2017
	\$	\$
Salaries and consulting fees payable to officers and directors of the Company	1,269,954	645,928
Directors and officers' stock-based compensation	406,158	158,932
Total remuneration	1,676,112	804,860
Fees provided by a legal firm associated with a director of the Company	468,540	43,171

For the year ended September 30, 2018, salaries and consulting fees to officers of the Company were \$1,153,286 (2017 - \$645,928) and comprised \$288,000 (2017 - \$252,000) to the President and CEO, \$266,263 (2017 - \$238,687) to the CFO, \$224,013 (2017 - \$155,241) to the Vice President Development, and \$375,011 (2017 - nil) to the Managing Director of Mangan. Non-executive directors' fees for the year ended September 30, 2018 were \$116,667 (2017 - nil). Share-based compensation to the officers and directors for year ended September 30, 2018 was \$307,232 (2017 - \$158,932).

12. Related Party Transactions (continued)

Fees provided by PRK Raft a.s. ("PRK"), a legal firm associated with Daniel Rosický, a director of the Company, for the year ended September 30, 2018 amounted to \$468,540 (2017 - \$43,171). The current year fees primarily related to the EPCS Option Agreement.

As at September 30, 2018, amounts owing to directors and officers of the Company for salaries and directors fees amounted to \$64,895 (2017 - \$64,576) and included \$33,481 owing to the Managing Director of Mangan and \$31,414 owing in directors' fees. As at September 30, 2018, fees owing to PRK amounted to \$237,246 (2017 - \$11,161). Other amounts payable to officers and directors for the reimbursement of travel related expenses were \$18,498 for the year ended September 30, 2018 (2017 - \$40,994).

13. Contractual Commitments

Pursuant to the Mangan Acquisition Agreement, dated May 13, 2016, the Company committed to five issuances of Shares, each valued at \$300,000. As at September 30, 2018, the Company's remaining commitment includes two equal \$300,000 annual equity instalments, on May 13 in each of 2019 and 2020. The number of shares to be issued will be based on value of the Company's shares at the time of each issuance, or pursuant to an amending agreement between the Company and Mangan's founding shareholders dated June 15, 2018, in cash, at the Company's sole discretion. The amending agreement also indicates that the minimum deemed value of the common shares will not be less than \$0.05 per share, and that in the event either of the remaining two share issuances result in the deemed value of the shares being below \$0.05 per share, the Company has agreed to settle such payment in cash.

In connection with the acquisition of Mangan, the Chvalětice 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, 2018, are as follows:

	Total \$	Payments due by period			
		Less than one year \$	1 - 2 years \$	2 - 3 years \$	After 3 years \$
Minimum office lease payments ⁽¹⁾	271,433	116,027	112,796	38,661	3,949
Operating expenditure commitments ⁽²⁾	923,091	923,091	—	—	—
Total contractual obligations	1,194,524	1,039,118	112,796	38,661	3,949

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

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

14. 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 10, 2018:

	Number of securities
Issued and outstanding common shares	170,709,600
Share options	12,525,000
Warrants	8,684,015

Certain number of common share and share options escrowed. For detail on the number of escrowed securities and the timing of their release refer to note 7vi) of the Company's consolidated financial statements.

15. Proposed Transactions

As at September 30, 2018, there are no proposed asset or business acquisition or disposition being considered that would affect the financial condition, financial performance or cash flows of the Company.

16. 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 and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). Detailed description of the Company's significant accounting policies can be found in note 3, of the Company's audited consolidated financial statements for the year ended September 30, 2018. The impact of future accounting changes is disclosed in note 3.12. to our consolidated 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 consolidated financial statements for the year ended September 30, 2018.

17. 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 9 and 10, respectively, of the Company's consolidated financial statements for the year ended September 30, 2018.

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

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that: (i) the consolidated financial statements for the year ended September 30, 2018 and 2017 do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, and (ii) the consolidated financial statements for the year ended September 30, 2018 and 2017 fairly present in all material respects the financial condition, results of operations and cash flow of the Company.

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

In contrast to the usual certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), namely, Form 52-109F1, this Form 52-109F1 – IPO/RTO does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

- i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of an issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 in the first financial period following

- completion of the issuer's initial public offering in the circumstances described in s. 4.3 of NI 52-109;
- completion of a reverse takeover in the circumstances described in s. 4.4 of NI 52-109; or
- the issuer becoming a non-venture issuer in the circumstances described in s. 4.5 of NI 52-109;

may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

19. Events after the Reporting Period

On October 2, 2018, the Company completed its IPO on the TSX-V of 10,000,000 Shares of the Company at a price of \$0.25 per Share, for aggregate gross proceeds of \$2,500,000. Also, on October 2, 2018, the Company's CDIs began trading on the ASX and its Shares commenced trading on the TSX-V, both under the trading symbol "EMN". In connection with the IPOs on the ASX and TSX-V, on October 2, 2018, the Company issued warrants to purchase 2,500,000 CDIs and 400,000 shares, respectively, at a price of \$0.375 per share expiring October 2, 2021 (see also section 5 of this MD&A).

On October 17, 2018 the Company, through its Czech subsidiary Mangan, made the first option payment of 14 million Czech Korunas (approximately \$815,000) pursuant to the EPCS Option Agreement (see section 6 of this MD&A).