May 11, 2023

HALF-YEAR RESULTS FOR ANNOUNCEMENT TO THE MARKET

To: The Australian Securities Exchange ("ASX")

Please be advised that, as of today's date, Euro Manganese Inc. (the "**Company**") lodged the following documents with the Canadian securities regulatory authorities in accordance with its obligations under the relevant Canadian reporting requirements:

a) condensed consolidated interim financial statements for the three and six months ended March 31, 2023 and 2022 (attached as **Appendix 1** to this cover letter); and
b) the interim Management's Discussion and Analysis ("MD&A") for the three and six months ended March 31, 2023 (attached as **Appendix 2** to this cover letter).

Additionally, as requested by ASX, the Company is providing the following information required by paragraph 2 of Appendix 4D:

Paragraph Section of Appendix 4D		Result for Half-Year Ended March 31, 2023 (Canadian dollars, Unaudited)	Result for Half-Year Ended March 31, 2022 (Canadian dollars, Unaudited)	Increase (Decrease) (Canadian dollars, Unaudited)	Percentage Change Increase (Decrease)
2.1	The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities	Nil	Nil	N/A	N/A
2.2	The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members	(6,678,099)	(6,428,720)	(249,379)	4%
2.3	The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members	(6,678,099)	(6,428,720)	(249,379)	4%
2.4	The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends	The Company is not proposing to pay dividends.			
2.5	The record date for determining entitlements to the dividends (if any)	N/A	N/A	N/A	N/A

A brief explanation of the amount and percentage change from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members is included on pages 17 and 18 of the MD&A attached as Appendix 2 of this letter. Similarly, a brief explanation of the amount and percentage change from the previous corresponding period of profit (loss) for the period is included on pages 17 and 18 of the MD&A.

Sincerely,

"Matthew James"

Dr. Matthew James,
President and CEO
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APPENDIX 1

EURO MANGANESE

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2023 AND 2022
(unaudited)

Contents

Condensed Consolidated Interim Statements of Financial Position

Euro Manganese Inc.
(expressed in Canadian dollars - unaudited)

	Note	March 31, 2023	September 30, 2022
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		**13,804,526**	21,560,561
Prepaid expenses		**213,687**	447,215
Accounts receivable		**180,692**	186,267
		14,198,905	22,194,043
Non-current assets			
Exploration and evaluation assets	4	**6,773,544**	6,773,544
Property, plant and equipment	5	**7,700,129**	5,951,249
Other assets	6	**1,759,017**	1,041,134
Option	6	**4,524,064**	3,935,804
Total assets		**34,955,659**	39,895,774
LIABILITIES			
Current liabilities			
Accounts payable		**2,746,173**	1,778,308
Due to related parties	9	**36,891**	409,466
Liability for land deposits	6	**—**	77,636
Lease liability		**224,515**	174,780
		3,007,579	2,440,190
Non-current liabilities			
Lease liability		**—**	165,611
Total liabilities		**3,007,579**	2,605,801
EQUITY			
Share capital	8	**78,733,328**	78,298,364
Equity reserves		**8,541,870**	7,640,628
Deficit		**(55,327,118)**	(48,649,019)
Total shareholders' equity		**31,948,080**	37,289,973
Total liabilities and shareholders' equity		**34,955,659**	39,895,774

Events after the Reporting Period (Note 14)

Approved on behalf of the Board of Directors on May 10, 2023.

"Matthew James"
Matthew James, Director

"John Webster"
John Webster, Director

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

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Euro Manganese Inc.

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Chvaletice Project evaluation expenses				
Engineering	**1,027,055**	889,809	**1,443,204**	1,620,126
Remuneration	**356,880**	300,805	**572,030**	551,901
Share-based compensation	**31,794**	101,832	**100,701**	334,254
Metallurgical	**—**	27,063	**—**	45,074
Travel	**26,786**	669	**42,901**	43,492
Legal and professional fees	**74,550**	74,242	**137,019**	131,324
Geological	**—**	31,819	**—**	52,574
Market studies	**40,998**	44,703	**69,093**	79,426
Supplies and rentals	**164,001**	39,978	**374,745**	52,112
	1,722,064	1,510,920	**2,739,693**	2,910,283
Other evaluation expenses				
Engineering	**28,945**	—	**157,828**	—
Legal and professional fees	**63,984**	69,237	**153,703**	79,237
Travel	**10,892**	2,310	**19,655**	2,310
Other income	**(16,889)**	—	**(34,459)**	—
	86,932	71,547	**296,727**	81,547
Other expenses				
Remuneration	**1,087,891**	559,430	**1,726,203**	1,348,523
Share-based compensation	**441,988**	604,616	**1,027,855**	1,051,383
Total remuneration	**1,529,879**	1,164,046	**2,754,058**	2,399,906
Legal and professional fees	**274,030**	100,143	**553,203**	249,816
Investor relations	**82,186**	81,212	**165,972**	188,354
Product sales and marketing	**20,292**	(29,347)	**47,037**	(10,414)
Travel	**74,994**	60,009	**133,352**	113,196
Filing and compliance fees	**96,072**	149,267	**176,904**	233,273
Office, general and administrative	**40,644**	55,815	**143,159**	103,681
Insurance	**56,734**	57,592	**113,708**	114,656
Conferences	**137,275**	44,187	**149,764**	61,150
Depreciation	**63,310**	40,643	**126,052**	80,676
Accretion expense	**6,178**	4,911	**14,014**	10,463
Interest income	**(88,201)**	(26,724)	**(247,191)**	(55,803)
Foreign exchange	**(132,412)**	(28,262)	**(488,353)**	(52,064)
	2,160,981	1,673,492	**3,641,679**	3,436,890
Loss and comprehensive loss for the period	**3,969,977**	3,255,959	**6,678,099**	6,428,720
Weighted average number of common shares outstanding - basic and diluted	**402,653,422**	391,071,267	**402,014,218**	384,202,683
Basic and diluted loss per common share	**$0.01**	$0.01	**$0.02**	$0.02

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

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

Euro Manganese Inc.
(expressed in Canadian dollars, except for number of shares outstanding - unaudited)

		Attributable to equity shareholders of the Company				
		Share Capital	Share Capital	Equity Reserves	Deficit	Shareholders' Equity (Deficit)
	Note	#	$	$	$	$
Balance at October 1, 2021		377,483,415	67,498,015	5,096,807	(35,191,646)	37,403,176
Shares issued in private placement, net of expenses		17,800,000	8,244,257	—	—	8,244,257
Shares issued as a finder's fee		534,000	—	—	—	—
Shares issued to settle deferred share consideration		478,027	278,012	(278,012)	—	—
Shares issued as partial consideration for royalty buy-back	4	4,820,109	2,278,080	—	—	2,278,080
Share-based compensation		—	—	1,385,637	—	1,385,637
Loss and comprehensive loss for the period		—	—	—	(6,428,720)	(6,428,720)
Balance at March 31, 2022		401,115,551	78,298,364	6,204,432	(41,620,366)	42,882,430
Balance at October 1, 2022		**401,115,551**	**78,298,364**	**7,640,628**	**(48,649,019)**	**37,289,973**
Options exercised		1,316,599	354,358	(146,708)	—	207,650
Shares issued to settle deferred share consideration	8	237,077	80,606	(80,606)	—	—
Share-based compensation		—	—	1,128,556	—	1,128,556
Loss and comprehensive loss for the period		—	—	—	(6,678,099)	(6,678,099)
Balance at March 31, 2023		**402,669,227**	**78,733,328**	**8,541,870**	**(55,327,118)**	**31,948,080**

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

Condensed Consolidated Interim Statements of Cash Flows

Euro Manganese Inc.
(expressed in Canadian dollars - unaudited)

	Note	Six Months Ended March 31, 2023	2022
		$	$
Operating activities			
Net loss for the period		**(6,678,099)**	(6,428,720)
Less non-cash transactions:			
Share-based compensation		**1,128,556**	1,385,637
Depreciation		**126,052**	80,676
Lease liability accretion		**14,014**	10,463
Non-cash foreign exchange loss (gain)		**(625,303)**	(37,952)
		(6,034,780)	(4,989,896)
Changes in non-cash working capital items:			
Accounts payable		**(173,304)**	717,783
Accounts receivable		**5,576**	108,719
Prepaid expenses		**233,526**	5,487
Due to related parties		**(372,575)**	(12,374)
Cash used in operating activities		**(6,341,557)**	(4,170,281)
Financing activities			
Common shares issued for cash		**—**	8,499,500
Share issue costs paid		**—**	(255,243)
Exercise of stock options		**207,650**	—
Lease principal and interest payments		**(129,891)**	(74,878)
Cash generated from financing activities		**77,759**	8,169,379
Investing activities			
Property and equipment acquisition	5	**(735,224)**	(725,796)
Proceeds from sale of equipment	5	**1,464**	—
Payment for royalty buy back	4	**—**	(2,340,965)
Option, deposit for land and land acquisition	6	**(795,519)**	(82,152)
Cash used in investing activities		**(1,529,279)**	(3,148,913)
Effect of exchange rate change on cash and cash equivalents		**37,042**	807
Increase (Decrease) in Cash		**(7,756,035)**	850,992
Cash and cash equivalents - beginning of period		**21,560,561**	31,218,582
Cash and cash equivalents - end of period		**13,804,526**	32,069,574

Supplemental cash flow information (Note 13)

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

1. Nature of Operations

The principal business and current focus of Euro Manganese Inc. (the "Company" or "EMN") is the development of the Chvaletice Manganese Project (the "Project"), in which the Company has a 100% ownership interest. The Project involves the re-processing of a readily leachable manganese deposit hosted in the tailings of a decommissioned mine in the Czech Republic. The Company has also started to explore an opportunity to develop a project to produce high-purity manganese products in Canada for the North American market. The Company's goal is to produce high-purity manganese products in an economically, socially and environmentally-sound manner, principally for use in lithium-ion batteries.

EMN was incorporated under the British Columbia Business Corporations Act on November 24, 2014. The Company’s corporate offices are located at 700 West Pender Street, Suite 709, Vancouver, B.C., Canada, and its registered offices are located at 666 Burrard Street, Suite 1700, Vancouver, B.C., Canada. The Company’s common shares are traded on the TSX Venture Exchange ("TSX-V") and on the OTC Best Market ("OTCQX") under the symbols "EMN.V" and "EUMNF", respectively. CHESS Depositary Interests ("CDIs", with each CDI representing one common share) are traded on the Australia Securities Exchange ("ASX") under the symbol "EMN.AX".

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 is expected to operate at a loss while the Company is developing the Chvaletice Manganese Project.

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

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

2. Basis of Preparation

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*. The comparative information has also been prepared on this basis.

These condensed consolidated interim financial statements do not include all the information required for full annual financial statements and therefore should be read in conjunction with our audited consolidated financial statements for the year ended September 30, 2022.

These condensed consolidated interim financial statements were prepared by management and approved by the Board of Directors of the Company (the “Board”) on May 10, 2023.

2.2 Basis of measurement

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

2. Basis of Preparation (continued)

2.3 Basis of consolidation

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

3. Significant Accounting Policies, Estimates and Judgments

3.1 Significant accounting policies

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended September 30, 2022, except for the following:

Amendments to IAS 16 *Property, Plant and Equipment* ("IAS 16"): Proceeds before Intended Use prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, amounts received will be recognized as sales proceeds and the related cost in profit or loss. The effective date of the amendment is for annual periods beginning on or after January 1, 2022. The amendment must be applied retrospectively to certain items of property. The adoption of the amendment had no impact on the Company.

3.2 Significant estimates and judgments

The preparation of financial statements requires the use of estimates and judgments that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These estimates and judgments are based on management's best knowledge of the relevant facts and circumstances, taking into consideration previous experience, but actual results may differ materially from the amounts included in the financial statements. The significant estimates and judgments applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in Note 3.15 to the Company's audited consolidated financial statements for the year ended September 30, 2022.

3.3 New standards and pronouncements not yet adopted

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

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

4. Exploration and Evaluation Assets

The Company holds two exploration licenses for the Chvaletice Manganese Project (the “Licenses”). The Company was also issued a Preliminary Mining Permit by the Czech Ministry of Environment, referred to by the Ministry as the prior consent of the establishment of the Mining Lease District (the "Preliminary Mining Permit"). The Preliminary Mining Permit covers the areas included in the Licenses and secures the Company's rights for the entire deposit. The Preliminary Mining Permit forms one of the prerequisites for the application for the establishment of the Mining Lease District and represents one of the key steps towards final permitting for the project. The establishment of the Mining Lease District, the application for the final Mining Permit, and applications for permits relating to the construction of infrastructure required for the project, are required prior to operation at the Chvaletice Manganese Project. The Licenses and the Preliminary Mining Permit are valid until May 31, 2026.

The acquisition of Mangan included the grant of a 1.2% net smelter royalty interest ("NSR"). On May 31, 2021, the Company entered into royalty termination agreements with the original owners of Mangan to purchase and extinguish the NSR in the Chvaletice Manganese Project for an aggregate consideration of USD4,500,000 ($5,424,458), payable in two instalments: 20% in cash, amounting to USD900,000 ($1,085,698) which was paid May 31, 2021; and 80%, amounting to USD3,600,000, on or before January 31, 2022, by a combination of cash and up to 50% in common shares. On January 31, 2022, the Company completed the royalty buy back by issuing 4,820,109 common shares at a price of $0.47262 per common share valued at $2,278,080 (USD1,800,000) and paid USD1,800,000 ($2,340,965) in cash. In connection with the royalty buy back transaction, the Company incurred $20,000 and $80,000 in transaction costs in the years ended September 30, 2021 and 2022, respectively.

The total carrying value of the Company’s exploration and evaluation assets of $6,773,544 also includes the fair value of the initial share consideration following the acquisition date of Mangan on May 13, 2016, as well as the discounted value of the deferred share consideration, as determined by the Company on the acquisition date. The exploration and evaluation assets will be tested for impairment and then reclassified to mineral property and development assets within property, plant and equipment, once the Company has secured access to all required land parcels for the Chvaletice Manganese Project and have obtained certain agreements with customers confirming the economic viability.

(expressed in Canadian dollars - unaudited)

5. Property, Plant and Equipment

	March 31, 2023				
	Demonstration plant & Buildings under construction [1]	**Equipment**	**Land**	**Lease assets**	**Total**
	$	**$**	**$**	**$**	**$**
Cost					
October 1, 2022	5,216,357	144,334	333,331	586,094	6,280,116
Additions	1,854,223	22,173	—	—	1,876,396
Disposals	—	(3,312)	—	—	(3,312)
March 31, 2023	**7,070,580**	**163,195**	**333,331**	**586,094**	**8,153,200**
Accumulated depreciation					
October 1, 2022	—	(100,454)	—	(228,413)	(328,867)
Additions	—	(12,435)	—	(113,617)	(126,052)
Disposals	—	1,848	—	—	1,848
March 31, 2023	**—**	**(111,041)**	**—**	**(342,030)**	**(453,071)**
Net Book Value					
October 1, 2022	5,216,357	43,880	333,331	357,681	5,951,249
March 31, 2023	**7,070,580**	**52,154**	**333,331**	**244,064**	**7,700,129**

[1] The Company acquired an administration building for $249,230 in the vicinity of the demonstration plant.

	September 30, 2022				
	Demonstration plant under construction	Equipment	Land	Lease assets	Total
	$	$	$	$	$
Cost					
October 1, 2021	2,064,835	112,503	333,331	364,231	2,874,900
Additions	3,151,522	31,831	—	221,863	3,405,216
September 30, 2022	5,216,357	144,334	333,331	586,094	6,280,116
Accumulated depreciation					
October 1, 2021	—	(79,306)	—	(58,432)	(137,738)
Additions	—	(21,148)	—	(169,981)	(191,129)
September 30, 2022	—	(100,454)	—	(228,413)	(328,867)
Net Book Value					
October 1, 2021	2,064,835	33,197	333,331	305,799	2,737,162
September 30, 2022	5,216,357	43,880	333,331	357,681	5,951,249

(expressed in Canadian dollars - unaudited)

6. EPCS Option and Other Assets

a) Option

On October 17, 2018, the Company, through its Czech subsidiary Mangan, made the first option payment of 14 million Czech Koruna ($815,000) as stipulated in an option agreement for the purchase of a 100% interest in EP Chvaletice s.r.o. ("EPCS") dated on August 13, 2018. EPCS 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. On August 13, 2021, the Company exercised the option to extend the payment term of the subsequent option payments by one year and made a payment of 14 million Czech Koruna ($819,576) to EPCS, which represents a portion of the final instalment.

On August 10, 2022, the Company made the third option payment of 42 million Czech Koruna ($2,304,402) together with the fee for the extension of 2.1 million Czech Koruna ($115,220).

Pursuant to the EPCS Option Agreement, the Company has the right to acquire a 100% interest in EPCS by making the final option payment of 70 million Czech Koruna (approximately $4.39 million at March 31, 2023), due upon receipt of all development permits for the Chvaletice Manganese Project, but no later than August 13, 2023, being five years after signing the EPCS Option Agreement.

The first, second, and third option payments made on October 17, 2018, August 13, 2021, and August 10, 2022, respectively, are a derivative classified as FVTPL due to the following:

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

ii) It does not meet any of the scope exceptions from recognition as a derivative asset under IFRS 9 *Financial Instruments*;

iii) Control of EPCS is not present until the last option payment is made. The remaining payment is dependent on the Board's approval and is not legally enforceable by the shareholder of EPCS.

At March 31, 2023, the option was revalued at $4,524,064, resulting in $588,260 of foreign exchange gain. There was no other change in the fair value of the option in the six months ended March 31, 2023.

b) Other assets

Other assets, representing additional deposits for land, are as follows:

		March 31, 2023	September 30, 2022
		$	$
Miscellaneous land parcels and second railway switch (plant area)	i)	**227,667**	227,667
Land for buffer zone and infrastructure corridor (tailings area)	ii)	**28,951**	28,951
Additional land and rail spur extension (plant area)	iii)	**268,064**	268,064
Additional land parcels for residue storage facility (tailings area)	iv)	**1,096,770**	516,452
Land parcel within the Port of Bécancour	v)	**137,565**	—
		1,759,017	1,041,134

6. EPCS Option and Other Assets (continued)

i) On February 7, 2019, the Company signed an amendment to the EPCS Option Agreement (the "Amendment"), funding, through EPCS, the purchase of several land parcels adjacent to the land owned by EPCS, and thus increasing the Option Agreement value by 3,500,000 Czech Koruna ($203,220). Pursuant to the Amendment, in the event that EPCS is not ultimately acquired under the EPCS Option Agreement, the ownership of these land parcels will be transferred to Mangan at no additional cost. The Company also capitalized transaction costs of $24,447.

ii) On May 11, 2019, the Company signed a purchase contract with the Municipality of Trnavka for a 2.96-hectare parcel of land adjacent to the Chvaletice Manganese Project tailings, on which the Company plans to construct a visual and acoustic barrier between Trnavka and the Chvaletice Manganese Project tailings. The first payment, representing 10% of the total amount, 202,699 Czech Koruna ($11,867) was paid on May 20, 2019. Subsequent payments totaling 1,824,291 Czech Koruna (approximately $106,000) are based on permitting milestones over the period to March 2029. On April 13, 2022, following the rezoning approval for mining use of the land area under the jurisdiction of the Trnavka Municipality, on which 85% of the Chvaletice Manganese Project's tailings are located, the Company made the second payment of 304,409 Czech Koruna ($17,038) to the Municipality of Trnavka.

iii) On December 18, 2020, the Company paid the first instalment of $86,373 pursuant to an agreement with Sprava Nemovitosti Kirchdorfer CZ s.r.o. to acquire a parcel of land, including a rail spur extension that provides additional room and flexibility for the Chvaletice commercial plant layout. The cost of the land is 18,739,125 Czech Koruna (approximately $1.1 million) and is to be paid in five annual instalments of approximately $80,000, followed by the remaining balance of approximately $700,000 in the final year. The Company has the option to terminate the contract after the third instalment. At September 30, 2021, the Company recognized a liability for the two payments due in October 2021 and 2022 in the total amount of $164,304. In October 2021, the Company paid $82,152 of this amount. The Company also capitalized transaction costs of $20,834. In October 2022, the Company paid the third annual instalment of $77,636.

iv) On June 7, 2022, the Company signed an agreement with a private landowner to acquire several land parcels. These land parcels are adjacent to the tailings area and provide additional room and flexibility for the Chvaletice residue storage facility layout. The total cost of the land is 54,327,751 Czech Koruna (approximately $3.0 million). The first instalment of $516,452 was paid in June 2022. The second instalment of $580,318 was paid in January 2023 and the remaining amount of approximately $2,207,000 is to be paid in January 2024.

v) On December 16, 2022, the Company entered into an option agreement with The Société du parc industriel et portuaire de Bécancour ("SPIPB"), a Québec state enterprise and owner of a 15-hectare land parcel within Bécancour (the "Bécancour Option Agreement") where the Company proposes to establish its North American facilities. The Bécancour Option Agreement allows the Company to exclusively access the land parcel and conduct due diligence thereon over a maximum term of 21 months, during which the Company has the opportunity to purchase the site. The Bécancour Option Agreement provides that the Company pay $45,855 per month for this option, whereas these option payments shall be deducted from the final purchase price of $9,171,200. As at March 31, 2023, the Company has made three payments aggregating $137,565.

7. Government Grant

In August 2022, the Company was approved to receive advisory services and up to $165,000 ($49,353 received in total to March 31, 2023, of which $34,459 was received six months ended March 31, 2023) from National Research Council of Canada's Industrial Research Assistance Program ("IRAP"). The funding supports the initiative the Company is undertaking with Nano One Materials Corp., the Metal direct to Cathode Active Material process, as well as the evaluation of the manganese metal by-product from the battery black mass recycling. The funding covers a portion of the internal and external labour costs in relation to these projects. The grant income is recorded separately on the income statement.

(expressed in Canadian dollars - unaudited)

8. Equity

a) Common shares

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

During the six months ended March 31, 2023, 1,316,599 stock options were exercised for proceeds to the Company of $207,650.

On February 22, 2021, the Company entered into an agreement with EIT InnoEnergy, securing their support for the Chvaletice Manganese Project. In connection with their support, EIT InnoEnergy was to invest €250,000 over three instalments that would go towards the Chvaletice feasibility study and demonstration plant. The first and second investment tranches of €62,500 ($92,850) and €125,000 ($185,162) were advanced on March 24, 2021, and July 26, 2021, respectively. Accordingly, on January 6, 2022, the Company issued 147,380 and 330,647 common shares to EIT InnoEnergy at the price of $0.63 and $0.56 per share, respectively, in connection with the first two instalment tranches. The third instalment tranche of €62,500 ($80,606) was made on August 26, 2022, and 237,077 common shares at the price of $0.34 per share were issued in early January 2023 in connection with the final instalment.

b) Share options

The Company has a rolling share-based compensation plan (the “Plan”) allowing for the reservation of a maximum 10% of the common shares issued and outstanding at any given time for issuance under the Plan. Under the Plan, all share options are granted at the discretion of the Company’s Board. 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 at the date of the grant.

Current outstanding options have an expiry date of ten years and vest over a period of 36 months, except for 900,000 options granted to certain officers of the Company which vest in 5 years from the date of grant and 350,000 options granted to a consultant, vesting one-third on the date of grant and one-third on each of the four and eight-month anniversaries of the date of grant. Additionally, 9,000,000 options granted to the President and CEO of the Company include market conditions and non-market performance vesting conditions. The performance vesting conditions are based on achieving project development milestones and the price-vesting thresholds are based on a daily volume weighted average share price of the Company. A continuity summary of the share options granted and outstanding under the Plan for the six months ended March 31, 2023, is presented below:

	March 31, 2023	
	Number of share options	**Weighted average exercise price ($ per share)**
Balance, beginning of the period	**35,312,664**	**0.40**
Options granted	**250,000**	**0.48**
Options exercised	**(1,316,599)**	**0.16**
Options expired	**(216,732)**	**0.61**
Balance, end of the period	**34,029,333**	**0.40**

During the six months ended March 31, 2023, the Company recorded share-based compensation expense of $1,128,556 (six months ended March 31, 2022 - $1,385,637) of which $100,701 has been allocated to Chvaletice Project evaluation expenses (six months ended March 31, 2022 - $334,254) and $1,027,855 to administrative expenses (six months ended March 31, 2022 - $1,051,383).

(expressed in Canadian dollars - unaudited)

8. Equity (continued)

The balance of options outstanding and exercisable at March 31, 2023, is as follows:

	Options outstanding		Options exercisable	
Exercise price ($ per share)	Number of share options	Weighted average remaining contractual life (years)	Number of share options	Weighted average remaining contractual life (years)
0.08	1,150,000	3.4	1,150,000	3.1
0.10	900,000	4.3	900,000	4.0
0.11	6,137,667	6.6	6,137,667	6.3
0.13	500,000	7.7	500,000	7.5
0.20	2,500,000	5.2	2,500,000	4.9
0.25	1,450,000	6.0	1,450,000	5.7
0.28	1,841,666	6.1	1,841,666	5.9
0.48	900,000	9.1	—	—
0.59	500,000	8.5	333,334	8.2
0.58	16,100,000	9.0	5,233,327	8.7
0.61	2,050,000	8.2	1,150,000	8.0
0.40	34,029,333	7.6	21,195,994	6.5

c) Warrants

	March 31, 2023	
	Number of warrants	**Weighted average exercise price**
		$
Balance, beginning of the period	**8,500,000**	**0.40**
Issued	—	—
Balance, end of the period	**8,500,000**	**0.40**

As at March 31, 2023, the following warrants were outstanding:

Expiry date	Weighted average exercise price ($)	Number of warrants	Weighted average remaining contractual life (years)
December 16, 2023	0.30	3,000,000	0.7
December 16, 2023	0.35	3,000,000	0.7
May 10, 2023	0.58	2,500,000	0.1
	0.40	8,500,000	0.5

(expressed in Canadian dollars - unaudited)

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 and the Company's 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, President and Chief Executive Officer, Chief Financial Officer, Vice President, Commercial, Vice President, Corporate Development and Corporate Secretary, Vice President, Operations, and the Managing Director of the Company's Czech subsidiary. During the three and six months ended March 31, 2023 and 2022, the Company incurred the following compensation expenses to key management of the Company and director fees:

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

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

	March 31, 2023	September 30, 2022
	$	$
Salaries and fees payable	**33,895**	378,373
Outstanding payable due to officers and directors	**2,996**	31,093
	36,891	409,466

The salaries and fees payable at both period ends include a salary and bonuses owing to the Managing Director of Mangan. Other amounts payable to officers and directors represent the reimbursement of office and travel related expenses. 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.

(expressed in Canadian dollars - unaudited)

10. Fair Value Measurement of Financial Instruments (continued)

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

The payments made pursuant to the EPCS Option Agreement (Note 6(a)) are a derivative asset. 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 under the EPCS Option Agreement. The option increased by $819,576 on August 13, 2021, with the second option payment. The option further increased by $2,419,622 on August 10, 2022, with the third option payment. At March 31, 2023, the Company revalued the option at $4,524,064, taking into consideration the recent transactions related to land purchases in the area and the foreign exchange rate movement between the Czech Koruna and the Canadian dollar. There were no transfers between the levels of the fair value hierarchy in the three and six months ended March 31, 2023.

11. Segmented Information

The Company's has one operating segment, the development of the Chvaletice Manganese Project in the Czech Republic.

12. Commitments

At March 31, 2023, the Company was committed to make the minimum annual cash payments as follows:

	Payments due by period		
	Total	Less than one year	1 - 2 years
	$	$	$
Minimum lease payments (1)	23,802	23,802	—
Land acquisition payments (2)	2,207,241	2,207,241	—
Operating expenditure commitments	665,899	660,457	5,442
Total contractual obligations	2,896,942	2,891,500	5,442

(1) The Company has one non-cancellable operating office lease expiring in one year.
(2) Land acquisition payments related to land parcels described in Note 6(b)(iv).

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

The Company and the Municipality of Chvaletice, being the land owners, signed a land access agreement via rental of the land to the Company until the earlier of a 40-year period or upon remediation of the land. The annual rental is 7.46 million Czech Koruna (approximately $420,000), adjusted for inflation based on the average annual Czech consumer price index for the 12 months of the previous calendar year. The land rental agreement is effective as of July 1, 2022. The first rental payment of the annual proportionate amount of 3.7 million Czech Koruna ($204,000) was made on July 28, 2022.

(expressed in Canadian dollars - unaudited)

13. Supplemental Cash Flow Information

Non-cash financing and investing transactions in the six months ended March 31, 2023 and 2022, were as follows:

	Six months ended March 31,	
	2023	2022
	$	$
Capital expenditures included in accounts payable	**1,141,170**	2,548
Shares issued for deferred equity commitment	**80,606**	278,012
Shares issued for liability for royalty buy back	**—**	2,278,080
Transfer of reserves on exercise of share options	**146,708**	—

14. Events after the Reporting Period

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

APPENDIX 2

EURO MANGANESE

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

Contents

1. Introduction

The principal business and current focus of Euro Manganese Inc. (the "Company" or "EMN") is the development of the Chvaletice Manganese Project (the "Project"), in which the Company has a 100% ownership interest. The Project involves the re-processing of a readily leachable manganese deposit hosted in the tailings of a decommissioned mine in the Czech Republic. The Company has also started to explore an opportunity to develop a project to produce high-purity manganese products in Canada for the North American market. The Company's goal is to produce high-purity manganese products in an economically, socially and environmentally-sound manner, principally for use in lithium-ion batteries.

EMN was incorporated under the British Columbia Business Corporations Act on November 24, 2014. The Company’s corporate offices are located at 700 West Pender Street, Suite 709, Vancouver, B.C., Canada, and its registered offices are located at 666 Burrard Street, Suite 1700, Vancouver, B.C., Canada. The Company’s common shares are traded on the TSX Venture Exchange ("TSX-V") and on the OTC Best Market ("OTCQX") under the symbols "EMN.V" and "EUMNF", respectively. CHESS Depositary Interests ("CDIs", with each CDI representing one common share) are traded on the Australia Securities Exchange ("ASX") under the symbol "EMN.AX".

This management’s discussion and analysis (“MD&A”) of the financial condition and results of operations of the Company, prepared as of May 10, 2023, is intended to be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2022, and the Company's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2023, and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*.

Additional information relating to the Company, including the Annual Information Form for the year ended September 30, 2022, is available on SEDAR at www.sedar.com and on the Company's website www.mn25.ca.

The technical information in this MD&A concerning the Chvaletice Manganese Project was prepared under the supervision of Ms. Andrea Zaradic, P. Eng., a Qualified Person under the National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101").

This MD&A contains "forward-looking statements" that are subject to risk factors as set out in a cautionary note contained in Section 15. The financial information presented in this MD&A is in Canadian dollars, unless otherwise stated.

2. Overview

The Chvaletice Manganese Project is located in the Czech Republic, within the townships of Chvaletice and Trnavka, in the Labe River valley, approximately 90 kilometres to the east of the country's capital, Prague. The Project site is adjacent to established infrastructure, including an 820-megawatt power station that supplies the Czech Republic’s national grid, a major railway line, a highway, and a natural gas line. The surrounding region is industrialized and skilled labour is expected to be available from local markets. The Project resource is contained in flotation tailings piles that were emplaced on flat terrain immediately below the site of a flotation mill site, adjacent to the former Chvaletice open pit mine. The tailings were deposited from historical milling operations for the recovery of pyrite used for the production of sulfuric acid. The tailings, which consist of three separate piles ranging from 12 to 28 metres in thickness, cover a cumulative surface area of approximately one square kilometre.

2. Overview (continued)

The Company has significantly advanced the Project since 2015 and believes that the Project's environmentally-friendly tailings reprocessing to produce high-purity manganese products should enable it to become Europe's only primary producer of such products, with a best-in-class environmental footprint. The Project is also expected to result in the environmental remediation of a polluted former mine tailings site, bringing it into full compliance with modern Czech and European Union environmental standards and regulations.

The Project is targeting production of high-purity electrolytic manganese metal ("HPEMM") with specifications exceeding 99.9% Mn and high-purity manganese sulphate monohydrate ("HPMSM") with a minimum manganese content of 32.34%. These products will be selenium, fluorine, and chromium-free and are designed to contain very low levels of deleterious impurities.

HPEMM and HPMSM are critical components of Li-ion batteries and few sources of manganese ore are suitable for production of high-purity manganese products. As such, demand for high-purity manganese products is growing rapidly, fueled largely by the Li-ion and electric vehicle ("EV") markets. The Company has entered into one non-binding off-take term sheet for the sale of HPMSM from the Chvaletice Manganese Project and six technical and commercial collaboration memorandums of understanding ("MOU") with consumers of high-purity manganese products, the most recent in the last quarter, intended to result in the supply chain qualification of the Project's products and the eventual offtake of high-purity manganese products from the Project. Pursuant to an offtake tender process which is currently underway, the Company is in active discussions and negotiations with multiple other parties, including battery, chemical, and automobile manufacturers, and anticipates more term sheets or offtake agreements will follow in the near term. An overview of the high-purity manganese market can be found in Section 6 of this MD&A.

The Company's wholly-owned subsidiary, Mangan Chvaletice s.r.o. ("Mangan") holds two licenses covering mineral exploration rights for the Project ("Licenses"), which are both valid until May 31, 2026. Mangan also holds a Preliminary Mining Permit, referred to by the Czech Ministry of Environment as the Prior Consent for the Establishment of a Mining Lease District, which is also valid until May 31, 2026. The Preliminary Mining Permit which represents one of the key steps towards final permitting for the Project, covers the areas included in the Licenses, and secures Mangan's exploration rights for the entire deposit. The establishment of the Mining Lease District, the application for the Final Mining Permit, and applications for permits relating to the construction of infrastructure and operation of a processing facility required for the Project, must be submitted and approved prior to any commercial extraction and processing activities at the Project.

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

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

2. Overview (continued)

On August 13, 2018, Mangan signed an option agreement giving it the right to acquire 100% of a company that owns a 19.94-hectare parcel of land intended to be the site of Mangan's high-purity processing plant (Section 6 of this MD&A). The Company also signed further agreements to acquire rights to several additional strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant (Section 6 of this MD&A). The land for the proposed processing plant is already zoned for industrial use.

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

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

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

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

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

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

- On January 11, 2023, the Company signed a non-binding term sheet with Verkor, a low-carbon battery manufacturer based in Grenoble, France, for the sale of HPMSM from the Chvaletice Manganese Project. The parties intend to enter into a binding offtake agreement in calendar 2023.

- On January 6, 2023, the Company issued 237,077 common shares to EIT InnoEnergy at the price of $0.34 per share in connection with a third and final investment tranche of €62,500 ($80,606) received by the Company on August 26, 2022.

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

- On January 4, 2023, the Company announced the submission of the ESIA for the Project to the Ministry of Environment in the Czech Republic, for which the approval process is anticipated to take approximately six months. The Company also published its inaugural 2022 Sustainability Report which outlines how it is leading the way for sustainable production of high-purity manganese for the EV industry.

- The Company entered into an option agreement with The Société du parc industriel et portuaire de Bécancour ("SPIPB"), a Québec state enterprise and owner of a 15-hectare land parcel within Bécancour (the "Bécancour Option Agreement") where the Company proposes to establish its North American facilities. The Bécancour Option Agreement allows the Company to exclusively access the land parcel and conduct due diligence thereon over a maximum term of 21 months, during which the Company has the opportunity to purchase the site. The Bécancour Option Agreement provides that the Company pay $45,855 per month for this option starting January 2023, whereas these option payments shall be deducted from the final purchase price of $9,171,200.

4. Outlook

The Company has sufficient funding to complete the permitting of the Project and complete the commissioning of the Chvaletice demonstration plant and its operation for one year. Additional funding will be required for the continuous operation of the demonstration plant, execution of the EPCM services for the Project, additional land acquisitions, as well as the potential future construction of infrastructure and processing facilities for the Project and to advance the Company's North American strategy (Section 8 of this MD&A).

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

- full commissioning and operating the demonstration plant to allow the Company to produce bulk, multi-tonne finished product samples for prospective customers' supply chain qualification;

- rezoning of the remaining land area underlying the tailings for mining use, which the Company anticipates being approved by Chvaletice in the second half of calendar 2023;

- continuing negotiations with potential customers to enter into offtake contracts, as well as strategic and financial partners and government agencies, including those related to funding the development of the Project;

- negotiating and completing the acquisition or access to the remaining land rights;

- awarding the EPCM contract for the Project;

- developing an optimum financing structure for the Project, which is dependent upon the above milestones being achieved; and

- progressing towards a feasibility study for the site at Bécancour, Québec, for potential production of high-purity manganese products in Canada for the North American EV market.

4. Outlook (continued)

Once the Project is permitted, offtake agreements have been entered into with the Company’s prospective customers, and the remaining land access rights have been acquired, the Company intends to secure financing in order to commence construction of the full-scale commercial Chvaletice process plant and related infrastructure. The Company believes that the capacity for project financing is likely to compare advantageously to the majority of projects due to: the Project’s robust economics as demonstrated in the Feasibility Study; its in-demand products; its safe jurisdiction; quality of potential offtake agreements that are possible in the EV battery industry; the unique environmental credentials and benefits of the Project; strategic position within the European battery supply chain; and the indication of strong support from leading European financial institutions. The Project’s debt capacity would be influenced by: the bankability of offtake agreements and any available price downside protection; government, Export Development Agency, and European Union credit guarantees of debt; sponsorship by customers through advances, prepayments on offtake agreements and / or equity or debt contribution; and potential cost overrun mitigation provided by an EPCM counterparty. As part of the Company's strategy for raising financing for the Chvaletice Project, BMO Capital Markets ("BMO") has been engaged to assist the Company in securing a strategic partner to invest at the project level in combination with an offtake agreement. BMO is currently initiating discussions with key automotive original equipment manufacturers ("OEMs")

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

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

6. Review of Operations - Chvaletice Manganese Project

Feasibility Study and Environmental Impact Assessment

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

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

The highlights of the Feasibility Study are as follows:

- Conversion of the Mineral Resource to a 27 million tonne Proven and Probable Reserve (98.3% Proven) with a grade averaging 7.41% Mn. Recycling of the historic tailings without the requirement of any hard rock mining, crushing or milling.

- 25-year project operating life producing 1.19 million tonnes of HPEMM, approximately two-thirds of which is expected to be converted into HPMSM.

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

- Saleable product includes 2.5 million tonnes of HPMSM (32.34% Mn) and 372,300 tonnes of HPEMM (99.9% Mn) over the life of project, averaging 98,600 tonnes of HPMSM and 14,890 tonnes of HPEMM annually, principally focused on Europe's rapidly growing EV battery industry.

- Base case after-tax NPV of US$1.34 billion and pre-tax NPV of US$1.75 billion, using an 8% real discount rate and risk-adjusted base case price forecast.

- Ungeared after-tax Internal IRR of 21.9% with a 4.1-year payback period; and an ungeared pre-tax IRR of 24.9% with a 3.6-year payback period.

- Initial capital ("Capex") of US$757.3 million, including contingencies of US$103.2 million (US$78.4 million on direct costs and US$24.8 million of growth allowance) and sustaining capital ("Sustaining Capex") of US$117.0 million over the 25-year life of project.

- Life of project revenues of US$13.9 billion with gross revenues expected to average US$554 million per year over the 25-year project life.

- Project earnings before interest, taxes, depreciation and amortization ("EBITDA") and annual average EBITDA forecasted to be US$8.1 billion and US$326 million respectively, averaging 58.8% EBITDA over the life of project.

- Base case project economics are based on Tetra Tech adoption of a risk-adjusted short-term price forecast that follows CPM Group's forecast for HPMSM and HPEMM to 2031 and then holds prices flat over the remaining life of project, resulting in average prices of $4,019 per tonne of HPMSM containing 32.34% Mn and $10,545/t of HPEMM containing 99.9% Mn.

- CPM Group's unaltered price forecast was used as the upside case in the Feasibility Study sensitivity analysis with average life of project prices of $4,509/t for HPMSM and $12,075/t for HPEMM.

- Using the CPM Group price forecast for HPMSM and HPEMM, after-tax $NPV_{8\%}$ increases to US$1.79 billion, with an ungeared IRR of 24.1%.

- Project has access to excellent transportation, energy, and community infrastructure. Proposed process plant site to be located in an industrially-zoned brownfield site, where a historical process plant generated the Chvaletice tailings.

- Exceptional green project credentials resulting in a significant remediation of the Chvaletice tailings site, arresting the ongoing pollution related to historical tailings disposal activities with opportunities to enhance returns through process optimization initiatives and various government investment incentives and financial support programs that may be available.

Life Cycle Assessment

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

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

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

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

Environmental and Social Impact Assessment

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

Demonstration Plant Progress Update

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

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

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

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

The Company estimates that the cost, including fabrication, delivery, commissioning, laboratory set-up, and an operator training program, as well as the cost of operation for one year, will be approximately US$6.5 million ($8.7 million). To the date of this MD&A, the Company made total payments of US$1.6 million ($1.9 million) for the demonstration plant, accrued $1.5 million for the next milestone payments, and incurred additional expenses of $3.4 million for permitting, site preparation and commissioning.

Option Agreement and Land Acquisitions

The Company, through its subsidiary, Mangan, entered into an option agreement dated August 13, 2018 (the "EPCS Option Agreement"), to acquire 100% of the equity of EP Chvaletice s.r.o. ("EPCS"), a small Czech steel fabrication company that owns a 19.94-hectare parcel of land. This land is located immediately south of the highway and rail line that bound the Chvaletice tailings deposit. It is also adjacent to the Chvaletice power plant and 1.7-hectare parcel of land and rail siding that was previously acquired by the Company. This strategic land parcel encompasses the intended site of its proposed processing plant. The land is zoned for industrial use and contains numerous buildings, including office, warehousing, and other industrial structures, several of which are leased to short-term tenants. The land also contains two rail spurs and is served by gas, water, and power.

The Company has the right to acquire EPCS by making payments aggregating 140 million Czech Koruna payable in four cash instalments, the first and second of which were paid on October 17, 2018, and August 13, 2021, respectively, each in the amount of 14 million Czech Koruna ($815,000 and $819,576, respectively). Additionally, on August 13, 2021, the Company exercised the option to extend the payment term of the following instalments by one year for a fee of 2.1 million Czech Koruna, payable with the next instalment.

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

The Company entered into the following agreements to acquire rights to three additional strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant:

i. Purchase from the owner of the nearby Chvaletice power plant, a 1,952 m² section of land encompassing Rail Spur no. 1, through which the proposed Chvaletice process plant will be serviced and connected to existing rail infrastructure. This acquisition is particularly important for the Project, as it provides the Company with a second rail connection, through the existing rail siding of the neighboring power plant. This is expected to provide greater logistical capacity and flexibility for the Project. The cost of the land is 252,762 Czech Koruna (approximately $14,000). The acquisition of this section of land was completed on April 15, 2021.

ii. Purchase of a 49,971 m² parcel of land, including a rail spur extension that will provide additional room and flexibility for the definitive Chvaletice commercial plant layout. The cost of the land is 18,739,125 Czech Koruna (approximately $1.1 million) and can be paid in five 7.5% annual instalments (approximately $80,000), followed by the remaining balance of approximately $700,000 in the final year. At September 30, 2021, the Company recognized a liability for the two payments due in October 2021 and 2022 in the total amount of $164,304. In October 2021, the Company paid $82,152 of this amount. In October 2022, the Company paid the third annual instalment of $77,636.

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

iii. Lease of a 3,504 m² right-of-way for a period of 30 years, with a one-month cancellation notice period, to allow the straightening of a proposed conveyor route. Annual rental will be 60,000 Czech Koruna (approximately $3,000) and the Company will retain an option to purchase this land.

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

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

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

High-Purity Manganese Market Overview and Product Marketing

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

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

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

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

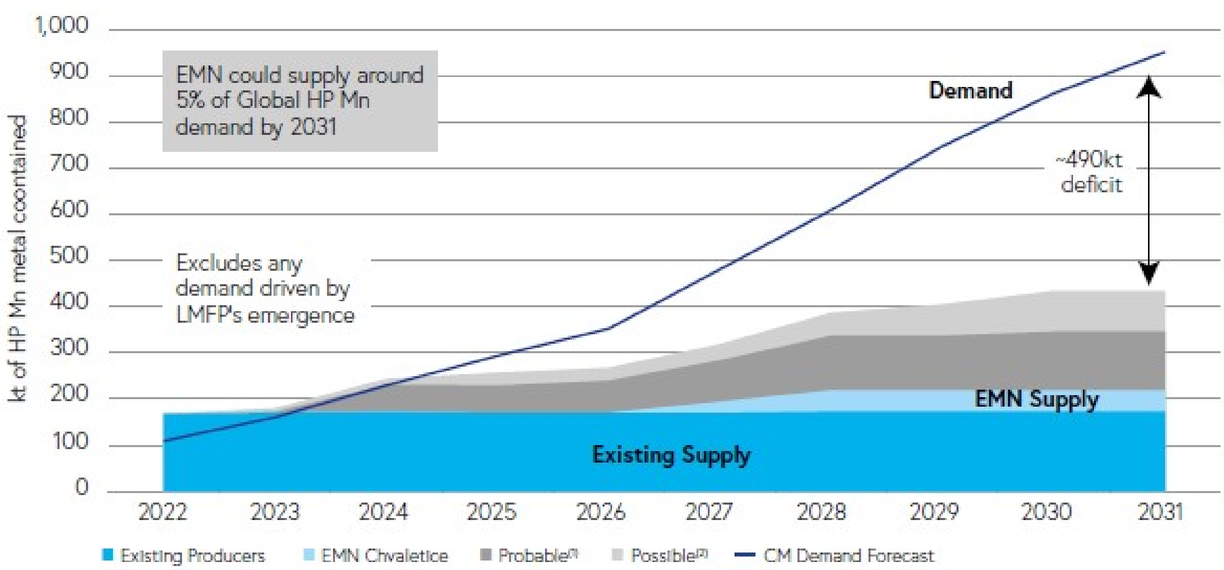
- The market for HPMSM and HPEMM is forecast to be radically transformed as a result of the 'EV revolution'. Most Li-ion batteries that power EVs are expected to use manganese in their cathodes and these manganese-containing battery chemistries are expected to dominate the battery market for the next two decades.

- CPM Group expects the demand for high-purity manganese to increase 13 times between 2021 and 2031 (from 90 kt to 1.1 million tonnes of Mn contained) and 50 times between 2021 and 2050 (to 4.5 million tonnes of Mn contained).

- The total Mn market in 2022 was approximately 22 million tonnes, with Mn use currently dominated by the steel industry, however, high-purity manganese suitable for the battery market makes up less than 0.5% of the global manganese market.

- The bottleneck in supply of HPMSM and HPEMM is the lack of high-purity refining capacity. Known expansions and new projects are unable to satisfy this demand. CPM Group forecasts the 2031 deficit to be 475 kt Mn equivalent. If battery demand continues to grow as expected and no additional new projects come to the market, the deficit would increase to 1 million tonnes by 2037.

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



(1) Probable: existing producer expansions or projects with Feasibility Studies.
(2) Possible: projects yet to produce Feasibility Studies.

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

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

According to the International Manganese Institute, China retains its dominant position as a supplier of high-purity manganese products – more than 91% of the HPMSM suitable for the battery industry originating in China. However, China relies heavily on imported ore, mainly from South Africa, Australia, Gabon, and Ghana. At present, only about 2.5% of HPMSM suitable for the battery industry is produced in Europe. The Company's prospective customers are increasingly interested in diversifying their strategic raw material sourcing and wish to promote the creation of independent, local supply chains, particularly in regions such as Europe, where the automobile manufacturing industry employs over 14 million people directly and indirectly and where the automotive companies have made strong commitments to the electrification of their fleets.

Europe is rapidly becoming a major hub in the global electric car and battery industries, with seven battery cell gigafactories (defined as >1GWh/annum of battery production) in operation now. According to announcements from the battery makers, by 2030, Europe should have 56 battery gigafactories, with more than 1,458 GWh of production capacity installed (30% of global capacity, second after China). CPM Group believes that the entire planned output of the Project can be consumed by the growing lithium-battery sector in Europe.

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

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

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

7. Quarterly Financial Review

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

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

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

<u>Summary of major variations in quarterly financial activities:</u>

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

- In the six quarters from April 2021 to September 2022, the Company focused on progressing and completing the Feasibility Study, preparation work and permitting of the demonstration plant, and the preparation of the Final ESIA. The Company completed the Feasibility Study in the quarter ended September 2022. The number of employees at the Project site has risen continuously in relation to the demonstration plant site preparation and commissioning.

- In the most recent two quarters, the Company continued the work related to the preparation and submission of the Final ESIA.

- In the most recent three quarters, the Company also incurred expenses related to the evaluation of a potential dissolution plant at the Port of Bécancour in Québec, Canada, which would produce high-purity manganese products for the North American EV market.

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

- For the six quarters from April 2021 to September 2022, other administrative expenses steadily increased mostly as a result of a higher number of employees in the corporate office in Canada and higher share-based compensation expenses. In the quarter ended December 2021, increased remuneration costs are attributable to the change in the Company's CEO and to non-cash share-based expenses in the period.

- Compared to the other periods, the quarter ended December 31, 2022, was significantly impacted by an unrealized foreign exchange gain relating to the revaluation of the EPCS option.

- In the most recent quarter, other administrative expenses increased mainly as a result of a higher number of employees in the corporate office in Canada and bonuses paid during the quarter, higher legal and professional fees relating to the Project financing efforts.

7. Quarterly Financial Review (continued)

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

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

7. Quarterly Financial Review (continued)

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

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

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

7. Quarterly Financial Review (continued)

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

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

7. Quarterly Financial Review (continued)

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

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

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

8. Liquidity and Capital Resources

As at March 31, 2023, the Company held cash and cash equivalents of approximately $13.8 million. Cash and cash equivalents are held with reputable financial institutions and are invested in highly liquid short-term investments with maturities of one year or less. The funds are not exposed to significant liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

The decrease in cash of $7.8 million during the six months ended March 31, 2023, is a result of $6.3 million of cash used in operating activities and $1.5 million of cash used in investing activities, which included the payment for demonstration plant costs and certain land related payments. This decrease was slightly offset by cash generated from financing activities of $0.1 million representing the exercise of stock options during the first fiscal quarter of 2023. Working capital decreased by $8.6 million during the six months ended March 31, 2023, to $11.2 million from $19.8 million at September 30, 2022.

8. Liquidity and Capital Resources (continued)

Additional funding will be required for the potential future construction of infrastructure and facilities for the Project. The ability of the Company to arrange such funding will depend principally upon prevailing market conditions, the business performance of the Company, and other factors. Such funding may not be available when needed, if at all, or be available on terms favourable to the Company and its shareholders. Failure to obtain such additional financing could result in a delay, indefinite postponement or curtailment of further evaluation and development of the Company's principal property.

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

Contractual Commitments

As at March 31, 2023, the Company was committed to make the minimum annual cash payments, as follows:

		Payments due by period	
	Total	Less than one year	1 - 2 years
	$	$	$
Minimum lease payments [1]	23,802	23,802	—
Land acquisition payments [2]	2,207,241	2,207,241	—
Operating expenditure commitments	665,899	660,457	5,442
Total contractual obligations	2,896,942	2,891,500	5,442

[1] The Company has one non-cancellable operating office lease expiring in one year.
[2] Land acquisition payments relate to land parcels for the residue storage facility layout.

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

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

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

9. Related Party Transactions

For the three and six months ended March 31, 2023 and 2022, amounts paid to related parties were incurred in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the transacting parties.

At March 31, 2023, key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole, and consisted of the Company's Board of Directors, President and Chief Executive Officer, Chief Financial Officer, Vice President, Commercial, Vice President, Corporate Development and Corporate Secretary, Vice President, Operations, and the Managing Director of the Company's Czech subsidiary.

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

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

10. Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares without par value. The following common shares, stock options and share purchase warrants were outstanding at May 10, 2023:

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

11. Events After the Reporting Period

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

12. Significant Accounting Policies, Estimates and Judgments

Basis of preparation and accounting policies

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

Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas of judgment and key sources of estimation uncertainty that have the most significant effect are disclosed in Note 3.15 of the Company's consolidated financial statements for the year ended September 30, 2022, and in Note 3.2 of the Company's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2023.

13. Financial Instruments and Financial Risk Management

A description of the Company's financial instruments and financial risks that the Company is exposed to and management of these risks can be found in Notes 10 and 11, respectively, of the Company's consolidated financial statements for the year ended September 30, 2022, and Note 10 of the Company's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2023.

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

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that: (i) the condensed consolidated interim financial statements for the three and six months ended March 31, 2023, do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made; and (ii) the condensed consolidated interim financial statements for the three and six months ended March 31, 2023, fairly present in all material respects the financial condition, results of operations and cash flow of the Company.

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

Disclosure Controls and Procedures

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

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

Management, including the CEO and CFO, has evaluated the design and operating effectiveness of the Company's disclosure controls and procedures as of March 31, 2023. Based on this evaluation, management concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

Limitations of Controls and Procedures

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

15. Forward-Looking Statements and Risks Notice

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

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

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

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

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

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

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