Euro Manganese Inc.

May 14, 2020

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, 2020 and 2019 (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, 2020 (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, 2020 (Canadian dollars, Unaudited)	Result for Half-Year Ended March 31, 2019 (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.	(4,029,748)	(4,503,319)	473,571	(11)%
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	(4,029,748)	(4,503,319)	473,571	(11)%
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 19 and 20 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 19 and 20 of the MD&A.

Sincerely,

"Marco Romero"

Marco A. Romero,
President & CEO
(604)-681-1010 ext. 101
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Appendix 1

Euro Manganese Inc.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2020 AND 2019
(unaudited)

Contents

Condensed Consolidated Interim Statements of Financial Position

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

	Note	March 31, 2020	September 30, 2019
		$	$
ASSETS			
Current assets			
Cash		**1,266,375**	4,084,694
Prepaid expenses		**421,151**	112,864
Accounts receivable		**101,401**	45,148
		1,788,927	4,242,706
Non-current assets			
Exploration and evaluation assets	4	**1,249,086**	1,249,086
Property and equipment	5	**359,858**	368,952
Lease assets	5	**78,382**	—
Other assets	6	**239,534**	232,794
Option	6	**815,000**	815,000
Total assets		**4,530,787**	6,908,538
LIABILITIES			
Current liabilities			
Accounts payable		**736,597**	581,722
Due to related parties	9	**321,392**	170,618
Lease liability		**42,571**	—
Share subscription liability	13	**739,928**	—
Deferred consideration	7,13	**295,404**	275,838
		2,135,892	1,028,178
Non-current liabilities			
Lease liability		**49,478**	—
Total liabilities		**2,185,370**	1,028,178
EQUITY			
Share capital		**23,273,236**	22,973,236
Equity reserves		**2,377,661**	2,182,856
Deficit		**(23,305,480)**	(19,275,732)
Total shareholders' equity		**2,345,417**	5,880,360
Total liabilities and shareholders' equity		**4,530,787**	6,908,538

Nature of Operations and Going Concern (Note 1)
Events after the Reporting Period (Note 13)

Approved on behalf of the Board of Directors on May 14, 2020

"Marco Romero"
Marco Romero, Director

"John Webster"
John Webster, Director

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

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Euro Manganese Inc.

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Project evaluation expenses				
Engineering	**642,482**	530,145	**1,384,107**	1,156,569
Remuneration	**252,339**	269,043	**515,334**	496,025
Share-based compensation	**29,557**	97,045	**68,862**	137,470
Drilling, sampling and surveys	**533**	1,130	**3,690**	209,380
Metallurgical	**—**	73,289	**41,408**	222,246
Travel	**9,084**	30,395	**63,782**	70,481
Legal and professional fees	**24,498**	117,738	**136,240**	178,723
Geological	**61,270**	17,723	**77,766**	135,226
Market studies	**38,882**	50,836	**73,410**	105,624
Supplies and rentals	**3,595**	30,071	**16,605**	50,377
	1,062,240	1,217,415	**2,381,204**	2,762,121
Other expenses				
Remuneration	**255,213**	330,118	**576,163**	659,697
Share-based compensation	**49,961**	232,830	**125,943**	307,619
Total remuneration	**305,174**	562,948	**702,106**	967,316
Legal and professional fees	**161,730**	48,225	**243,007**	125,229
Investor relations	**89,891**	71,069	**117,381**	187,139
Product sales and marketing	**70,548**	7,097	**132,950**	19,330
Travel	**48,064**	67,431	**84,890**	102,488
Filing and compliance fees	**56,997**	67,636	**108,802**	157,754
Office, general and administrative	**36,756**	20,327	**84,550**	48,106
Accretion expense	**32,622**	18,038	**66,044**	36,478
Insurance	**26,707**	24,728	**48,039**	50,182
Office rent	**—**	12,909	**—**	34,190
Conferences	**20,753**	1,020	**23,138**	1,020
Depreciation	**18,720**	7,411	**37,637**	11,966
	867,962	908,839	**1,648,544**	1,741,198
Loss and comprehensive loss for the period	**1,930,202**	2,126,254	**4,029,748**	4,503,319
Weighted average number of common shares outstanding - basic and diluted	**176,265,435**	170,597,512	**175,734,287**	170,709,600
Basic and diluted loss per common share	**$0.01**	$0.01	**$0.02**	$0.03

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

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

Euro Manganese Inc.

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

	Attributable to equity shareholders of the Company				
	Share Capital	**Share Capital**	**Equity Reserves**	**Deficit**	**Shareholders' Equity (Deficit)**
	#	**$**	**$**	**$**	**$**
Balance at October 1, 2018	160,509,600	19,972,416	1,482,544	(10,958,327)	10,496,633
Shares and warrants issued for cash, net of expenses	10,000,000	2,232,609	48,890	—	2,281,499
Shares issued as part of broker fees	200,000	50,000	—	—	50,000
Share-based compensation	—	—	445,089	—	445,089
Loss and comprehensive loss for the period	—	—	—	(4,503,319)	(4,503,319)
Balance at March 31, 2019	170,709,600	22,255,025	1,976,523	(15,461,646)	8,769,902
Balance at October 1, 2019	**175,065,435**	**22,973,236**	**2,182,856**	**(19,275,732)**	**5,880,360**
Shares issued in private placement	1,200,000	300,000	—	—	300,000
Share-based compensation	—	—	194,805	—	194,805
Loss and comprehensive loss for the period	—	—	—	(4,029,748)	(4,029,748)
Balance at March 31, 2020	**176,265,435**	**23,273,236**	**2,377,661**	**(23,305,480)**	**2,345,417**

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, 2020	2019
		$	$
Operating activities			
Net loss for the period		**(4,029,748)**	(4,503,319)
Less non-cash transactions:			
Share-based compensation		**194,805**	445,089
Depreciation		**37,637**	11,966
Lease liability accretion		**46,478**	—
Accretion expense	7	**19,566**	36,478
		(3,731,262)	(4,009,786)
Changes in non-cash working capital items:			
Accounts payable		**154,875**	(121,980)
Share subscription liability		**203,505**	—
Accounts receivable		**(56,253)**	29,928
Prepaid expenses		**(8,288)**	(67,133)
Due to related parties		**150,774**	(186,600)
		444,613	(345,785)
Cash used in operating activities		**(3,286,649)**	(4,355,571)
Financing activities			
Common shares issued for cash, net of expenses		**—**	2,085,777
Lease principal payments		**(57,036)**	—
Share subscriptions received		**536,423**	—
Cash generated from financing activities		**479,387**	2,085,777
Investing activities			
Option and deposit for land	6	**(6,740)**	(997,670)
Property and equipment acquisition	5	**(4,317)**	(7,517)
Cash used in investing activities		**(11,057)**	(1,005,187)
Decrease in Cash		**(2,818,319)**	(3,274,981)
Cash - beginning of period		**4,084,694**	10,368,002
Cash - end of period		**1,266,375**	7,093,021
Non-cash transactions excluded from above:			
Common shares issued in private placement		**300,000**	—
Prepaid expenses		**(300,000)**	—
Common shares issued as payment for financing services		**—**	(50,000)
Share issue cost		**—**	50,000
Warrants issued as payment of broker fees			
Equity reserves		**—**	(48,890)
Share capital		**—**	48,890

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

1. Nature of Operations and Going Concern

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

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

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Several conditions discussed below give rise to material uncertainties that may cast significant doubt on this assumption.

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

At March 31, 2020, the Company's equity totaled $2,345,417 (September 30, 2019 - $5,880,360) and a negative working capital totaled $346,965 (September 30, 2019 - working capital totaled $3,214,528), including cash of $1,266,375 (September 30, 2019 - $4,084,694). The decrease in the net working capital includes share subscription liability of $739,928 which was converted into share capital after March 31, 2020. The loss for the three and six months ended March 31, 2020 was $1,930,202 and $4,029,748, respectively (three and six months ended March 31, 2019 - $2,126,254 and $4,503,319, respectively) while cash used in operating activities was $3,286,649 during the six months ended March 31, 2020 (six months ended March 31, 2019 - $4,355,571). The Company's capital resources are not expected to provide sufficient working capital to fund its corporate and committed project development costs for at least twelve months from the date of these financial statements.

Therefore, additional funding will be required for working capital, further evaluation and development work including the completion of feasibility studies, environmental studies, permitting, as well as the potential future construction of infrastructure and facilities for the Chvaletice Manganese Project. The ability of the Company to arrange such equity or other financing in the future will depend principally upon prevailing market conditions and the performance of the Company. There can be no assurance that additional funding will be available when needed, if at all, or may not be available on terms favorable to the Company. Failure to obtain such additional financing could result in delay or indefinite postponement of further evaluation and development of the Company's principal property. The consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported expenses and the balance sheet classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

On March 11, 2020, the World Health Organization declared a global pandemic related to COVID-19. The impacts on the global economy and commerce have already been significant and are expected to continue in the future. To date, the impact on the Company's operations has not been significant; however, some delays in the progress of the Chvaletice Manganese Project were experienced and immediate cost cutting measures were put in place. The duration of the pandemic and its impact on global financial markets, have impacted the Company's ability to access financing.

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, 2019.

These condensed consolidated interim financial statements were prepared by management and approved by the Board of Directors of the Company (the “Board”) on May 14, 2020.

2.2 Basis of measurement

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

2.3 Basis of consolidation

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

3. Significant Accounting Policies, Estimates and Judgments

3.1 Change in accounting policies

The accounting policies applied in the preparation of these condensed 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, 2019, except for the following:

IFRS 16 *Leases*

On October 1, 2019, the Company adopted the requirements of IFRS 16 *Leases* (“IFRS 16”). IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Company elected to apply IFRS 16 using a modified retrospective approach and recognized the cumulative effect of adopting IFRS 16 in an adjustment to the opening statement of financial position at October 1, 2019. As a result, the comparative information has not been restated and continues to be reported under the previous accounting standard, IAS 17 *Leases*. The new accounting policy and the quantitative impact of change are described below.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and

- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU assets are subsequently depreciated to the earlier of the end of the useful life of the ROU asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

Lease payments included in the measurement of the lease liability comprise: fixed payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under any residual value guarantee, and the exercise price under any purchase option that the Company would be reasonably certain to exercise; lease payments in any optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for any early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to statement of loss on a straight-line basis over the lease term.

On adoption of IFRS 16, the Company recorded ROU assets of $97,781 within property, plant and equipment. The Company recorded lease liabilities of $97,781 as at October 1, 2019. The weighted average incremental borrowing rate for lease liabilities initially recognized as of October 1, 2019 was 8%.

(expressed in Canadian dollars - unaudited)

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

	$
At September 30, 2019	—
Minimum operating lease commitments at September 30, 2019	161,820
Excluded from lease commitments due to cancellation clauses	95,141
Recognition exemption for low value leases	(8,103)
Effect of discounting at the incremental borrowing rate	(151,077)
Lease liabilities arising on initial application of IFRS 16	97,781
Additions - new lease agreements	10,351
Adjustment of lease liability for decrease in future lease payments	(5,524)
Cash principal and interest payments	(57,037)
Non-cash accretion	46,478
At March 31, 2020	92,049
Less: Current portion	(42,571)
	49,478

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 3.13 to the Company's audited consolidated financial statements for the year ended September 30, 2019.

In addition, the Company applied significant judgment in determining the weighted average incremental borrowing rate for lease liabilities which were initially recognized as of October 1, 2019 (Note 5).

3.3 New standards and pronouncements not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB that are not mandatory for the March 31, 2020 reporting periods and have not been adopted by the Company and are not expected to have a material impact in the current or future reporting periods and on foreseeable future transactions.

4. Exploration and Evaluation Assets

The Company was formed with the objective of evaluating, acquiring, developing and operating the Chvaletice Manganese Project as an HPEMM and HPMSM producer. The Company holds two exploration licenses for the Chvaletice Manganese Project (the "Licenses"), both expiring May 31, 2023. On April 17, 2018, with effect from April 28, 2018, the Company was issued a Preliminary Mining Permit by the Czech Ministry of Environment, referred to by the Ministry as the prior consent of the establishment of the Mining Lease District (the "Preliminary Mining Permit"). The Preliminary Mining Permit, valid until April 30, 2023, covers the areas included in Licenses and secures the Company's rights for the entire deposit. The Preliminary Mining Permit forms one of the prerequisites for the application for the establishment of the Mining Lease District and represents one of the key steps towards final permitting for the project. The establishment of the Mining Lease District, the application for the final Mining Permit, and applications for permits relating to the construction of infrastructure required for the project, are required prior to operation at the Chvaletice Manganese Project.

(expressed in Canadian dollars - unaudited)

4. Exploration and Evaluation Assets (continued)

The acquisition of Mangan included granting a 1.2% net smelter royalty interest and the issue, over a four-year period, of common shares of the Company in five equal tranches, each valued at $300,000 (Note 7). The carrying value of the Company's exploration and evaluation assets of $1,249,086 represents the fair value of the initial share consideration following the acquisition date of Mangan on May 13, 2016, as well as the discounted value of the deferred share consideration, as determined by the Company on the acquisition date.

5. Property and Equipment

	March 31, 2020			
	Equipment	**Land**	**Lease assets**	**Total**
	$	**$**	**$**	**$**
Cost				
October 1, 2019	82,447	318,729	—	401,176
Adoption of IFRS 16	—	—	97,781	97,781
Additions	4,317	—	4,827	9,144
March 31, 2020	**86,764**	**318,729**	**102,608**	**508,101**
Accumulated depreciation				
October 1, 2019	(32,224)	—	—	(32,224)
Additions	(13,411)	—	(24,226)	(37,637)
March 31, 2020	**(45,635)**	**—**	**(24,226)**	**(69,861)**
Net Book Value				
October 1, 2019	50,223	318,729	—	368,952
March 31, 2020	**41,129**	**318,729**	**78,382**	**438,240**

	March 31, 2019			
	Equipment	Land	Lease assets	Total
	$	$	$	$
Cost				
October 1, 2018	58,932	318,729	—	377,661
Additions	7,517	—	—	7,517
March 31, 2019	66,449	318,729	—	385,178
Accumulated depreciation				
October 1, 2018	(8,551)	—	—	(8,551)
Additions	(11,966)	—	—	(11,966)
March 31, 2019	(20,517)	—	—	(20,517)
Net Book Value				
October 1, 2018	50,381	318,729	—	369,110
March 31, 2019	45,932	318,729	—	364,661

6. EPCS Option and Other Assets

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

Pursuant to the EPCS Option Agreement, the Company has the right to acquire a 100% interest in EPCS by making two additional instalments aggregating 126 million Czech Koruna (approximately $7.32 million) as follows:

a) an instalment of 42,000,000 Czech Koruna (approximately $2.40 million at period end), within 60 days of final approval of the environmental impact assessment for the Chvaletice Manganese Project, but no later than three years after signing the EPCS Option Agreement. The three-year term may be extended under certain circumstances by up to one year; and

b) a final instalment of 84,000,000 Czech Koruna (approximately $4.80 million at period end), due upon receipt of all development permits for the Chvaletice Manganese Project, but no later than five years after signing the EPCS Option Agreement.

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

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

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

c) Control of the Company over EPCS is not present until the third option payment is made. The remaining two payments are dependent on the Board's approval and are not legally enforceable by the shareholder of EPCS.

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

There was no change in the fair value of the option in the three and six months ended March 31, 2020 (three and six months ended March 31, 2019 - nil).

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.

(expressed in Canadian dollars - unaudited)

7. Deferred Consideration

The deferred consideration relates to the Company's remaining share issuance commitment in connection with the acquisition of its exploration and evaluation assets (Note 4). Movement in the deferred consideration during the six months ended March 31, 2020 and 2019 is as follows:

	Six months ended March 31,	
	2020	2019
	$	$
Balance, beginning of the period	**275,838**	515,773
Accretion during the period	**19,566**	36,478
Fair value of share consideration issued during the period	**—**	—
Balance, end of the period	**295,404**	552,251
Less: current portion	**(295,404)**	(295,101)
	—	257,150

At March 31, 2020, the Company has a commitment to issue common shares for a total value of $300,000 due on May 13, 2020. The number of shares to be issued will be based on the value of the Company's shares at the time of issuance, which is defined to be the 20-trading day weighted average of the Company's share price. Pursuant to an amending agreement between the Company and Mangan's founding shareholders dated June 15, 2018, the terms of the remaining obligations were modified to (i) limit the minimum deemed value of the shares to be issued so as not to be less than $0.05 per share; (ii) provide the Company with an option to settle the obligation in cash rather than shares; and (iii) require the obligation to be settled in cash in the event that the remaining share issuance results in a deemed value of below $0.05 per share.

8. Equity

a) Common shares

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

The following is a summary of shares issued during the six months ended March 31, 2020:

i) Shares issued in private placement:

On December 20, 2019, the Company issued 1,200,000 common shares valued at $0.25 per share in settlement of an account payable. Half of the common shares issued are subject to a contractual resale hold period which expires on November 28, 2020 and the remaining shares are subject to a contractual resale hold period which expires on September 1, 2021.

ii) Escrowed securities

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

In many cases, a particular holder, or particular common share, option or warrant, will be subject to escrow under one or more of NP 46-201, SSRR and ASX Listing Rules. In such cases, the particular security will not be released from escrow until the release schedule for all regimes have been met. Accordingly, as at March 31, 2020, the following securities remain subject to escrow and are scheduled to be released as follows:

(expressed in Canadian dollars - unaudited)

8. Equity (continued)

	Common shares	Options	Warrants
April 2, 2020	1,874,466	406,250	—
September 28, 2020	25,770,569	7,175,000	5,756,750
	27,645,035	**7,581,250**	**5,756,750**

b) Share options

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

Current outstanding options have an expiry date of ten years and vest over a period of 24 months. A continuity summary of the share options granted and outstanding under the Plan for the six months ended March 31, 2020 and the year ended September 30, 2019, is presented below:

		March 31, 2020		September 30, 2019
	Number of share options	**Weighted average exercise price ($ per share)**	Number of share options	Weighted average exercise price ($ per share)
Balance, beginning of the period	**15,500,000**	**0.17**	12,525,000	0.15
Options granted	**—**	**—**	3,275,000	0.27
Options expired	**—**	**—**	(200,000)	0.25
Options forfeited	**—**	**—**	(100,000)	0.25
Balance, end of the period	**15,500,000**	**0.17**	15,500,000	0.17

During the six months ended March 31, 2020, the Company recorded share-based compensation expense of $194,805 (six months ended March 31, 2019 - $445,089) of which $68,862 has been allocated to project evaluation expenses (six months ended March 31, 2019 - $137,470) and $125,943 to administrative expenses (six months ended March 31, 2019 - $307,619).

The balance of options outstanding and exercisable at March 31, 2020, is as follows:

	Options outstanding & exercisable		**Options exercisable[a]**	
Exercise price ($ per share)	Number of share options	Weighted average remaining contractual life (years)	Number of share options	Weighted average remaining contractual life (years)
0.08	1,625,000	6.1	1,625,000	6.1
0.10	1,775,000	6.9	1,775,000	6.9
0.11	4,100,000	7.5	4,100,000	7.5
0.20	3,725,000	7.9	3,725,000	7.9
0.25	1,550,000	8.7	849,999	8.6
0.28	2,725,000	8.9	1,816,652	8.9
0.17	15,500,000	7.8	13,891,651	7.6

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

(expressed in Canadian dollars - unaudited)

8. Equity (continued)

c) Warrants

	March 31, 2020		September 30, 2019	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance, beginning of the period	**5,756,750**	**0.34**	5,784,015	0.20
Issued	—	—	2,900,000	0.38
Exercised	—	—	(2,927,265)	0.11
Balance, end of the period	**5,756,750**	**0.34**	5,756,750	0.34

As at March 31, 2020, the following warrants were outstanding:

Expiry date	Weighted average exercise price ($)	Number of warrants[a]	Weighted average remaining contractual life (years)
February 28, 2021	0.30	2,856,750	0.9
October 1, 2021	0.38	2,900,000	1.5
	0.34	5,756,750	1.2

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

9. Related Party Transactions

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

a) Key management compensation

Key management personnel include the Board of Directors and the Chief Executive Officer, Chief Financial Officer, the Managing Director of the Company's Czech subsidiary, the Vice President, Corporate Development and Corporate Secretary, and the Vice President, Project Development.

(expressed in Canadian dollars - unaudited)

9. Related Party Transactions (continued)

During the three and six months ended March 31, 2020, and 2019, the Company incurred the following expenses to officers or directors of the Company or companies with common directors:

	Three months ended March 31,		**Six months ended March 31,**	
	2020	2019	**2020**	2019
	$	$	**$**	$
Salaries and consulting fees payable to directors and officers	**272,540**	372,613	**648,559**	758,980
Directors' and officers' share-based compensation	**47,572**	226,657	**121,060**	300,371
	320,112	599,270	**769,619**	1,059,351

b) Related party transactions during the three and six months ended March 31, 2020 and 2019

A Company director is associated with PRK Partners s.r.o. ("PRK"), a legal firm based in the Czech Republic. During the three and six months ended March 31, 2020, PRK's legal fees charged to the Company totaled $33,491 and $147,203, respectively (three and six months ended March 31, 2019 - $104,539 and $140,256, respectively).

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

	March 31, 2020	September 30, 2019
	$	$
Salaries and consulting fees from officers of the Company	**174,959**	71,414
Fees provided by a legal firm associated with a director of the Company	**103,995**	48,329
Outstanding payable due to officers and directors of the Company	**42,438**	50,875
	321,392	170,618

These transactions were incurred in the normal course of operations.

10. Fair Value Measurement of Financial Instruments

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

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

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

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

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

(expressed in Canadian dollars - unaudited)

10. Fair Value Measurement of Financial Instruments (continued)

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

There were no transfers between the levels of the fair value hierarchy in the three and six months ended March 31, 2020.

11. Segmented Information

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

12. Commitments

As at March 31, 2020, 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	2 - 3 years	After 3 years
	$	$	$	$	$
Minimum office lease payments (1)	7,186	2,974	2,407	1,805	—
Operating expenditure commitments (2)	269,783	269,783	—	—	—
Total contractual obligations	276,969	272,757	2,407	1,805	—

(1) The Company has one non-cancellable operating office lease expiring in three years.
(2) Operating expenditure commitments relate to the evaluation work on the Chvaletice Manganese Project.

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

13. Events after the Reporting Period

On March 24, 2020, the Company announced a non-brokered private placement of 8,738,312 common shares and 401,888 CDIs, at a price of $0.11 per Share or AUD$0.13 per CDI, respectively for aggregate gross proceeds of $1,005,157 (the "Offering"). Fees payable by the Company in connection with the Offering consist of a management fee, payable in cash, of 1% of the aggregate gross proceeds from the Offering.

The Offering closed in two tranches with the first tranche, comprising of 4,477,170 Shares and 227,273 CDIs for aggregate gross proceeds of $517,489, closing on April 6, 2020 (the "First Tranche"). The second tranche of the Offering (the "Related Parties Tranche"), consisting of subscriptions by related parties of the Company (consisting of directors of the Company and companies controlled by directors of the Company) of 4,261,142 common shares and 174,615 CDIs for aggregate gross proceeds of $487,669, closed on May 6, 2020, following approval by the Company's shareholders as required by Listing Rules 10.11.5 of the ASX.

13. Events after the Reporting Period (continued)

As at March 31, 2020, $739,928 in proceeds of the Offering had been received by the Company, of which $458,385 related to the First Tranche and $281,543 related to the Related Parties Tranche. As at March 31, 2020, the full $739,928 has been reflected as subscription receipt liability, of which $203,505 represents a settlement of certain accounts payable.

On April 2, 2020, 1,874,466 common shares and 406,250 share options were released from escrow.

On April 6, 2020. the Company granted stock options (the "Options") to an officer, an employee and a consultant to purchase up to an aggregate of 350,000 Shares. The Options are exercisable for a term of ten years at an exercise price of C$0.25 per Share. The Options vest one-third on the date of grant and one-third on each of the first and second anniversaries of the date of grant.

On May 13, 2020, the Company issued a total of 3,333,333 shares at $0.09 per share as a repayments of $300,000 in deferred consideration to the original shareholders of Mangan. This deferred consideration has now been fully repaid.

Appendix 2

Euro Manganese Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2020

Contents

1. Introduction

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

The Company was incorporated under the British Columbia Business Corporations Act on November 24, 2014. The Company's corporate offices are located at Suite 1500, 1040 West Georgia Street, Vancouver, B.C., Canada and its registered offices are located at Suite 1700, 666 Burrard Street, Vancouver, B.C., Canada. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") and CHESS Depositary Interests ("CDIs", with each CDI representing one common share) are traded on the Australia Securities Exchange ("ASX") under the symbols "EMN.V" and "EMN.AX", respectively.

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Euro Manganese Inc., prepared as of May 14, 2020, supplements, but does not form part of the Company's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2020, 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, 2019, is available on SEDAR at www.sedar.com, and on the Company's website www.mn25.ca.

All dollar amounts contained in this MD&A are expressed in Canadian dollars and tabular amounts are expressed in thousands of Canadian dollars, unless otherwise indicated.

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

2. Overview

The Company was formed with the objective of acquiring, evaluating, developing and operating the Chvaletice Manganese Project located in the Czech Republic, an anthropogenic manganese deposit hosted in historic mine tailings, in which the Company has a 100% ownership interest.

The Company's wholly-owned subsidiary, Mangan Chvaletice s.r.o. ("Mangan") holds two licences covering mineral exploration rights for the Chvaletice Manganese Project ("Licences"), which are both valid until May 31, 2023. In 2018, Mangan was also issued a Preliminary Mining Permit by the Czech Ministry of Environment, referred to by the Czech Ministry of Environment as the prior consent for the establishment of a Mining Lease District. The Preliminary Mining Permit, valid until April 30, 2023, represents one of the key steps towards final permitting for the Chvaletice Manganese Project, covers the areas included in the Licences, and secures Mangan's exploration rights for the entire deposit.

Based on the Preliminary Mining Permit and other documents, including the Environmental Impact Assessment ("EIA"), Mangan has until April 30, 2023, to apply for the establishment of the Mining Lease District covering the areas included in the Licences. The establishment of the Mining Lease District, the application for the final Mining Permit, and applications for permits relating to the construction of infrastructure and operation of a processing facility required for the Chvaletice Manganese Project, must be submitted and approved prior to any commercial extraction and processing activities at the Chvaletice Manganese Project. At present, Mangan does not hold surface rights to the Chvaletice Manganese Project area, which includes those parcels of land underlying and immediately surrounding the three tailings deposits which comprise the Chvaletice Manganese Project.

2. Overview (continued)

The area of interest for the Chvaletice Manganese Project overlies several privately-owned land parcels with surface rights. To date, Mangan has received the consent to conduct exploration activities and to access the site from the landowners whose surface properties underlie the tailings.

The Company is currently negotiating the acquisition of these surface rights, leases, rights of way, or other arrangements in additional areas where it intends to develop its operations, site facilities and infrastructure. There is no guarantee that areas needed for these activities and facilities will be secured. Mangan has, however, signed an option agreement giving it the right to acquire 100% of a company that owns a 19.94-hectare parcel of land intended to be the site of Mangan's ultra-high purity processing plant (section 5 of this MD&A).

On March 15, 2019, the Company filed a Technical Report having an effective date of January 29, 2019, prepared by Tetra Tech Canada Inc. ("Tetra Tech"), which reported an updated Mineral Resource estimate and the results of a Preliminary Economic Assessment ("PEA") for the Chvaletice Manganese Project (section 5 of this MD&A).

The Chvaletice Manganese Project is targeting production of ultra-high-purity electrolytic manganese metal ("HPEMM") with specifications exceeding 99.9% Mn and ultra-high-purity manganese sulphate monohydrate ("HPMSM") with a minimum manganese content of 32.34%, both of which exceed typical industry standards. These products will be selenium and chromium-free and are designed to contain very low levels of deleterious impurities. As such, the Company believes that the Chvaletice Manganese Project stands to become an important and environmentally-sustainable part of the international and European lithium-ion battery supply chains. The Company expects to become the only primary producer of high-purity manganese in the European Union, where 100% of manganese requirements are currently imported.

On March 11, 2020, the World Health Organization declared a global pandemic related to COVID-19. The impacts on the global economy and commerce have already been significant and are expected to continue in the future. The duration of the pandemic and its impact on global financial markets, have impacted the Company's ability to access financing.

To date, the impact on the Company's operations has not been significant; however, some delays in the progress of the Chvaletice Manganese Project were experienced and immediate cost cutting measures were put in place. The Company is in a phase of the project where most of the work can be conducted remotely. The Company has already completed four years of very extensive field work and studies on the Chvaletice Manganese Project site, well before such activities would have become difficult to impossible to perform due to the strict COVID-19 containment regulations recently in effect in the Czech Republic. The engineering and laboratory test work for the feasibility study was able to resume in China, where the Company's service providers are back at work, after being closed down for almost two months. However, other aspects of the feasibility study have been deferred pending additional financing.

The Company has aggressively tightened spending and is focusing its efforts and resources on mission-critical activities in order to address the key, near-term development milestones listed below. Activities that are less time-sensitive or strategic in nature have been suspended. The proposed development of the Chvaletice demonstration plant is temporarily on-hold. The completion of the feasibility study is now expected in the first half of calendar 2021.

The Company's short term priorities, which are subject to availability of funds, include:

- Ongoing discussions and negotiations with potential customers, as well as strategic and financial partners, including those related to funding of the Chvaletice Manganese Project and its proposed demonstration plant;
- negotiation of value-adding operational, financial and commercial arrangements;
- preparation of the Feasibility Study; and

2. Overview (continued)

- finalization of the EIA filings, for which the next step is the submission of the EIA Project Notification (project description) prior to the end of the second quarter of calendar 2020.

3. Financial and Project Highlights

The following is a summary of the Company's highlights during the six months ended March 31, 2020, and to the date of this MD&A:

- On March 31, 2020, Mangan received a significant positive environmental ruling under the European Union's Natura 2000 system of reserves and protected areas that determined the Project is not expected to cause adverse impacts on valuable and threatened species habitat.

- On March 30, 2020, Mangan's application for certain investment incentives was approved by the Czech Ministry of Industry and Trade. These investment incentives are in the form of Czech corporate income tax credits related to eligible Chvaletice Manganese Project assets to be acquired by Mangan. Based on eligible assets of approximately CZK 2.4 billion (approx. $137 million), such tax credits would amount to approximately CZK 470.3 million (approx. $27 million). These tax credits would be over and above the normal tax depreciation on such eligible assets, and would be applied toward Czech corporate income taxes otherwise payable by Mangan on earnings generated by the Chvaletice Manganese Project.

- On March 24, 2020, the Company announced a non-brokered private placement of 8,738,312 common shares and 401,888 CDIs, at a price of $0.11 per Share or AUD$0.13 per CDI, respectively for aggregate gross proceeds of $1,005,157 (the "Offering"). The Offering closed in two tranches with the first tranche for aggregate gross proceeds of $517,489 closing on April 6, 2020 and the second tranche for aggregate proceeds of $487,669, closed on May 6, 2020.

- On March 2, 2020, the Company announced that feasibility study test work for the Chvaletice Manganese Project returned positive results. The Company reported that the magnetic separation test results verified those previously reported in the PEA with results of approximately 85% tMn (total manganese) recovery and a 15% tMn concentrate grade, supporting the viability of this important step in the proposed process flow sheet. Deep purification tests also verified previous test findings, with the successful removal of target product impurities. These tests have the ultimate objective of supporting and optimizing the Chvaletice Manganese Project's capability to deliver HPEMM and HPMSM.

- In December 2019 and January 2020, the Company entered into two additional memorandums of understanding ("MoUs") with potential customers pursuant to which they will be allocated high-purity manganese products produced from the Chvaletice demonstration plant for testing and for initiating the supply chain qualification process. The above are in addition to two prior MOUs entered into by the Company. To date, over 55% of the demonstration plant's planned first year production of these products has been allocated to customers for testing and qualification. These parties and their markets include: a) a global leading participant in the lithium-ion battery supply chain, for use in Nickel, Manganese, Cobalt ("NMC") cathodes; b) a company focused on large scale lithium-ion battery manufacturing, for use in NMC cathodes; c) a global chemicals and specialty materials company, for use in metal hydride for hybrid automobile anodes; and d) JFE Steel,a leading Japanese steel producer, for use in specialty steel applications. Upon successful completion of testing and evaluation by these parties and subject to a production decision being made based on the results of a feasibility study which is currently underway, the Company intends to work with these parties towards long-term commercial arrangements for the supply of HPEMM and/or HPMSM.

- On December 20, 2019, issued 1,200,000 common shares at $0.25 per share in a non-brokered private placement. Half of the common shares issued are subject to a contractual resale hold period which expires on November 28, 2020 and the remaining shares are subject to a contractual resale hold period which expires on September 1, 2021.

3. Financial and Project Highlights (continued)

- Appointed Bacchus Capital Advisers as its lead strategic and financial adviser to deliver tactical and strategic advisory services, including assistance with offtake arrangements and financing, leveraging its extensive international investor and industry network.

- Selected BGRIMM Technology Group ("BGRIMM") as lead process plant engineer, who will be working closely with Tetra Tech, the Company's engineering representative for the feasibility study, and the Company's other consultants to complete a feasibility study in the first half of calendar 2021, subject to financing the balance of the feasibility study which has now been deferred.

- Entered into a fixed-price, turnkey contract with Changsha Research Institute for Mining and Metallurgy ("CRIMM") for the supply and commissioning of a technology and equipment package for a demonstration plant, which includes performance guarantees, as well as commissioning services and an operator training program. The construction of the demonstration plant is subject to financing.

4. Outlook

The Company has made significant strides in advancing the Chvaletice Manganese Project to date and believes that the project's environmentally friendly tailings reprocessing to produce ultra-high-purity manganese products will enable it to become Europe's only primary producer of such products. HPEMM and HPMSM are critical components of Li-ion batteries and few sources of manganese are suitable for the sustainable and economic production of high-purity manganese products. As such, demand for high-purity manganese products is growing rapidly fueled largely by the Li-ion and EV markets, particularly in Europe where 100% of high-purity manganese products are imported. Further, the Company believes that the Chvaletice Manganese Project's 25-year project located in the heart of Europe's fast growing EV production hub make it a European and globally strategic asset. Working closely with key global customers on product development and supply chain qualification, and based on the results of its pilot plant tests, the Company believes that it will be able to achieve its goal of producing ultra-high-purity manganese products that meet the demanding specification of these potential customers.

The Company has secured most of the land for its processing plant site, which is already zoned for industrial use, and has initiated the rezoning process for tailings land. Both adjoining municipalities have voted unanimously to proceed with tailings land-use plan change after an intensive community consultation, which has been ongoing for several years with overwhelmingly positive feedback and valuable local resident design input.

Additionally, the Company has experienced ongoing collaboration and support for the project at various levels of the Czech Government, who issued a key Preliminary Mining Permit in 2018, issued and then extended two exploration licences to 2023, approved the Company's application for some significant investment incentives by the way of tax credits on eligible project expenditures, and recently issued a ruling under European Union's Natura 2000 which determined that the Chvaletice Manganese Project is not expected to adversely impact endangered and protected species habitat.

Environmental studies, planning and project permitting are highly advanced for the Chvaletice Manganese Project with extensive baseline and other environmental studies having been completed since 2017. The filing of the EIA Project Notification/Description, expected by the end of the second quarter of calendar 2020, is a significant milestone for the project and initiates the EIA regulatory review process. Accordingly, the Company is targeting the final EIA preparation and filing in second half of calendar 2020, which would enable final permitting for the project as early as in the first half of calendar 2021.

4. Outlook (continued)

Once permitted and offtake agreements have been entered into with the Company's potential customers, the Company expects to turn its attention to project 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 mining projects given its safe jurisdiction, quality of offtake agreements, environmental benefits, and strategic position within the European battery supply chain. 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 though advances, prepayments on offtake agreements and / or equity or debt contribution; and cost overrun protection provided by the Engineering Procurement Construction ("EPC") counterparty.

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

The Company does not expect that its current capital resources will be sufficient to fully fund the feasibility study and the demonstration plant and any new commitments it may make with respect to additional acquisitions of land or surface rights. Accordingly, the Company expects it will be required to raise additional funding for its next stage of development. The expected funding of the external costs of the feasibility study and the demonstration plant is estimated at a total of $10.6 million (section 8 of this MD&A). Internal costs to complete these stages of the project are estimated to amount to $5.3 million which brings the total costs to $15.9 million. The completion of the feasibility study and the construction of the demonstration plant is now expected to be in the first half of calendar 2021.

5. Significant Transactions During the Six Months Ended March 31, 2020

The Company did not complete any additional transactions in the three and six months ended March 31, 2020 other than the ones described in section 3 of this MD&A.

6. Review of Operations - Chvaletice Manganese Project

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

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

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

Mineral Resource Estimate

The Chvaletice Manganese Project's Measured and Indicated Mineral Resources were reported in the NI 43-101 technical report entitled "Technical Report and Preliminary Economic Assessment for the Chvaletice Manganese Project, Chvaletice, Czech Republic" ("Technical Report"), with an effective date of January 29, 2019, as prepared by Tetra Tech, released and filed on SEDAR on March 15, 2019. The Technical Report was prepared by Mr. James Barr, P. Geo, Mr. Jianhui (John) Huang, Ph.D., P. Eng., Mr. Mark Horan, P. Eng., Mr. Hassan Ghaffari, P. Eng., and Mr. Chris Johns, P. Eng., all with Tetra Tech and all of whom are Qualified Persons under NI 43-101.

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

Tailings Cell #	Classification	Dry In-situ Bulk Density (t/m^3)	Volume (m^3)	Tonnage (metric tonnes)	Total Mn (%)	Soluble Mn (%)
#1	Measured	1.52	6,577,000	10,029,000	7.95	6.49
	Indicated	1.47	160,000	236,000	8.35	6.67
#2	Measured	1.53	7,990,000	12,201,000	6.79	5.42
	Indicated	1.55	123,000	189,000	7.22	5.30
#3	Measured	1.45	2,942,000	4,265,000	7.35	5.63
	Indicated	1.45	27,000	39,000	7.9	5.89
Total	Measured	1.51	17,509,000	26,496,000	7.32	5.86
	Indicated	1.50	309,000	464,000	7.85	6.05
Combined	Measured and Indicated	1.51	17,818,000	26,960,000	7.33	5.86

Note (1): Numbers may not add exactly due to rounding.
Note (2): Mineral Resources do not have demonstrated economic viability but have reasonable prospects for eventual economic extraction. Indicated Resources have lower confidence than Measured Resources. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

Option Agreement

The Company, through its subsidiary, Mangan, has entered into an option agreement (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 immediately 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 high-purity manganese products 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 will have the right to acquire EPCS by making payments aggregating 140 million Czech Koruna payable in three cash instalments, the first of which was paid on October 17, 2018, in the amount of 14 million Czech Koruna (CAD$815,000). The Company can complete the acquisition of EPCS by making two additional instalments aggregating 126 million Czech Koruna (approx. CAD$7.32 million) as follows:

i. an instalment of 42,000,000 Czech Koruna (approximately $2.40 million at March 31, 2020) ("Second Instalment"), within 60 days of final approval of the EIA for the Chvaletice Manganese Project, and no later than three years after signing the EPCS Option Agreement. The three-year term may be extended under certain circumstances by up to one year; and

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

ii. a final payment of 84,000,000 Czech Koruna (approximately $4.80 million at March 31, 2020) ("Final Payment"), due upon receipt of all development permits for the Chvaletice Manganese Project, and no later than five years after signing the EPCS Option Agreement.

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

PEA Results

The main highlights of the PEA results, as summarized from the Technical Report, are as follows:

- Recycling of a 27 million tonne Measured and Indicated tailings resource (98.3% Measured) with a combined grade averaging 7.33% Mn, without the requirement of any hard rock mining, crushing or milling;

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

- Saleable product includes 404,100 tonnes of HPEMM and 2.35 million tonnes of HPMSM, focusing principally on Europe's rapidly emerging electric vehicle battery industry while remaining flexible to supply either product to suit customer preference;

- Flexibility to supply either HPEMM or HPMSM, to suit customer preference;

- After tax NPV of US$593 million and pre-tax NPV of US$782 million, using a 10% real discount rate, and based on average life-of-project HPEMM (containing 99.9% Mn) price of US$4,617/tonne and an average HPMSM (containing 32% Mn) price of US$2,666/tonne (prices based on a market study prepared for the Company by CPM Group LLC);

- US$404 million in pre-production capital, US$24.8 million in sustaining capital, and US$31 million in working capital, with an ungeared, pre-tax 25.2% IRR with a 4.5-year payback, and a post-tax 22.6% IRR with a 4.9-year payback;

- Targeting production of ultra-high-purity electrolytic manganese metal with specifications exceeding 99.9% Mn and ultra-high-purity manganese sulphate monohydrate with a minimum manganese content of 32.34%, which exceed typical industry standards;

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

- Exceptional green project credentials with the Chvaletice Manganese Project design meeting or exceeding all Czech and European health, safety and environmental standards, resulting in a significant remediation of the Chvaletice tailings site, arresting the ongoing pollution related to historical mining activities;

- Opportunities exist to enhance returns through process optimization initiatives and various investment incentives that may be available.

-

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

Feasibility Study and Environmental Impact Assessment

Based on the results of the PEA, the Company progressed with the feasibility study of the Chvaletice Manganese Project. Tetra Tech was appointed as the owner's engineering representative for the feasibility study, responsible for overseeing the consultants and service providers in connection with the feasibility study, and for the preparation of the NI 43-101/JORC feasibility study report for the Chvaletice Manganese Project. The Company also appointed BGRIMM as the lead process plant engineer, who will be working closely with Tetra Tech and the Company's other consultants. Together, these firms will conduct the excavation design, process plant design, tailings/residue storage facility design, and other related studies for the project and compile the necessary feasibility study inputs. Due to shutdowns resulting from the COVID-19 pandemic, engineering and laboratory test work in China for the feasibility study was curtailed for approximately two months, but was able to resume at quarter end when the Company's service providers went back to work. However, other aspects of the feasibility study have been deferred pending additional financing. Subject to sufficient financing being received to resume work by the summer of 2020, the Company expects the feasibility study to be completed in the first half of calendar 2021.

The preparation of the EIA and related permit application is also underway. The Project Description/Notification, which will be filed with the Czech Ministry of the Environment, will include a description of: the manganese production process and resulting environmental footprint; results of baseline and other studies conducted to date; health, safety and environmental management plans; impact assessment, impact mitigation and avoidance plans and measures; socio-economic impacts on local communities; and reclamation plans and objectives.

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

High Purity Manganese Market Overview

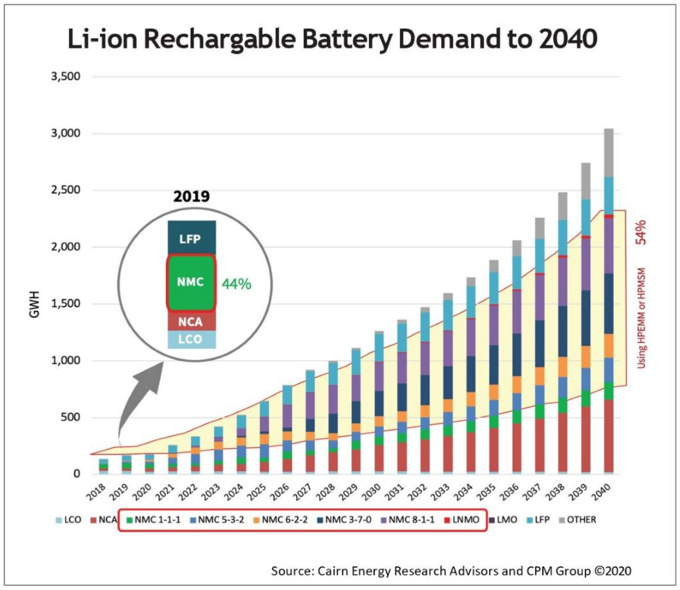
In connection with the preparation of the PEA, the Company commissioned the independent research and consultancy firm of CPM Group LLC ("CPM Group") to provide an HPEMM and HPMSM (collectively described as "High Purity Manganese" or "HPM") product market outlook study for the Chvaletice Manganese Project. The CPM Group prepared a comprehensive market research report and provided an extended executive summary of the market information for high purity manganese products, including market demand and supply and projected HPEMM and HPMSM prices. Cairn Energy Research Advisors ("Cairn ERA") contributed technical and battery industry inputs to the CPM Group report. The extended executive summary of the CPM market outlook entitled "Market Outlook for High-Purity Electrolytic Manganese Metal and High-Purity Manganese Sulfate Monohydrate" is reproduced in Section 19 of the Technical Report. HPM demand figures were updated by Cairn ERA and CPM Group in January 2020.

High-performance Nickel-Cobalt-Manganese ("NMC") Li-ion batteries are being increasingly used in electric vehicles (EVs) and other energy storage applications. The manufacturing processes and formulations for Li-ion batteries require reliable, high-purity sources of manganese and other battery raw materials to ensure that the batteries meet increasingly demanding performance, safety and durability standards. The high-purity manganese materials for the precursor cathode materials of NMC batteries can be supplied on the form of HPEMM and HPMSM.

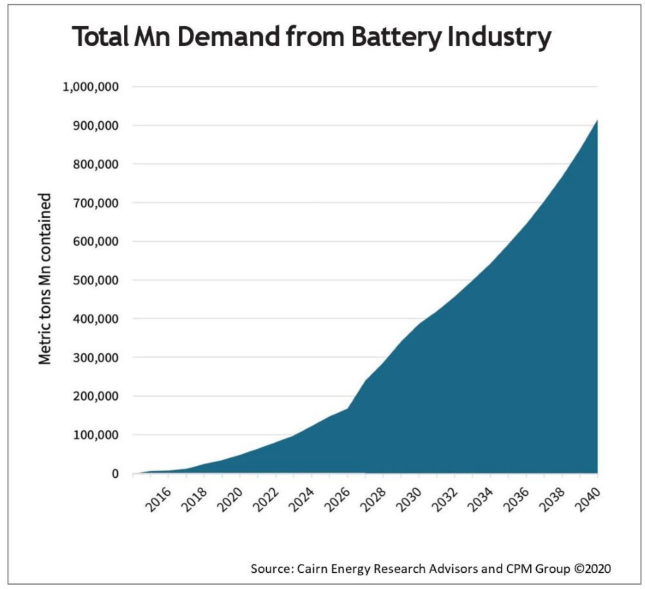
6. Review of Operations - Chvaletice Manganese Project (continued)

As a result, demand for high purity manganese is growing rapidly around the world, driven by the growth of the electric vehicle and Li-ion battery industry. However, only a small proportion of manganese ores can feasibly and sustainably be used for the specialty, high end applications. A critical factor is availability of the right quality ore in the right location. Carbonate ores, which are rare, are preferred for high purity manganese, although oxides can be used after roasting or chemical treatment, resulting in a higher cost to process sustainably, increasing more energy intensive and/or less environmentally friendly.

In 2020, Cairn ERA updated its forecast of total rechargeable (or secondary) Li-ion battery demand as expected to grow 23-fold between 2018 and 2040, representing a cumulative annual growth rate ("CAGR") of 15%, and demand for high-purity manganese for batteries is forecast to grow 42-fold between 2018 and 2040 (= CAGR of 18.5%).



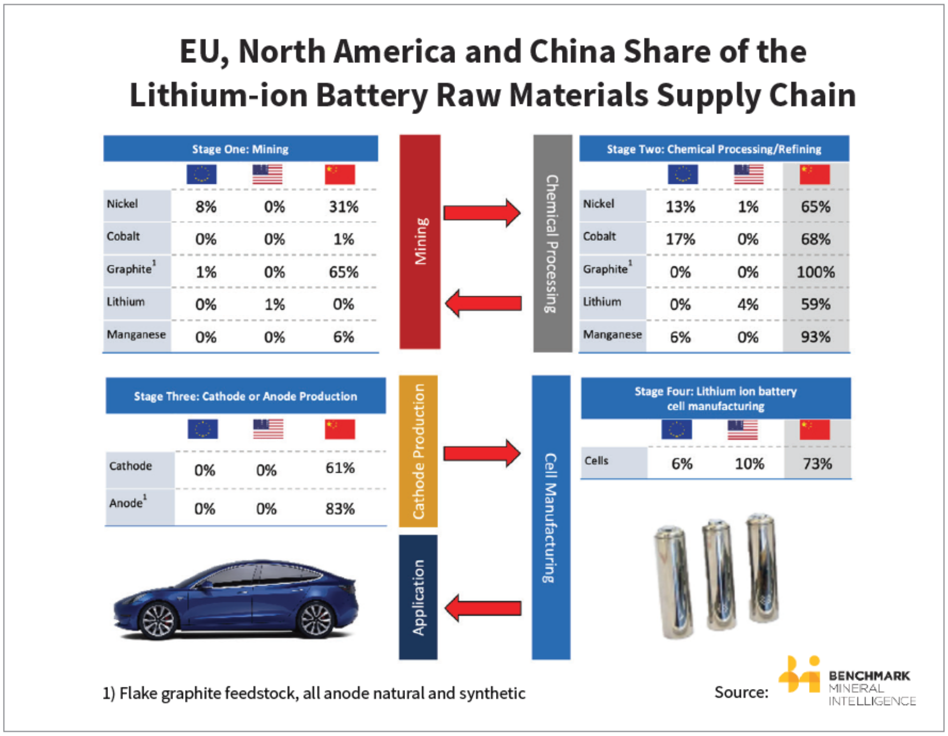
Source: Cairn Energy Research Advisors and CPM Group ©2020



Source: Cairn Energy Research Advisors and CPM Group ©2020

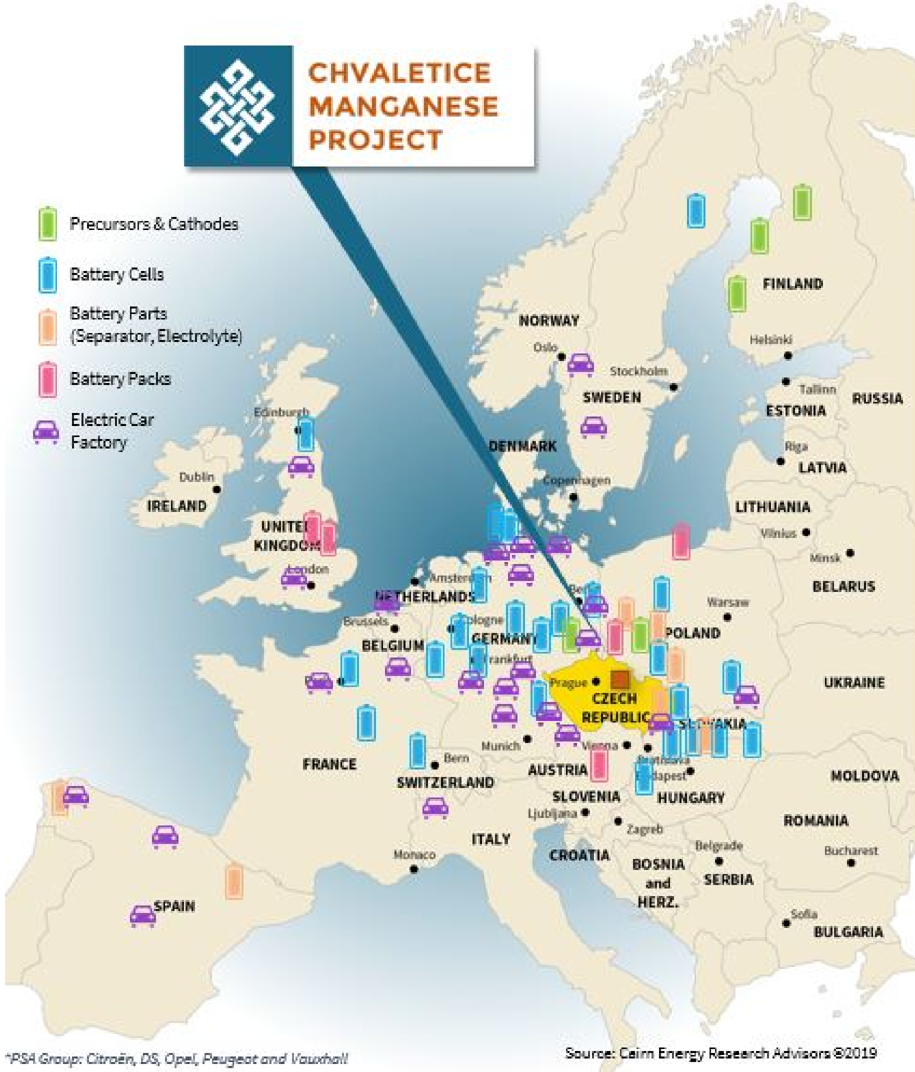
For 2019, Benchmark Mineral Intelligence reported that China produced only 6% of the globally supply of manganese ore for cathode, battery cell or EV production, relying on primary producers such as South Africa, Australia and Gabon. Conversely, China produces 93% of the world's manganese chemicals used to produce lithium ion batteries. Not all manganese ore can be used to produce the manganese sulphate monohydrate used in lithium ion battery cathodes, and it is this manganese chemical refining step in the supply chain where China has the significant advantage with 93% of production in 2019. In discussions with prospective customers, the Company has learned that they 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.

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



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

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



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

Commercial and Demonstration Plant Progress Update

Several prospective customers have expressed interest in procuring high-purity manganese products from the Chvaletice Manganese Project, and in testing and qualifying the products of the proposed Chvaletice demonstration plant. These parties have included manufacturers of electric vehicle batteries and related chemicals, who aim to design precursor and cathode formulations, in combination with available nickel, cobalt and lithium products, and chemical, aluminum and steel companies, as well as electric vehicle manufacturers.

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

During calendar 2019, the Company completed planning and design for the construction and commissioning of a demonstration plant in the Czech Republic in order to provide bulk, multi-tonne finished product samples for customer evaluation. The plant is intended to replicate the entire process flowsheet proposed in the PEA and to produce the equivalent of 100kg per day of manganese sulphate monohydrate.

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. In December 2019, the Company entered into a fixed-price, turnkey contract with CRIMM for the supply and commissioning of a technology, equipment package for the demonstration plant, which includes performance guarantees, as well as commissioning services and an operator training program. The 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 $5 million ($7.0 million). Subject to financing and finalization of permitting, the Company is targeting the completion of the demonstration plant construction in the first half of calendar 2021, followed by the delivery of the first finished product samples to potential customers.

To the date of this MD&A, approximately 55% of the demonstration plant's planned first year production of these products has been allocated to several customers for testing and qualification. These parties and their markets include: a global leading participant in the lithium-ion battery supply chain, for use in NMC cathodes; a company focused on large scale lithium-ion battery manufacturing, for use in NMC cathodes; a global chemicals and specialty materials company, for use in metal hydride for hybrid automobile anodes; and JFE Corporation, a leading Japanese steel producer, for use in specialty steel applications.

Upon successful completion of testing and evaluation by these parties, and subject to a production decision being made based on the results of a feasibility study, the Company intends to work towards establishing long-term commercial offtake arrangements for the supply of its high purity manganese products. However, given that the Chvaletice Manganese Project is still in the evaluation stage, and still requires financing and permits, there can be no assurance that these discussions will lead to offtake agreements or commercial or strategic relationships in the near term, if at all.

The Company continues to hold active discussions and negotiations with several other consumers of high-purity manganese products in Asia, Europe and North America, and expects to allocate the remainder of the demonstration plant's initial year of production in the near term.

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'20**	Oct to Dec'19	Jul to Sep'19	Apr to Jun'19	Jan to Mar'19	Oct to Dec'18	Jul to Sep'18	Apr to Jun'18
	$	$	$	$	$	$	$	$
Cash	**1,266**	2,236	4,085	5,512	7,093	9,013	10,368	6,194
Total assets	**4,531**	5,562	6,909	8,390	10,029	11,773	12,273	7,928
Working capital [(1)]	**(347)**	1,504	3,215	4,814	6,416	8,385	9,119	5,450
Current liabilities	**2,136**	1,297	1,028	902	1,001	957	1,536	891
Revenue	**—**	—	—	—	—	—	—	—
Project evaluation expenses	**1,062**	1,319	1,059	1,127	1,217	1,544	1,453	1,049
Other expenses	**868**	780	751	878	909	833	629	452
Net loss attributable to shareholders	**1,930**	2,099	1,810	2,005	2,126	2,377	2,082	1,501
Net loss per share, basic and diluted, attributable to shareholders	**0.01**	0.01	0.02	0.01	0.01	0.01	0.02	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 exploration and evaluation expenditures is mainly attributed to the following:

Project Evaluation Expenses

- The two quarters ending September 30, 2018 and the quarter ended December 31, 2018 reflect the costs incurred in connection with the PEA for the Chvaletice Manganese Project, which was completed in January 2019. The work primarily included various engineering, sampling and surveys, metallurgical test work and studies, geological studies, market studies, process and infrastructure design studies, extensive environmental studies and engineering and other consultant fees.

- Expenditures in the quarters ended June 30 and September 30, 2018, reflect legal and professional fees associated with negotiating land purchase agreements , including the EPCS Option Agreement, and the quarter ended September 30, 2018, also reflects the costs of the 2018 drilling program which was initiated in July 2018.

- In the four most recent quarters, the Company incurred project evaluation costs related to the commissioning of studies for the demonstration plant, the initiation of the planning stage of the feasibility study, and the advancement of the work on the EIA.

Other Expenses

- Fluctuations in the level of quarterly administrative expenditures is mainly attributed to the following:
    - Increased remuneration beginning in the quarter ended December 31, 2018, due to a higher number of full-time employees. These costs also comprise increased non-cash share-based compensation related to option grants to directors, management and employees.

7. Quarterly Financial Review (continued)

- Increased investor relations and travel costs following the Company listing on the ASX and TSX-V in October 2018, continuous financing efforts and ongoing negotiations with potential customers.

- Additional legal and professional costs resulting from the Company being a publicly listed entity from October 2, 2018, and costs relating to on-going negotiations of land purchases.

- Increased insurance costs as a result of the public listing.

- Other expenses for the quarter ended March 31, 2020 are higher than the prior two quarters, as a result of increased professional fees resulting from the hiring of a financial adviser, increased investor relations, and increased product sales and marketing expenses relating to the MoUs signed by the Company.

7. Quarterly Financial Review (continued)

Three months ended March 31, 2020 compared to the three months ended March 31, 2019

	Three months ended March 31,	
	2020	2019
(expressed in thousands of Canadian dollars, except per share data)	**$**	$
Project evaluation expenses		
Engineering	**642**	530
Remuneration	**252**	269
Share-based compensation	**30**	97
Metallurgical	**—**	73
Travel	**9**	30
Legal and professional fees	**24**	118
Geological	**61**	18
Market studies	**39**	51
Drilling, sampling and surveys	**1**	1
Supplies and rentals	**4**	30
	1,062	1,217
Other expenses		
Remuneration	**255**	330
Share-based compensation	**50**	233
Total remuneration	**305**	563
Legal and professional fees	**162**	48
Investor relations	**90**	71
Product sales and marketing	**70**	7
Travel	**48**	67
Filing and compliance fees	**57**	68
Office, general and administrative	**37**	20
Accretion expense	**33**	18
Insurance	**27**	26
Office rent	**—**	13
Conferences	**20**	1
Depreciation	**19**	7
	868	909
Loss and comprehensive loss for the period	**1,930**	2,126
Basic and diluted loss per common share	**$0.01**	$0.01

7. Quarterly Financial Review (continued)

Project evaluation costs for the three months ended March 31, 2020 and 2019, were $1,062,240 and $1,217,415, respectively. The main cost variances include: a $73,289 decrease in metallurgical costs, a $43,547 increase in geological costs and an increase of $112,337 in engineering costs which include environmental costs. Such expenses in the comparative period related to the completion of the mineral resource update and the completion of the PEA whereas those expenses were minimal in the current quarter and related primarily to the feasibility study. These increases were partially offset by a $93,240 decrease in legal and professional fees relating to general advisory fees and, which in the comparative period related to land purchase negotiations; a $16,704 decrease in remuneration in the Czech Republic resulting from cost cutting measures in the current period which were not in place in the comparative period; and a decrease of $21,311 in travel due to the global COVID-19 pandemic.

Engineering, remuneration, geological and metallurgical costs for three months ended March 31, 2020, represent approximately 90% (three months ended March 31, 2019 - 73%) of the total project evaluation costs. In the current quarter, these project evaluation costs related to the advancement of the EIA and the feasibility study and the planning and studies for the demonstration plant. In the comparative quarter, such project evaluation costs related to a number of activities supporting the completion of the PEA, including: a tailings/residue facility design study; studies related to test work, process and infrastructure design; the initiation of a wide range of bench and pilot scale tests and investigations to determine the optimum process to recover manganese to produce HPEMM and HPMSM; scoping and pre-feasibility-level process design studies; evaluating plant and site infrastructure layout alternatives; developing preliminary capital and operating cost estimates; planning and carrying out extensive environmental studies; and conducting widespread community consultations.

The $40,877 decrease in administrative costs for the three months ended March 31, 2020, compared to the same period in 2019, is mainly attributable to: a $257,774 decrease in remuneration mainly due to lower non-cash share based compensation, as there were no new grants of share options in the current period, and also due to a lower number of employees in the corporate office in Canada and to cost cutting measures; a $10,639 decrease in filing and compliance fees; and a $12,909 decrease in office rent and the recognition of lease liability following the adoption of a new accounting standard on leases, which also resulted in an increase in non-cash accretion expense of $14,584. This was partially offset by increases of $113,505 and $63,451 in legal and professional expenses and product sales and marketing costs, respectively, related mainly to the appointment of a financial adviser that is also contributing to negotiations of the MoUs with potential customers; and a $18,822 increase in investor relations expenses due to increased financing efforts in the current period.

7. Quarterly Financial Review (continued)

Six months ended March 31, 2020 compared to the six months ended March 31, 2019

	Six months ended March 31,	
	2020	2019
(expressed in thousands of Canadian dollars, except per share data)	**$**	$
Project evaluation expenses		
Engineering	1,384	1,157
Remuneration	515	496
Share-based compensation	69	137
Metallurgical	41	222
Travel	64	70
Legal and professional fees	136	179
Geological	78	135
Market studies	73	106
Drilling, sampling and surveys	4	209
Supplies and rentals	17	51
	2,381	2,762
Other expenses		
Remuneration	576	660
Share-based compensation	126	308
Total remuneration	702	968
Legal and professional fees	243	125
Investor relations	117	187
Product sales and marketing	133	19
Travel	85	102
Filing and compliance fees	109	158
Office, general and administrative	85	48
Accretion expense	66	36
Insurance	48	50
Office rent	—	34
Conferences	23	1
Depreciation	38	12
	1,649	1,741
Loss and comprehensive loss for the period	4,030	4,503
Basic and diluted loss per common share	$0.02	$0.03

7. Quarterly Financial Review (continued)

Project evaluation costs for the six months ended March 31, 2020 and 2019, were $2,381,204 and $2,762,121, respectively. The main cost variances include: a $205,690 decrease in drilling, sampling and survey cost, a $180,838 decrease in metallurgical costs, a $57,460 decrease in geological costs and an increase of $227,538 in engineering costs which include environmental costs. Such expenses in the comparative period related to the completion of the mineral resource update and the completion of the PEA, whereas in the current period, such expenses primarily related to the feasibility study. There was also a $42,483 decrease in legal and professional fees relating to general advisory fees and, which in the comparative period, related to a large extent to land purchase negotiations. These decreases were partially offset by a $19,309 increase in remuneration resulting from a higher number of full-time employees in the Czech Republic than in the comparative period.

Engineering, remuneration, geological and metallurgical costs for six months ended March 31, 2020, represent approximately 85% (six months ended March 31, 2019 - 73%) of the total project evaluation costs. In the current quarter, these project evaluation costs related to the advancement of the EIA and the feasibility study and the planning and studies for the demonstration plant. In the comparative quarter, such project evaluation costs related to a number of activities supporting the completion of the PEA, including: a tailings/residue facility design study; studies related to test work, process and infrastructure design; the initiation of a wide range of bench and pilot scale tests and investigations to determine the optimum process to recover manganese to produce HPEMM and HPMSM; scoping and pre-feasibility-level process design studies; evaluating plant and site infrastructure layout alternatives; developing preliminary capital and operating cost estimates; planning and carrying out extensive environmental studies; and conducting widespread community consultations.

The $92,654 decrease in administrative costs for the six months ended March 31, 2020, compared to the same period in 2019, is mainly attributable to: a $265,210 decrease in remuneration mainly due to low non-cash share based compensation, as there were no new grants of share options in the current period, and also due to a lower number of employees in the corporate office in Canada; a $69,758 decrease in investor relations expenses due to fewer investor related events in the current period; a $48,952 decrease in filing and compliance fees which, in the comparative period, included the cost of consultant retained to assist with the Company's IPO; a $34,190 decrease in office rent following the adoption of a new accounting standard on leases which also resulted in an increase in non-cash accretion expense of $29,566. This was partially offset by an increase of $117,778 and $113,620 in legal and professional fees and product sales and marketing costs, respectively, related mainly to the appointment of a financial adviser that is also contributing to negotiations of the MoUs with potential customers.

8. Liquidity and Capital Resources

As at March 31, 2020, the Company held cash of approximately $1.3 million. Cash is held with reputable financial institutions and is invested in highly liquid short-term investments with maturities of three months or less. The funds are not exposed to significant liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Cash decreased by $2.8 million during the six months ended March 31, 2020, of which $3.3 million was used in operating activities and offset partially by $0.5 million generated from financing activities due to cash received in a private placement which closed after the period end. Working capital decreased by $3.6 million during the six months ended March 31, 2020, from $3.2 million at September 30, 2019 to negative $0.3 million at March 31, 2020 . The working capital includes the share subscription liability of $0.7 million representing the proceeds of the Offering received by the Company, of which $458,385 related to the First Tranche and $281,543 related to the Related Parties Tranche, and which were converted into share capital on April 6, 2020 and May 6, 2020, respectively, and credited to working capital.

8. Liquidity and Capital Resources (continued)

The Company’s commitments at March 31, 2020, which include minimum office lease payments and project development commitments of $0.3 million are shown below. Having completed the PEA, the Company is advancing the Chvaletice Manganese Project to the feasibility study stage, which will require expenditures of approximately $3.6 million and is being staged based on the Company's available cash resources. The Company also intends to build a demonstration plant to produce bulk product samples for customer testing and qualification. The supply and delivery of the demonstration plant remains subject to financing.

The Company estimates that the total cost of the demonstration plant, including its purchase and operation for one year, will be approximately $7.0 million (US$ 5.0 million). The Company does not have sufficient capital resources to fund the feasibility study, demonstration plant, ongoing corporate costs, and any new commitments it may make with respect to additional acquisitions of land or surface rights. Although the Company closed a $1 million private placement subsequent to quarter-end (see section 16 of this MD&A), the Company will still be required to raise additional funding for these activities in fiscal 2020.

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

Contractual Commitments

As at March 31, 2020, 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	2 - 3 years	After 3 years
	$	$	$	$	$
Minimum office lease payments [(1)]	7,186	2,974	2,407	1,805	—
Operating expenditure commitments [(2)]	269,783	269,783	—	—	—
Total contractual obligations	276,969	272,757	2,407	1,805	—

[(1)] The Company has one non-cancellable operating office lease expiring in three years.
[(2)] Operating expenditure commitments relate to the evaluation work on the Chvaletice Manganese Project.

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

The Company is not subject to any externally imposed capital requirements. Detailed description of the Company's additional commitments can be found in note 12, of the Company's audited consolidated financial statements for the year ended September 30, 2019.

9. Off-Balance Sheet Arrangements

As at March 31, 2020, there are no off-balance sheet arrangements which could have a material impact on current or future results of operations or the financial condition of the Company.

10. Related Party Transactions

For the three and six months ended March 31, 2020 and 2019, amounts paid to related parties were incurred in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the transacting parties.

At March 31, 2020, key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole, and consisted of the Company's directors and officers, including its non-executive Chairman, President and Chief Executive Officer, Managing Director of Mangan, Chief Financial Officer and Vice President, Corporate Development and Corporate Secretary.

	Three months ended March 31,		**Six months ended March 31,**	
	2020	2019	**2020**	2019
	$	$	**$**	$
Salaries and consulting fees payable to directors and officers	**272,540**	372,613	**648,559**	758,980
Directors' and officers' share-based compensation	**47,572**	226,657	**121,060**	300,371
Total remuneration	**320,112**	599,270	**769,619**	1,059,351

A Company director is associated with PRK Partners s.r.o. ("PRK"), a legal firm based in the Czech Republic. During the three and six months ended March 31, 2020, PRK's legal fees charged to the Company, relating to additional land acquisitions and land related issues, totaled $33,491 and $147,203, respectively (three and six months ended March 31, 2019 - $104,539 and $140,256, respectively).

At March 31, 2020, amounts owing to directors and officers of the Company for salaries and directors fees amounted to $174,959 (September 30, 2019 - $71,414) and fees owing to PRK amounted to $103,995 (September 30, 2019 - $48,329). Other amounts payable to officers and directors at March 31, 2020 for the reimbursement of travel related expenses were $42,438 (September 30, 2019 - $50,875).

11. 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 14, 2020:

	Number of securities
Issued and outstanding common shares	188,738,968
Share options	15,850,000
Warrants	5,756,750

Certain number of common shares and share options and all of the share purchase warrants are subject to escrow. For detail on the number of escrowed securities and the timing of their release refer to Note 8a (ii) of the Company's condensed consolidated interim financial statements for the three and six months ended March 31, 2020.

12. Proposed Transactions

At March 31, 2020, there are no proposed asset or business acquisitions, or disposition being considered that would affect the financial condition, financial performance or cash flows of the Company.

13. Events After the Reporting Period

On March 24, 2020, the Company announced a non-brokered private placement of 8,738,312 common shares and 401,888 CDIs, at a price of $0.11 per Share or AUD$0.13 per CDI, respectively for aggregate gross proceeds of $1,005,157 (the "Offering"). Fees payable by the Company in connection with the Offering consist of a management fee, payable in cash, of 1% of the aggregate gross proceeds from the Offering.

The Offering closed in two tranches with the first tranche, comprising of 4,477,170 Shares and 227,273 CDIs for aggregate gross proceeds of $517,489, closing on April 6, 2020 (the "First Tranche"). The second tranche of the Offering (the "Related Parties Tranche"), consisting of subscriptions by related parties of the Company (consisting of directors of the Company and companies controlled by directors of the Company) of 4,261,142 common shares and 174,615 CDIs for aggregate gross proceeds of $487,669, closed on May 6, 2020, following approval by the Company's shareholders as required by Listing Rules 10.11.5 of the ASX.

As at March 31, 2020, $739,928 in proceeds of the Offering had been received by the Company, of which $458,385 related to the First Tranche and $281,543 related to the Related Parties Tranche. As at March 31, 2020, the sum of these amounts, $739,928 has been reflected as subscription receipt liability in the Company's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2020.

On April 6, 2020. the Company granted stock options (the "Options") to an officer, an employee and a consultant to purchase up to an aggregate of 350,000 Shares. The Options are exercisable for a term of ten years at an exercise price of C$0.25 per Share. The Options vest one-third on the date of grant and one-third on each of the first and second anniversaries of the date of grant.

On May 13, 2020, the Company issued a total of 3,333,333 shares at $0.09 per share as a repayments of $300,000 in deferred consideration to the original shareholders of Mangan. This deferred consideration has now been fully repaid.

14. 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, 2019, and 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, 2020. 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, 2020.

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 3.13 of the Company's consolidated financial statements for the year ended September 30, 2019, and in Note 3.2 of the Company's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2020.

15. 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, 2019.

16. 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, 2020, 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, 2020, 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, 2020, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company's is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company's President and Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures that as of March 31, 2020, the Company's disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company are appropriately 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.

17. Forward-Looking Statements and Risks Notice

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

All of the results of the PEA constitute forward-looking information or statements, including estimates of internal rates of return, payback periods, net present values, future production, estimates of cash cost, assumed long term prices for HPEMM and HPMSM, proposed extraction plans and methods, operating life estimates, cash flow forecasts, metal recoveries and estimates of capital and operating costs. Furthermore, with respect to this specific forward-looking information concerning the development of the Chvaletice Manganese Project, the Company has based its assumptions and analysis on certain factors that are inherently uncertain. Uncertainties include among others: (i) the adequacy of infrastructure; (ii) the ability to develop adequate processing capacity; (iii) the price of HPEMM and HPMSM; (iv) the availability of equipment and facilities necessary to complete development; (v) the size of future processing plants and future tailings extraction rates; (vi) the cost of consumables and extraction and processing equipment; (vii) unforeseen technological and engineering problems; (viii) currency fluctuations; (ix)

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

changes in laws or regulations; (x) the availability and productivity of skilled labour; and (xi) the regulation of the mining industry by various governmental agencies.

Such forward-looking information or statements also include, without limitation, statements regarding the Company's intentions regarding the Chvaletice Manganese Project in the Czech Republic, including without limitation, the continued evaluation and development of the Chvaletice Manganese Project, the completion of a feasibility study, the building of the demonstration plant in the Czech Republic, the Company's ability to secure additional financing for the ongoing development of the Chvaletice Manganese Project, its ability to acquire the remaining land or surface rights needed for the Chvaletice Manganese Project, the filing of an EIA, related permit applications and a formal project description with the Czech regulatory agencies and local communities, the growth and development of the high purity manganese products market and any other matters relating to the evaluation, planning and development of the Chvaletice Manganese Project. The Company also cautions readers that the PEA on the Chvaletice Manganese Project that supports the technical feasibility or economic viability of the Chvaletice Manganese Project, including the marketability of the high-purity manganese products, extraction method, costs, processing, metal recoveries and any other technical aspects related to the Chvaletice Manganese Project, is preliminary in nature and there is no certainty that the PEA will be realized.

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

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

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