2020 ANNUAL REPORT

ARBN 627 968 567

TSXV: EMN | ASX: EMN | WWW.MN25.CA

CORPORATE DIRECTORY

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

CONTENTS PAGE

I. LETTER TO SHAREHOLDERS

II. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2020, INCLUDING:

MANAGEMENT'S RESPONSIBILITY

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

CONSOLIDATED STATEMENTS OF CASH FLOWS

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

III. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2020

IV. MINING TENEMENTS AND MINERAL RESOURCE STATEMENT

V. OTHER ASX ANNUAL REPORT INFORMATION

LETTER TO SHAREHOLDERS

16 December 2020

Dear Fellow Shareholders,

2020 was very challenging for much of humanity and for Euro Manganese too. It nevertheless proved to be a productive year for us. Our team members stayed safe and remained focused and resolute. They rolled-up their sleeves and adapted well to the myriad of challenges we faced while trying to advance our major project. As the year began, we initiated the Chvaletice Manganese Project's feasibility study and started the environmental permitting process. We also planned to construct a state-of-the-art demonstration plant, to continue building strategic customer relationships, to make important land purchases and to secure additional capital to advance on all these fronts. We were delayed for months on most fronts, but we were never derailed. We are pleased to report that we have resumed work at a brisk pace on all key fronts and that we expect to achieve a great deal of progress in 2021.

There were a number of macroeconomic factors that formed a backdrop to this year beyond COVID 19. Capital markets saw a big correction as the pandemic created uncertainty. As lockdown measures were implemented and industry adjusted to the new normal, markets recovered although they were still subject to significant volatility. As the year wore on, it became clear that governments were looking past COVID 19 with the goal of making green investments. That greener future includes greater electrification in the automotive world. A number of countries have set strict and ambitious targets as to when internal combustion vehicles will no longer be allowed.

These developments are already creating a huge demand for batteries and the raw materials which will be used to manufacture them. Europe is emerging as a global leader on this front. A total of 19 gigafactories are expected to be in production there by 2023, with more to come in subsequent years. High Purity Manganese (HPM) is featuring prominently in the vast majority of European Electric Vehicle ("EV") battery chemistries. In addition, the EU is committed to building its post pandemic economy in a much greener fashion, which bodes very well for the EV industry. Significant resources are being deployed to drive this change. Our aim is to be part of this enormous global and European electrification shift, and to build a solid business on the back of it.

We made some significant changes to our organisation during the year. We reduced the size of our board and our sincere thanks go out to our retiring board members, Roman Shklanka, founding chairman, as well as Harvey McLeod, Daniel Rosicky and Jan Votava, for their outstanding contributions in our formative years. Mr. Votava will continue to lead our Czech team. We recently welcomed Tom Stepien to our board. Tom comes with the credentials of many years in the battery business, including the past 10 years as founder and CEO of Primus Power, a leading flow battery manufacturer.

We also saw important changes to our management team. Martina Blahova stepped up to be our Chief Financial Officer; Andrea Zaradic, joined our team as Vice President, Operations; and Thomas Gluck assumed the role of Chief Technology Officer.

During the last year, we have continued to make solid progress in developing important relationships with numerous potential customers. We signed five customer MOU's during the year and are continuing to work with others to further solidify demand for the products we plan to produce.

Critical to our plan were the financings we were able to undertake this year. The first two financings were completed at very difficult points in the market and were priced painfully low. Nonetheless, they allowed us to continue to advance our work. Our perseverance was rewarded in the fall, when the market responded to positive news from Tesla Motors, which announced it would switch to revolutionary new batteries with a cathode that contains one third manganese and revealed plans to mass produce them. This announcement, together with a realization that the supply chains for battery metals requires massive investment in order to keep up with demand, saw our share price rise substantially. We were then able to complete an equity offering in the fourth quarter on better terms. In total, we raised approximately C$17 million in new equity during the calendar year. Our share price has continued to strengthen, as the market has begun to recognize the fundamental drivers of our business case and our strategic advantages.

At the project level, we filed our Environmental Impact Assessment notification on June 30 and are awaiting the formal response from the Czech Ministry of Environment, so we can begin preparation of the Final EIA. During the year, we also obtained two favourable environmental rulings which will enhance the feasibility of the project. Importantly, we recently completed the land assembly for our proposed plant site, including the acquisition of a rail switch that will give our plant a second access to the railway spur line that adjoins it.

Our principal targets for 2021 are as follows:

To complete the Feasibility Study;
To complete the Final Environmental Impact Assessment;
To build, install and commission the Demonstration Plant;
To advance with the supply chain qualification of our products; and
To develop additional strategic customer relationships.

To achieve these positive targets, we will continue to build our team's capacity and capabilities, and expect to secure additional funding to support our ongoing development plans.

As a reminder, the Chvaletice Manganese Project is the only significant manganese deposit in Europe and stands to become its only primary producer of high purity manganese products. As a result, we believe it is a strategic European asset. Our aim is to establish Chvaletice as a sustainable and reliable producer of exceptional quality battery raw materials to satisfy the needs of producers of lithium-ion battery supply chain, as well as those of other high-technology applications. We are committed to seizing this unprecedented commercial opportunity in an effective, efficient and prudent manner, while adhering to the best practices in corporate governance, application of technology, environmental excellence and social responsibility.

In conclusion, we would again like to take this opportunity to thank all our stakeholders, including shareholders, our fellow directors, executives and employees, as well as the local communities, residents and governments, for their continued and valued support, guidance and assistance over the past year. We look forward to a fruitful and healthy 2021.

Yours faithfully,

(Signed) "*John Webster*"
Non-Executive Chairman

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

Financial Statements

Management's Report....5
Independent Auditor's Report....6
Consolidated Statements of Financial Position....10
Consolidated Statements of Loss and Comprehensive Loss....11
Consolidated Statements of Changes in Shareholders' Equity....12
Consolidated Statements of Cash Flows....13

Notes to the Consolidated Financial Statements

Note 1 - Nature of Operations and Liquidity....14
Note 2 - Basis of Preparation....15
Note 3 - Significant Accounting Policies, Estimates and Judgments....15
Note 4 - Exploration and Evaluation Assets....23
Note 5 - Property and Equipment....23
Note 6 – EPCS Option and Other Assets....24
Note 7 – Deferred Consideration....25
Note 8 – Government Loan....25
Note 9 – Equity....26
Note 10 – Related Party Transactions....29
Note 11 –Fair Value Measurement of Financial Instruments....30
Note 12 – Financial Risk Management....30
Note 13 – Segmented Information....31
Note 14 – Commitments....31
Note 15 – Management of Capital....32
Note 16 – Income Taxes....33
Note 17 – Events after the Reporting Period....34

Management's Responsibility for Financial Reporting

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

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

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

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

16 December 2020

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

President and Chief Executive Officer

(Signed) ***"Martina Blahova"***

Chief Financial Officer

Independent auditor's report

To the Shareholders of Euro Manganese Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Euro Manganese Inc. and its subsidiary (together, the Company) as at September 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at September 30, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Vancouver, British Columbia
December 16, 2020

Consolidated Statements of Financial Position

Euro Manganese Inc.
(Expressed in Canadian dollars)

	Note	September 30, 2020	September 30, 2019
		$	$
ASSETS			
Current assets			
Cash		**2,730,739**	4,084,694
Prepaid expenses		**378,378**	112,864
Accounts receivable		**30,084**	45,148
		3,139,201	4,242,706
Non-current assets			
Exploration and evaluation assets	4	**1,249,086**	1,249,086
Property and equipment	5	**364,688**	368,952
Other assets	6	**239,534**	232,794
Option	6	**815,000**	815,000
Total assets		**5,807,509**	6,908,538
LIABILITIES			
Current liabilities			
Accounts payable		**169,662**	581,722
Due to related parties	10	**20,717**	170,618
Lease liability		**27,110**	—
Deferred consideration	7	**—**	275,838
		217,489	1,028,178
Non-current liabilities			
Government loan	8	**40,000**	—
Total liabilities		**257,489**	1,028,178
EQUITY			
Share capital	9	**28,608,578**	22,973,236
Equity reserve		**2,592,667**	2,182,856
Deficit		**(25,651,225)**	(19,275,732)
Total equity		**5,550,020**	5,880,360
Total liabilities and shareholders' equity		**5,807,509**	6,908,538

Nature of operations and liquidity (Note 1)

Events after the reporting period (Note 17)

Approved on behalf of the Board of Directors on December 16, 2020

"Marco Romero" *"John Webster"*

Marco Romero, Director John Webster, Director

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

Consolidated Statements of Loss and Comprehensive Loss

Euro Manganese Inc.
(Expressed in Canadian dollars)

	Year ended September 30, 2020	2019
	$	$
Project evaluation expenses		
Engineering	**1,663,702**	1,977,576
Remuneration	**943,624**	1,098,270
Share-based compensation	**138,104**	254,004
Drilling, sampling and surveys	**3,690**	212,214
Metallurgical	**41,408**	380,687
Travel	**63,782**	123,338
Legal and professional fees	**154,542**	370,366
Geological	**78,887**	215,060
Market studies	**83,043**	208,681
Supplies and rentals	**27,179**	107,019
	3,197,961	4,947,215
Other expenses		
Remuneration	**1,022,307**	1,305,466
Share-based compensation	**271,707**	493,630
Total remuneration	**1,294,014**	1,799,096
Legal and professional fees	**566,811**	252,690
Investor relations	**227,713**	274,728
Product sales and marketing	**284,033**	35,325
Travel	**83,906**	273,394
Filing and compliance fees	**293,209**	258,710
Accretion expense	**102,035**	60,065
Office, general and administrative	**116,649**	181,056
Insurance	**109,421**	102,991
Office rent	**—**	53,108
Conferences	**27,813**	55,354
Depreciation	**71,928**	23,673
	3,177,532	3,370,190
Loss and comprehensive loss for the year	**6,375,493**	8,317,405
Weighted average number of common shares outstanding - basic and diluted	**190,921,092**	172,002,914
Basic and diluted loss per common share	**$0.03**	$0.05

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

Consolidated Statements of Changes in Shareholders' Equity

Euro Manganese Inc.

(Expressed in Canadian dollars)

	Attributable to equity shareholders of the Company				
	Share Capital	Share Capital	Equity Reserves	Deficit	Shareholders' Equity (Deficit)
	#	$	$	$	$
Balance at September 30, 2018	160,509,600	19,972,416	1,482,544	(10,958,327)	10,496,633
Shares and warrants issued for cash, net of expenses	10,000,000	2,232,609	48,890	—	2,281,499
Warrants exercised	2,927,265	418,211	(96,212)	—	321,999
Shares issued as part of broker fees	200,000	50,000	—	—	50,000
Shares issued as deferred consideration repayment	1,428,570	300,000	—	—	300,000
Share-based compensation	—	—	747,634	—	747,634
Loss and comprehensive loss for the year	—	—	—	(8,317,405)	(8,317,405)
	14,555,835	3,000,820	700,312	(8,317,405)	(4,616,273)
Balance at September 30, 2019	**175,065,435**	**22,973,236**	**2,182,856**	**(19,275,732)**	**5,880,360**
Shares issued for cash, net of expenses	72,818,494	4,543,278	—	—	4,543,278
Shares issued as payment of services	6,945,625	792,064	—	—	792,064
Shares issued as repayment of deferred consideration	3,333,333	300,000	—	—	300,000
Share-based compensation	—	—	409,811	—	409,811
Loss and comprehensive loss for the year	—	—	—	(6,375,493)	(6,375,493)
	83,097,452	**5,635,342**	**409,811**	**(6,375,493)**	**(330,340)**
Balance at September 30, 2020	**258,162,887**	**28,608,578**	**2,592,667**	**(25,651,225)**	**5,550,020**

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

Consolidated Statements of Cash Flows

Euro Manganese Inc.
(Expressed in Canadian dollars)

	Note	Year ended September 30, 2020	2019
		$	$
Operating activities			
Net loss for the year		**(6,375,493)**	(8,317,405)
Less non-cash transactions:			
Share-based compensation		**409,811**	747,634
Shares issued for services		**535,368**	—
Depreciation		**71,928**	23,673
Lease liability accretion		**77,873**	—
Accretion expense	7	**24,162**	60,065
Other income		**(46,571)**	—
		(5,302,922)	(7,486,033)
Changes in non-cash working capital items:			
Accounts payable		**(412,060)**	(126,772)
Accounts receivable		**15,064**	117,401
Prepaid expenses		**34,485**	11,462
Due to related parties		**(149,901)**	(135,833)
Cash used in operating activities		**(5,815,334)**	(7,619,775)
Financing activities			
Common shares issued for cash, net of expenses	9 (a)	**4,543,278**	2,085,777
Lease principal payments		**(111,289)**	—
Exercise of warrants		**—**	321,999
Proceeds from government loan	8	**40,000**	—
Cash generated from financing activities		**4,471,989**	2,407,776
Investing activities			
Option and deposit for land		**(6,740)**	(1,047,794)
Property & equipment acquisition	5	**(4,317)**	(23,515)
Proceeds from sale of equipment		**447**	—
Cash used in investing activities		**(10,610)**	(1,071,309)
Decrease in Cash		**(1,353,955)**	(6,283,308)
Cash - beginning of year		**4,084,694**	10,368,002
Cash - end of year		**2,730,739**	4,084,694
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
Shares issued as payment of broker warrants			
Equity reserve		**—**	48,890
Share capital		**—**	(48,890)
Repayment of deferred consideration commitment			
Share capital		**300,000**	300,000
Deferred share payment commitment		**(300,000)**	(300,000)

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

1. Nature of Operations and Liquidity

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

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

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

The Company is an early stage resource development company that 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 most likely continue to operate at a loss while the Company is evaluating the Chvaletice Manganese Project and planning its potential development.

At September 30, 2020, the Company's working capital totaled $2,921,712 (2019 - $3,214,528), including cash of $2,730,739 (2019 - $4,084,694). The loss for the year was $6,375,493 (2019 - $8,317,405) while cash used in operating activities was $5,815,334 (2019 - $7,619,775). The Company's working capital, combined with the net proceeds from a $10.7 million private placement, which closed subsequent to the period end (Note 17), are 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.

Thereafter, 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.

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 impact of COVID-19 on the Company to date resulted in delays in access to financing and subsequently, in delays in the progress of the Chvaletice Manganese Project while immediate cost cutting measures were put in place. The duration of the pandemic, its impact on the Company's ability to progress Project development, as well as on global financial markets and the Company's access to capital to advance its development plans remain uncertain.

2. Basis of Preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The accounting policies presented in Note 3 were consistently applied to all periods presented, except for IFRS 16 *Leases* ("IFRS 16"), which was adopted on October 1, 2019. The Company elected to apply IFRS 16 using the 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 (Note 3.9).

These consolidated financial statements were prepared by management and approved by the Board of Directors of the Company (the "Board") on December 16, 2020.

2.2 Basis of measurement

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

2.3 Basis of consolidation

These consolidated financial statements incorporate the accounts of the Company and the 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 consolidated financial statements include the accounts of the Company's subsidiaries from the date of control commences until the date that control ceases. The financial statements of its wholly-owned subsidiary, Mangan Chvaletice s.r.o. ("Mangan"), are included in the consolidated financial statements for both periods presented. All significant intercompany transactions and balances have been eliminated.

3. Significant Accounting Policies, Estimates and Judgments

3.1 Foreign currency translation

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

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

3.2 Mineral exploration and evaluation costs

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

Exploration and evaluation costs that are incurred prior to the Company obtaining a material legal interest in a property, are expensed in the period incurred. In addition, exploration and evaluation costs, other than direct acquisition costs, incurred prior to management establishing that the resource exists and that the costs can be economically recovered, are expensed in the period incurred.

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

Exploration and evaluation costs are capitalized as mineral interests when the technical feasibility and commercial viability of the extraction of a mineral resource of a property has been determined.

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

a) There is a probable future benefit that will contribute to future cash inflows;

b) The Company can obtain the benefit and control access to it; and

c) The transaction or event giving rise to the benefit has already occurred.

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

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

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

3.3 Impairment of non-financial assets

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

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

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

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

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

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

3.4 Property and equipment

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

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

3.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. There were no cash equivalents at September 30, 2020, and 2019.

3.6 Share and warrant based compensation

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

The fair value of the options is determined using the Black-Scholes Option Pricing Model or when they are issued in settlement of compensation, measured at the fair value of the services rendered. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest (Note 9(b)).

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

3.7 Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. Current tax is the expected tax payable or recoverable on the taxable income for the period, using tax rates enacted or substantially enacted at the end of the reporting period.

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

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

3.8 Financial instruments

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

- *Classification*

  Classification of financial instruments is determined at initial recognition.

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

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

- *Measurement*

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

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

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

- *Impairment of financial assets*

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

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

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

- *Derecognition*

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

- *Fair value of financial instruments*

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

3.9 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:

- 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.

(Expressed in Canadian dollars)

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

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%.

	$
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)
Decrease of lease liability due to change in lease terms	(42,082)
Cash principal and interest payments	(111,289)
Non-cash accretion	77,873
At September 30, 2020	27,110
Less: Current portion	(27,110)
	—

The accounting policy applied under IAS 17 Leases during the year ended September 30, 2019 was as follows:

Leases which transfer substantially all of the benefits and risks incidental to the ownership of property are accounted for as finance leases. Finance leases are capitalized at the lease commencement at the lower of the fair market value of the leased property and the net present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charge. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

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

3.10 Related party transactions

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

3.10 Loss per share

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

3.11 Asset Retirement Obligation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development and ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at September 30, 2020 and 2019, the Company does not have any decommissioning obligations.

3.12 Accounting for government grants and disclosure of government assistance

A forgivable loan is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. The benefit of a government loan at a below-market rate of interest is treated as a government grant which is recognized and measured in accordance with IFRS 9 *Financial instruments*. The benefit of the below-market rate of interest is the difference between the initial carrying value of the loan, discounted over the term of the loan using the incremental borrowing rate for the Company, and the proceeds received.

3.13 Recent accounting pronouncements

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

IAS 1 - Presentation of Financial Statements (“IAS 1”) and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) - The standards were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements. The amendment also clarifies the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

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

IFRS 3 - Business Combinations ("IFRS 3") – The standard was amended in October 2018 to clarify the definition of a business. This amended definition states that to be considered a business, an acquisition have to include an input and a substantive process that together significantly contribute to the ability to create outputs. Also, it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

The Company is currently assessing the impact of these pronouncements on the consolidated financial statements.

3.14 Critical Estimates and Judgments

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

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

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

a) Management is required to assess exploration and evaluation assets for impairment at each period end. The triggering events are defined in IFRS 6 Exploration for and Evaluation of Mineral Resources ("IFRS 6"). In making the assessment, management is required to make judgments as to whether impairment indicators exist when assessing the following factors: the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future, substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned, sufficient data exists to support that extracting the resources will not be technically feasible or commercially viable and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The nature of exploration and evaluation activity is such that only a small proportion of projects are ultimately successful, and some assets are likely to become impaired in future periods.

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

b) The Company applied significant judgment in determining the fair value of the first option payment pursuant to an option agreement with EPCS ("EPCS Option Agreement") and its classification as financial instrument at FVTPL (Note 6), including the impact of the COVID-19 pandemic on the Company and the project.

(Expressed in Canadian dollars)

4. Exploration and Evaluation Assets

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

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

5. Property and Equipment

	September 30, 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
Disposals and adjustments [(a)]	(1,009)		(51,943)	(52,952)
September 30, 2020	**85,755**	**318,729**	**50,665**	**455,149**
Accumulated depreciation				
October 1, 2019	(32,224)	—	—	(32,224)
Additions	(26,417)	—	(45,511)	(71,928)
Disposals	561		13,130	13,691
September 30, 2020	**(58,080)**	**—**	**(32,381)**	**(90,461)**
Net Book Value				
October 1, 2019	50,223	318,729	—	368,952
September 30, 2020	**27,675**	**318,729**	**18,284**	**364,688**

[(a)] Change in lease term resulting in decrease of lease asset and liability.

(Expressed in Canadian dollars)

5. Property and Equipment (continued)

	September 30, 2019		
	Equipment	Land	Total
	$	$	$
Cost			
October 1, 2018	58,932	318,729	377,661
Additions	23,515	—	23,515
September 30, 2019	82,447	318,729	401,176
Accumulated depreciation			
October 1, 2018	(8,551)	—	(8,551)
Additions	(23,673)	—	(23,673)
September 30, 2019	(32,224)	—	(32,224)
Net Book Value			
October 1, 2018	50,381	318,729	369,110
September 30, 2019	50,223	318,729	368,952

6. EPCS Option and Other Assets

EPCS Option

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

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

- an instalment of 42,000,000 Czech Koruna (approximately $2.42 million at September 30, 2020), within 60 days of final approval of the environmental impact assessment ("EIA") for the Chvaletice Manganese Project, but no later than three years after signing the EPCS Option Agreement. The three-year term may be extended under certain circumstances by up to one year; and
- a final instalment of 84,000,000 Czech Koruna (approximately $4.84 million at September 30, 2020), 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 EPCS Option agreement is a derivative classified as FVTPL due to the following:

- The option is for the acquisition of shares of EPCS rather than a non-monetary asset;
- It does not meet any of the scope exceptions from recognition as a derivative under IFRS 9;

(Expressed in Canadian dollars)

6. EPCS Option and Other Assets (continued)

- 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 year ended September 30, 2020 and 2019.

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 and a utility corridor. The total purchase price price of CZK 2,026,990 (approximately $117,000) is paid in four installments. The first payment, representing 10% of the total amount, 202,699 Czech Koruna ($11,867) was paid on May 20, 2019. Subsequent payments are based on certain milestones, including the EIA approval and the final mining permit.

7. Deferred Consideration

The deferred consideration represented the Company's share issuance commitment in connection with the acquisition of its exploration and evaluation assets (Note 4). On May 13, 2020, the Company issued 3,333,333 common shares for a total value of $300,000, thus settling its remaining commitment. Movement in the deferred consideration during the year ended September 30, 2020 and 2019 was as follows:

	Year ended September 30,	
	2020	2019
	$	$
Balance, beginning of the year	**275,838**	515,773
Accretion during the year	**24,162**	60,065
Fair value of share consideration issued during the year	**(300,000)**	(300,000)
Balance, end of the year	**—**	275,838
Less: current portion	**—**	(275,838)
	—	—

8. Government loan

On April 23, 2020, the Company received, through its Canadian banking institution, $40,000 from the Canada Emergency Business Account, which provides support for Canadian businesses during the COVID-19 pandemic. The loan is interest-free until December 31, 2022, after which it converts into a three-year loan with an interest rate of 5% per annum. If 75% of the principal is repaid before December 31, 2022, the remainder of the loan will be forgiven.

The Company plans to repay the loan by the end of calendar 2021. The loan proceeds received approximated the fair value. Accordingly, the loan was recorded at its nominal value.

9. 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 year ended September 30, 2020:

i) Shares issued in private placements:

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.

On April 6, 2020, and May 6, 2020, the Company closed the first and second tranches, respectively, of a non-brokered private placement for a total of 8,738,312 common shares and 401,888 CDIs, at a price of $0.11 per common share or AUD$0.13 per CDI, respectively, for aggregate gross proceeds of $1,005,157 ("Offering A"). As part of Offering A, 2,523,917 common shares for gross proceeds of $277,631 represent a settlement of certain accounts payable. Fees payable by the Company in connection with Offering A consist of a management fee, payable in cash, of 1% of the aggregate gross proceeds from Offering A.

On July 9, 2020, and August 25, 2020, the Company closed the first and second tranches, respectively, of a private placement for a total of 11,979,682 common shares and 54,222,528 CDIs, at a price of $0.061 per common share or AUD$0.065 per CDI, respectively for aggregate gross proceeds of $4,038,335 ("Offering B"). Fees payable by the Company in connection with Offering B consist of a management fee, payable in cash, of 1% of the aggregate gross proceeds and a selling and/or finder's fee of 5% of the aggregate gross proceeds from Offering B. In addition to Offering B, the Company issued 3,071,551 common shares and 150,157 CDIs as settlement of certain accounts payable in the total amount of $257,737.

Following the period end, the Company completed a two-tranche brokered private placement for gross proceeds of approximately $11,400,000 (Note 17).

ii) Shares issued as settlement of deferred consideration:

On May 13, 2020, the Company issued a total of 3,333,333 shares at $0.09 per share as a final repayment of $300,000 in deferred consideration to the original shareholders of Mangan (Note 7).

iii) 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.

As at September 30, 2020, 25,770,569 common shares, 7,175,000 share options and 5,756,750 warrants remained subject to escrow and were released from escrow on October 2, 2020.

(Expressed in Canadian dollars)

9. Equity (continued)

b) Share options

The Company has a rolling share-based compensation plan (the "Plan") allowing for the reservation of a maximum 10% of the common shares issued and outstanding at any given time for issuance under the Plan. Under the Plan, all stock options are granted at the discretion of the Company's board of directors. The term of any option granted may not exceed ten years and the exercise price may not be less than the market value of the Company shares or, if the Company's shares are not traded on a stock exchange, the share value equal to the Company's most recent arm's length equity financing share price.

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

	Year ended			
	September 30, 2020		September 30, 2019	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
Balance, beginning of the year	**15,500,000**	**0.17**	12,525,000	0.15
Options granted during the year	**4,800,000**	**0.12**	3,275,000	0.27
Options expired	**(575,000)**	**0.10**	(200,000)	0.25
Options forfeited	**—**	**—**	(100,000)	0.25
Balance, end of the year	**19,725,000**	**0.16**	15,500,000	0.17

During the year ended September 30, 2020 the Company recorded share-based compensation expense of $409,811 (2019 - $747,634) of which $138,104 has been allocated to project expenses (2019 - $254,004) and $271,707 to administrative expenses (2019 - $493,630).

The balance of options outstanding and exercisable at September 30, 2020, is as follows:

	Options outstanding & exercisable		**Options exercisable** [a]	
Exercise price ($/Share)	Number of share options	Weighted average remaining contractual life (years)	Number of share options	Weighted average remaining contractual life (years)
0.08	1,625,000	5.6	1,625,000	5.6
0.10	1,450,000	6.5	1,450,000	6.5
0.11	7,800,000	8.5	5,166,670	7.8
0.13	500,000	10.0	166,667	10.0
0.20	3,725,000	7.4	3,725,000	7.4
0.25	1,900,000	8.4	1,483,333	8.2
0.28	2,725,000	8.4	1,816,652	8.4
0.16	19,725,000	7.9	15,433,322	7.5

[a] Certain options are subject to escrow (Note 9 a) iii)).

(Expressed in Canadian dollars)

9. Equity (continued)

The weighted-average fair value of share options granted in the year ended September 30, 2020, was estimated to be $0.08 per share option (2019 - $0.21).

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

In the year ended September 30, 2020 and 2019, the Company applied the fair value-based method of accounting to determine the value of stock options granted to employees, including directors, and non-employees on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year ended September 30,	
	2020	2019
Risk free rate	**0.21 %**	1.74 %
Expected life (years)	**9.0**	9.0
Annualized volatility	**90 %**	90 %
Dividend rate	**— %**	— %
Forfeiture rate	**— %**	— %
Option exercise price	**$0.12**	$0.27
Grant date fair value	**$0.08**	$0.21

c) Warrants

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

As at September 30, 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	0.4
October 1, 2021	0.38	2,900,000	1.0
	0.34	5,756,750	0.7

(Expressed in Canadian dollars)

[(a)] Certain warrants are subject to escrow (Note 9 a) iii)).

9. Equity (continued)

On October 2, 2018, in connection with the IPO in Australia and Canada, the Company issued warrants entitling

the Australian and Canadian agents to purchase an aggregate of 2,900,000 common shares at $0.375 per share. Based on Black-Scholes pricing model using a risk-free rate of 2.19%, an expected life of 3.0 years, an annualized volatility of 90% (based on volatility assumptions of comparable companies), a dividend rate of nil, and a share price of $0.25, these warrants were assigned an estimated total value of $354,466.

10. 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, officers and advisory board, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

a) Key management compensation

Key management personnel include the board of directors and the Chief Executive Officer, Chief Financial Officer, the Managing Director of the Company's Czech subsidiary, Vice President, Corporate Development and Corporate Secretary, Chief Technology Officer and the Vice President, Operations.

During the year ended September 30, 2020, and 2019, the Company incurred the following expenses to officers or directors of the Company or companies with common directors:

	Year ended September 30,	
	2020	2019
	$	$
Fees and salaries payable to directors and officers	**1,160,479**	1,512,566
Directors' and officers' stock-based compensation	**243,663**	475,038
	1,404,142	1,987,604

b) Related party transactions during the year

Fees provided by PRK Partners s.r.o. ("PRK"), a legal firm associated with an advisory board member, who is a former director of the Company, for the year ended September 30, 2020, amounted to $149,519 (2019 - $226,935). Fees paid to the advisory board members for the year ended September 30, 2020 amounted to $9,314 (2019 - nil).

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

	September 30,	
	2020	2019
	$	$
Salaries and fees payable to directors and officers	**16,158**	71,414
Fees provided by a legal firm associated with a director	**576**	48,329
Outstanding payable due to directors and officers	**3,983**	50,875
	20,717	170,618

These transactions were incurred in the normal course of operations.

11. 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 consolidated statement of financial position due to their short-term nature.

The first option payment pursuant to the EPCS Option Agreement (Note 6) is a derivative. It is a financial instrument measured at fair value through profit and loss using Level 3 inputs as there is no observable market data available. The option was initially recognized at fair value which equaled the initial cash payment of $815,000 as stipulated in the EPCS Option Agreement. No factors affecting the fair value of the EPCS Option in the time from the initial recognition to the period end were identified. Factors that were considered in this assessment were: compliance with EPCS Option Agreement, changes in intended land use, demand for high purity manganese products and price development, project progress and changes in local economy and legislation.

There were no transfers between the levels of the fair value hierarchy in the year ended September 30, 2020.

12. Financial Risk Management

a) Credit risk

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

At September 30, 2020 and 2019, the Company's maximum exposure to credit risk was its cash balance of $2,730,739 and $4,084,694, respectively.

b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation (Note 1). At September 30, 2020, the maturity of accounts payable and due to related parties balances is under one year.

c) Market risk

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

12. Financial Risk Management (continued)

Interest rate risk

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

Foreign currency risk

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

13. 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.

14. Commitments

The following is a maturity profile of financial liabilities and operating and capital commitments presenting undiscounted cash flows at September 30, 2020:

		Payments due by period		
	Total	Less than one year	1 - 2 years	2 - 3 years
	$	$	$	$
Minimum office lease payments (1)	9,298	6,245	2,442	611
Operating expenditure commitments (2)	88,213	88,213	—	—
Total contractual obligations	97,511	94,458	2,442	611

(1) The Company has two non-cancellable operating office leases expiring within 1 to 3 years.

(2) Operating expenditure commitments relate mostly 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.

Subsequent to year end, the Company announced that it agreed to acquire rights to three additional strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant. These included a section of land encompassing a rail spur costing CZK 252,762 (approximately $14,300), and a right-of-way for a period of 30 years having an annual rental of CZK 60,000 (approximately $3,000). Most notable was an agreement to acquire a 49,971 m^2 parcel of land, including a rail spur extension that provides additional room and flexibility for the Chvaletice commercial plant layout. The cost of the land is CZK 18,739,125 (approximately $1.1 million) and is to be paid in five annual installments of approximately $80,000, followed by the remaining balance of approximately $700,000 in the final year.

14. Commitments (continued)

Other commitments include:

a) The Company has entered into employment agreements with its executive officers in which the individuals are entitled to a combination of base salary, extended benefits, specified milestones payments, and may be eligible for annual performance-based bonus as determined by the Board in its sole discretion. Following termination without cause, executive officers are also entitled to 12-month written notice or pay in lieu of notice of termination equivalent to 12 months' salary. Further, upon a change of control, as defined in their employment agreements, certain executives are entitled to lump sum payments of twenty-four months of their base salaries. Total maximum commitment upon change of control would amount to $1.5 million.

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

15. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to pursue suitable business opportunities and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the evaluation stage and has not achieved commercial operations from its projects, its principal source of funds is from the issuance of common shares. Further information related to liquidity risk is disclosed in Note 1 and 12.

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

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

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

The Company is uncertain as to whether its current capital resources will be sufficient to carry on its evaluation and development plans and operations through its current operating period and, accordingly, management is reviewing the timing and scope of current evaluation plans and is also pursuing other financing alternatives to fund the Company's operations. The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management in the period.

(Expressed in Canadian dollars)

16. Income Taxes

A reconciliation of the income tax recoveries at the statutory tax rate of 27% (2019 - 27%) is as follows:

	September 30,	
	2020	2019
	$	$
Loss for the year	**(6,375,493)**	(8,317,405)
Expected income tax recovery	**(1,721,383)**	(2,245,699)
Non-deductible expenses and other	**146,570**	204,150
Effect of foreign tax rates and tax rate changes	**403,692**	603,011
Effect of deductible temporary difference not recognized	**1,171,121**	1,438,538
Income tax recovery	**—**	—

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

	September 30,	
	2020	2019
	$	$
Equipment	**19,346**	18,526
Exploration and evaluation assets	**2,249,657**	1,840,739
Tax operating losses	**12,598,000**	8,345,200
	14,867,003	10,204,465
Unrecognized deferred income tax assets	**(14,867,003)**	(10,204,465)
Deferred income tax assets	**—**	—

At September 30, 2020, the Company had the following estimated tax operating losses available to reduce future taxable income, including losses for which deferred tax assets are not recognized as listed in the table above. Losses expire at various dates and amounts between 2022 and 2040.

At September 30, 2020	$
Canada	8,689,900
Czech Republic	3,908,100
Tax operating losses	12,598,000

17. Events after the Reporting Period

On October 2, 2020, 25,770,569 common shares, 7,175,000 share options and 5,756,750 were released from escrow. Additionally, subsequent to the period end, 334,000 options and 125,000 options were exercised at prices of $0.11 and $0.20 per share, respectively, for aggregate proceeds to the Company of $61,740.

On October 21, 2020, the Company announced a two-tranche brokered private placement of 1,933,246 common shares and 58,066,754 CDIs, at a price of $0.19 per common share or AUD$0.20 per CDI, respectively for aggregate gross proceeds of approximately $11,400,000 (the "Offering"). The first tranche of the Offering, consisting of 716,384 common shares and 31,183,616 CDIs for aggregate gross proceeds of approximately $6,061,000, closed on October 28, 2020. The second tranche of the Offering, consisting of 1,216,862 common shares and 26,883,138 CDIs for gross proceeds of approximately $5,339,000, closed on December 16, 2020. Fees payable in cash by the Company in connection with the Offering consisted of 6% of the aggregate gross proceeds. Additionally, the lead manager to the Offering, was issued 6,000,000 broker warrants ("Broker Warrants") exercisable any time prior to December 16, 2023, with one-half of such Broker Warrants having an exercise price of $0.30 per share and one-half of such Broker Warrants having an exercise price of $0.35 per share.

Subsequent to year end, the Company announced that it agreed to acquire rights to three additional strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant (Note 14).

1. Introduction

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

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

This management’s discussion and analysis (“MD&A”) of the financial condition and results of operations, prepared as of December 16, 2020, supplements, but does not form part of the audited consolidated financial statements of the Company for the year ended September 30, 2020 (the “September 2020 Financial Statements”), which can be found along with other information of the Company on SEDAR at www.sedar.com. The Company prepares its financial statements in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (the “IASB”). The Company’s significant accounting policies are set out in Note 3 of September 2020 Financial Statements.

Additional information relating to the Company, including the Annual Information Form for the year ended September 30, 2020, is available on SEDAR at www.sedar.com, and on the Company's website www.mn25.ca.

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

This MD&A contains "forward-looking statements" that are subject to risk factors as set out in a cautionary note contained in Section 19.

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

2. Overview

The Company was formed with the objective of acquiring, evaluating, developing and operating the Chvaletice Manganese Project located in the Czech Republic, a readily leachable 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 6 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 6 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 were 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 during the fiscal 2020.

The impact of the pandemic on the Company's operations also resulted in delays in the progress of the Chvaletice Manganese Project and immediate cost cutting measures were put in place. The Company was, however, in a phase of the project where most of the work could be conducted remotely. The Company had 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 in effect in the Czech Republic and Canada. As a result, on June 30, 2020, the Company filed the EIA Notification with the Czech Ministry of Environment which is a major step in the project permitting process. However, most aspects of the feasibility study were deferred pending additional financing which the Company raised following the period end (section 4 of this MD&A).

Following the period end, the Company announced a two-tranche brokered private placement, raising $11.4 million, enabling the advancement the Chvaletice Manganese Project (section 15) and focus its efforts and resources on the key, near-term development milestones listed below. On May 28, 2020, the Company announced the launch of a global partner search process to assist with the development of the Chvaletice Manganese Project, including these project related activities. While the Company has received some indicative proposals, it has not yet received any binding offers and there can be no assurance that this process will result in any form of transaction.

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

- ordering, taking delivery of, permitting and erecting the demonstration plant to allow the Company to produce bulk, multi-tonne product samples for customers' supply chain qualification;
- advancing the feasibility study which includes confirmatory test work and associated engineering activities;
- advancing the Project's ongoing environmental impact assessment process;
- continuing discussions and negotiations with potential customers, as well as strategic and financial partners and government agencies, including those related to funding the development of the Chvaletice Manganese Project;
- completion of certain land acquisitions; and

2. Overview (continued)

- securing additional financing for the completion of the feasibility study, operation of the demonstration plant and land acquisitions.

Following the completion of the first tranche of the $11.4 million financing announced subsequent to year-end, the Company placed the order for the demonstration plant and resumed the feasibility study including verification test work and associated engineering activities. Subject to additional financing, the completion of the Chvaletice demonstration plant and commissioning thereof, as well as the completion of the feasibility study is now expected by the end of calendar 2021. However, further disruptions resulting from an extended duration of the COVID-19 pandemic will continue to affect the Company, its suppliers and service providers, and therefore, could result in additional delays in these activities.

4. Financial and Project Highlights

The following is a summary of the Company's highlights during the year ended September 30, 2020, and to the date of this MD&A:

- On November 18, 2020, the Company placed the order for the demonstration plant and resumed the confirmatory test work and various engineering studies for the feasibility study.
- On October 21, 2020, the Company announced a two-tranche brokered private placement of 1.9 million common shares and 58.1 million CDIs, at a price of $0.19 per common share or AUD$0.20 per CDI, respectively for aggregate gross proceeds of approximately $11.4 million (the "Offering"). The first tranche of the Offering, comprised of 0.7 million common shares and 31.2 million CDIs for aggregate gross proceeds of approximately $6.1 million, closed on October 28, 2020. The second tranche of the Offering, which comprised of 1.2 million common shares and 26.9 million CDIs for gross proceeds of approximately $5.3 million, closed on December 16, 2020. Fees payable in cash by the Company in connection with the Offering consisted of 6% of the aggregate gross proceeds.
- During the quarter ended September 30, 2020, the Company completed a two-tranche brokered private placement of 12.0 million common shares and 54.2 million CDIs, at a price of $0.061 per Share or AUD$0.065 per CDI, respectively for aggregate gross proceeds of $4.04 million (the "Fourth Quarter Placement"). The first tranche of the Fourth Quarter Placement, comprised of 5.2 million common shares and 16.3 million CDIs for aggregate gross proceeds of $1.3 million, closed on July 9, 2020. The second tranche, comprised of 6.8 million common shares and 37.9 million CDIs for aggregate gross proceeds of $2.73 million, closed on August 25, 2020.
- During the quarter ended June 30, 2020, the Company completed a non-brokered private placement of 8.7 million common shares and 0.4 million CDIs, at a price of $0.11 per Share or AUD$0.13 per CDI, respectively for aggregate gross proceeds of $1.0 million (the "Third Quarter Placement"). The Third Quarter Placement closed in two tranches with the first tranche for aggregate gross proceeds of $0.5 million closing on April 6, 2020 and the second tranche for aggregate proceeds of $0.5 million, closing on May 6, 2020.
- 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 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.

3. Financial and Project Highlights (continued)

- In December 2019 and January 2020, the Company entered into three offtake 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, approximately 55% of the demonstration plant's planned first year production of these products has been allocated to five OECD country 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. As of the date of this MD&A, 600,0000 of these common shares remain subject to a contractual resale hold period which expires on September 1, 2021.
- Appointed Bacchus Capital Advisers Limited ("BCA") 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 calendar 2021. While the test work and several engineering studies have resumed, the completion of the feasibility study remains subject to additional financing.
- 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. While the demonstration plant has been ordered, its construction at site, commissioning and operation are subject to additional 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 with a best-in-class environmental footprint. The Chvaletice Manganese Project is also expected to result in the environmental remediation of a polluted former mine site, bringing it into full compliance with modern Czech and European Union environmental standards and regulations.

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 electric vehicle ("EV") markets, particularly in Europe where 100% of high-purity manganese products are imported. Further, the Company believes that the Chvaletice Manganese Project's location 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 all of the land it requires 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 the required land-use plan change after an intensive community consultation, which has been ongoing for several years with overwhelmingly positive feedback and valuable local resident Project planning and design input.

4. Outlook (continued)

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 way of tax credits on eligible project expenditures, and, in March 2020, 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 EIA Notification, which describes the project, is a significant milestone and initiates the EIA regulatory review process, was filed on June 30, 2020. The Notification has been accepted by the Ministry of Environment and the review process by several government ministries and agencies, as well as local municipalities, is currently underway. The Notification includes several expert independent studies which were distributed to various local and national authorities as well as three surrounding municipalities for comment. This could enable final permitting for the project in calendar 2022.

Once permitted and offtake agreements have been entered into with the Company's potential customers, along with the completion of a bankable feasibility study demonstrating both the economic and technical viability of the project, 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 potential offtake agreements that are possible in this industry, 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 through advances, prepayments on offtake agreements and / or equity or debt contribution; and cost overrun protection provided by an Engineering Procurement Construction ("EPC") counterparty.

As it moves through the feasibility stage and the project development stage, the Company intends to evaluate potential value-enhancing opportunities for the Chvaletice Manganese Project, with the aim of reducing costs and technical risks. These may include optimizing building sizing and layout, equipment selection, solid-liquid separation methods, alternative magnesium removal methods, manganese sulphate crystallization technologies, leaching methods, as well as minimizing energy and water consumption. The Company is also evaluating the possibility of producing high-purity manganese carbonate. 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 could allow the Company to provide certain customers with manganese sulphate solution instead of granulated manganese sulphate monohydrate, eliminating the energy-intensive crystallization step.

Subsequent to fiscal year end, the Company raised approximately $11.4 million pursuant to the Offering, enabling it to continue the work on the feasibility and to place the order for the demonstration plant, along with advancing with EIA and the permitting process. However, the Company does not expect that its current capital resources and the proceeds from the Offering, will be sufficient to fully complete the feasibility study and the installation, commissioning and operation of the demonstration plant in addition to 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 final stage of development. The expected funding of the external costs of the feasibility study and the operation of demonstration plant for one year is estimated at a total of $11.2 million (section 9 of this MD&A) and internal costs to complete these stages of the project are estimated to amount to $6.0 million bringing the total costs to $17.2 million.

Accordingly, subject to additional financing, the completion of the Chvaletice demonstration plant and commissioning thereof, as well as the completion of the feasibility study is now expected by the end of calendar 2021. However, further disruptions resulting from an extended duration of the COVID-19 pandemic may continue to affect the Company, its suppliers and service providers, and therefore, could result in additional delays in these activities.

4. Outlook (continued)

During fiscal 2020 and following the receipt of expressions of interest from various parties to partner in the development of the Chvaletice Manganese Project, the Company initiated a process with its financial adviser, BCA, to secure a strategic partner to assist with the further development of the project. This process is ongoing. EMN also continues discussions on offtake agreements and technical collaboration with several parties, including battery, chemical and automobile manufacturers.

5. Significant Transactions During the Year Ended September 30, 2020

The Company did not complete any additional transactions in the year ended September 30, 2020, other than the transactions described in section 3 of this MD&A. Significant transactions which occurred subsequent to year end are described in section 15 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 railway line, a highway and a gas line. The surrounding region is industrialized and skilled labor is expected to be available from local labour markets.

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

Mineral Resource Estimate Update

In 2018, the Company conducted additional drilling at the Chvaletice Manganese Project. Final results of the drilling program were incorporated in the NI 43-101 technical report entitled "Technical Report and Preliminary Economic Assessment for the Chvaletice Manganese Project, Chvaletice, Czech Republic" ("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, and 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

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

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 and Other Land Acquisitions

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

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

The Company will have the right to acquire EPCS by making payments aggregating CZK 140 million payable in three cash instalments, the first of which was paid on October 17, 2018, in the amount of CZK14 million ($815,000). The Company can complete the acquisition of EPCS by making two additional instalments aggregating CZK 126 million (approximately $7.04 million) as follows:

i. an instalment of CZK 42,000,000 (approximately $2.42 million at September 30, 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

ii. a final payment of CZK 84,000,000 (approximately $4.84 million at September 30, 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. To secure the transaction, liens have been placed by the Company on the property and shares of EPCS, while the EPCS Option Agreement is in effect. The vendor of EPCS will continue to operate its steel fabrication business until the Final Payment is received, will retain profits from the business and will remain responsible for any losses incurred by the business during the term of the EPCS Option Agreement. The Company will endeavour to retrain and transition as many of the EPCS employees as possible into the proposed Chvaletice Manganese Project's workforce.

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

Subsequent to year end, the Company announced that it agreed to acquire rights to three additional strategic parcels of land, competing its land assembly for the proposed Chvaletice commercial plant. These included:

- Purchase from Sev.en EC, a.s., the owner of the Chvaletice power plant, a 1,952 m^2 section of land encompassing Rail Spur no. 1, through which the proposed Chvaletice process plant will be serviced and connected to existing rail infrastructure. This acquisition, costing CZK 252,762 (approximately $14,300) is particularly important for the Chvaletice Manganese Project, as it provides the Company with a second rail connection through the existing rail siding of the neighboring power plant. This is expected to provide greater logistical capacity and flexibility for the Project.

- Purchase from Sprava Nemovitosti Kirchdorfer CZ s.r.o. of a 49,971 m^2 parcel of land, including a rail spur extension that will provide additional room and flexibility for the Chvaletice commercial plant layout. The cost of the land is CZK 18,739,125 (approximately $1.1 million) and is to be paid in five annual installments of approximately $80,000, followed by the remaining balance of approximately $700,000 in the final year.

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

- Lease from Galmet Trade, spol s.r.o. of a 3,504 m^2 right-of-way for a period of 30 years to allow the straightening of a proposed conveyor route. Annual rental will be CZK 60,000 (approximately $3,000) and the Company will retain an option to purchase this land during 2020 and 2021.

PEA Results

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

The highlights of the PEA are as follows:

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

Feasibility Study and Environmental Impact Assessment

In 2019, the Company appointed Tetra Tech as the owner's engineering representative for the feasibility study, responsible for overseeing the consultants and service providers in connection with the feasibility study, and for the preparation of the NI 43-101/JORC feasibility study report for the 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 as required in the preparation of the NI43-101/JORC compliant report. Due to shutdowns and travel restrictions resulting from the COVID-19 pandemic, most work on the feasibility study engineering and laboratory test work in China for the feasibility study was curtailed for approximately six months. Following the completion of the first tranche of the Offering in October 2020, the Company

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

resumed work on the feasibility study. Subject to additional financing, the completion of the feasibility study is now expected by the end of calendar 2021.

The EIA for the Chvaletice Manganese Project is conducted in two stages: Stage 1 – the Project Description/Notification which was filed on June 30, 2020, and Stage 2 – the Final EIA, which is expected to be submitted in the second half of 2021. The Project Description/Notification, which was filed with the Czech Ministry of the Environment, included 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 studies indicate that, on balance, this Chvaletice Manganese Project is positive on the environment, local residents and the Czech Republic. A key associated benefit of the Chvaletice Manganese Project is that it will result in the rehabilitation, restoration and reclamation of a polluted site through the implementation of the highest environmental standards and engineering practices.

The Project Description is 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 second stage of the environmental permitting process, in the form of a Final EIA. Subject to financing, the Company expects the completion of the EIA documentation to be submitted to the Czech Ministry of the Environment in calendar 2021.

High Purity Manganese Market Overview

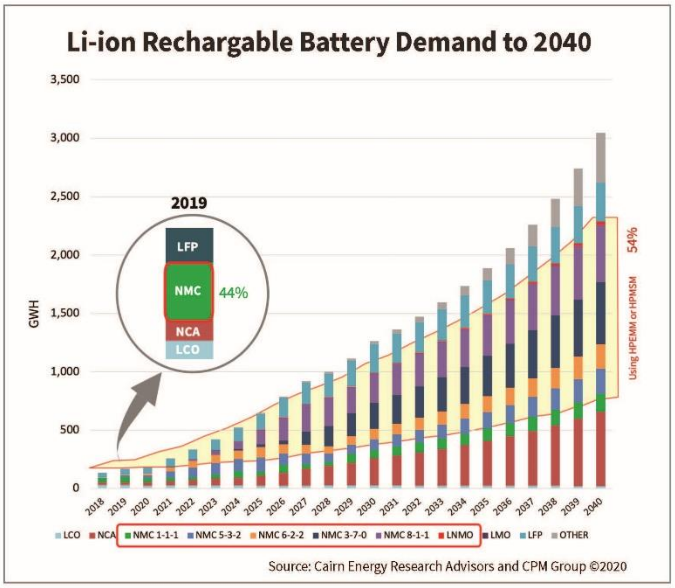
In connection with the preparation of the PEA, the Company commissioned the independent research and consultancy firm of CPM Group LLC ("CPM Group") to provide an HPEMM and HPMSM (collectively described as "High Purity Manganese" or "HPM") product market outlook study for the Chvaletice Manganese Project.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

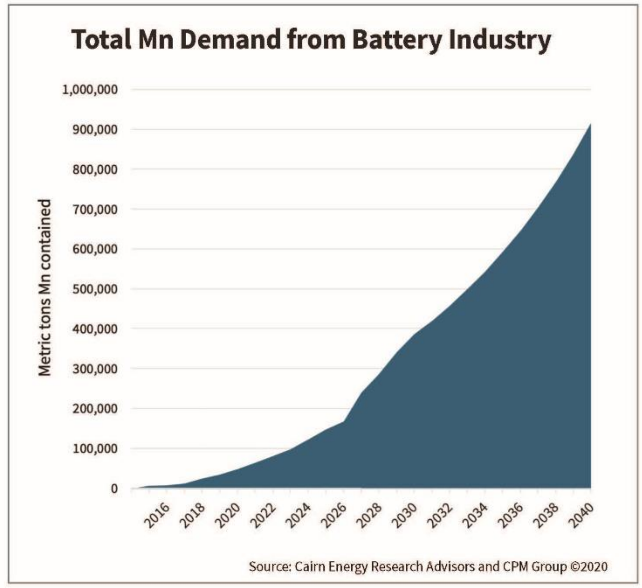
High-performance NMC Li-ion batteries are being increasingly used in electric vehicles (EVs) and other energy storage applications. The manufacturing processes and formulations for Li-ion batteries require reliable, high-purity sources of manganese and other battery raw materials to ensure that the batteries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

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.

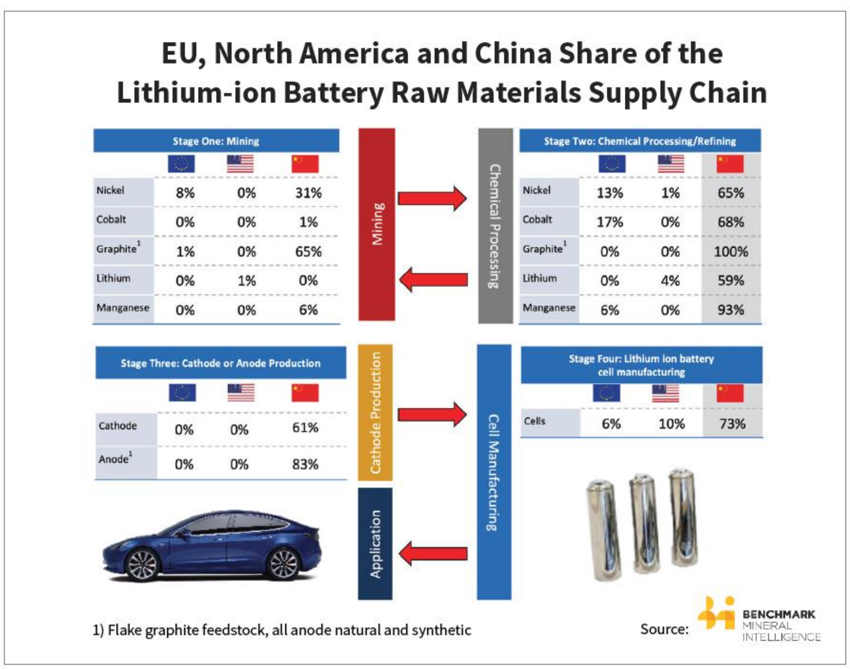
In 2020, Cairn ERA updated its forecast of total rechargeable (or secondary) Li-ion battery demand as expected to grow 23-fold between 2018 and 2040, representing a cumulative annual growth rate ("CAGR") of 15%, and demand for high-purity manganese for batteries is forecast to grow 42-fold between 2018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

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



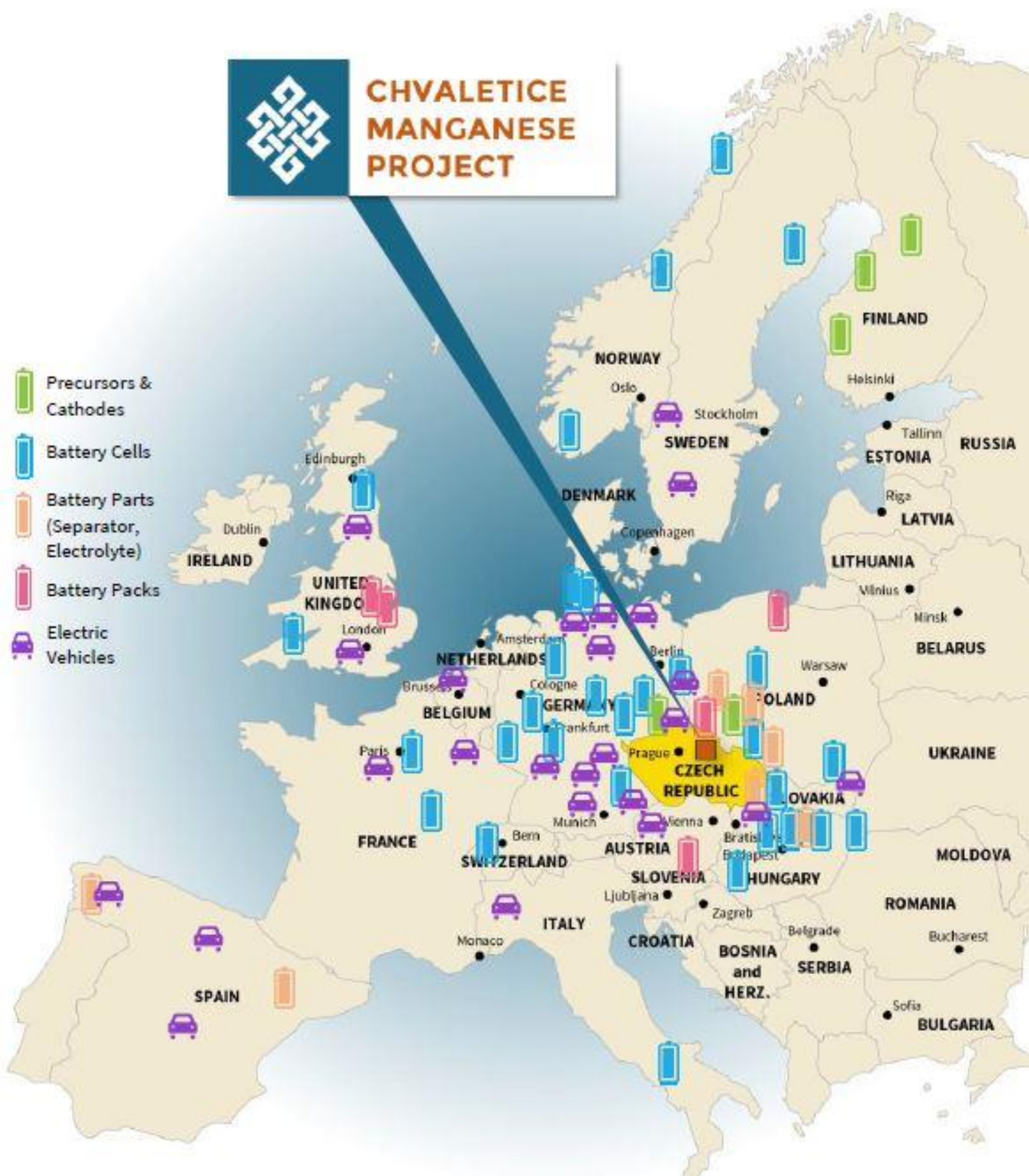


Benchmark Mineral Intelligence reported that for 2019, China produced only 6% of the global supply of manganese ore for cathode, battery cell or EV production, relying on primary producers such as South Africa, Australia and Gabon. Conversely, China produces 93% of the world's high-purity manganese chemicals 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. Europe is currently expected to have 23 battery cell gigafactories (>1GWh/annum of battery production) in operation by 2023, with more to come later. At least ten of these factories that consume manganese inputs are or will be located between 200 km and 500 km of the Chvaletice Manganese Project as shown below:



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

The CPM Group also forecasts 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.

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).

The supply and delivery of the demonstration plant was subject to financing and the Company had initially targeted its installation and commissioning by Q4 2020 based on the expectation of a financing in early 2020. However, the Company's inability to access sufficient financing due to the impact of the COVID-19 pandemic precluded the Company from placing the order for the demonstration plant. Following the completion of the first tranche of the Offering, the Company placed the order for the demonstration plant in mid-November 2020, and subject to additional financing, the Company expects to install the demonstration plant in mid-2021 and have it commissioned by the end of calendar 2021.

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 consumers of high-purity manganese products, which include battery, chemical and automobile manufacturers, 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.

Environmental, Social and Governance Performance

The Company seeks to maintain a safe and secure working environment for all of its employees, contractors and consultants, and recognizes the critical importance of operating in a sustainable manner. The Company has adopted a Code of Ethics and Business Conduct (the "Code") setting out the standards which guide the conduct of its business and the behavior of its directors, officers, employees and consultants. All new employees must read and commit to abide by the Code. The Code, among other things, sets out standards in areas relating to the Company's: commitment to health and safety in its operations;

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

compliance with applicable occupational health and safety laws and regulations; promoting and providing a work environment in which individuals are treated with respect, and is free of all forms of discrimination and abusive and harassing conduct; providing employees with equal opportunity; and ethical and transparent business conduct and legal compliance. The Company is also committed to gender pay parity.

The Code also requires the Company to conduct its exploration, development and mining operations using environmental best practices, with a goal of protecting human health, minimizing impact on ecosystems and local communities, and to always remain in compliance with applicable environmental laws and regulations. Further, the Code requires that the Company conduct its operations with a view to respecting and enhancing the economic and social well-being of the communities in which the Company operates.

The Company has adopted a whistleblower policy (the "Policy") wherein employees and consultants of the Company are provided with the mechanics by which they may raise concerns with respect to falsification of financial records, unethical conduct, harassment, theft, and violation of the Code, or any other "wrong-doing" in a confidential, anonymous process. The Policy provides employees and contractors with information regarding who to contact with a complaint, how the Company will respond to a complaint, and timeframes for the Company to respond. The Company will respect the confidentiality of any whistle blowing complaint received by the Company where the complainant requests that confidentiality.

The Company also adheres to strict Governance practices, overseen by a Board of directors whose majority are independent from management. The entire Board makes every reasonable effort to meet as often as possible in-person or by video conference. The Board receives comprehensive briefings from management in advance of meetings. Meeting frequency ranges from monthly to quarterly, or more frequently when circumstances dictate. Board meetings are generally attended by the entire management team, other than in camera meetings, which are attended only by independent directors. Three committees of the Board focus on specific aspects of corporate governance. All committees are chaired and populated by a majority of independent directors. The committees are as follows: 1) Audit Committee, 2) Governance, Compensation, Nomination and Sustainability Committee and 3) Technical Committee. The Board Charter, Committee Mandates, Code and Policy are publicly posted on the Company's website.

The Board of Directors receives an environmental, health and safety ("EHS") report from management at each scheduled quarterly Board meeting. The EHS report covers all activities at the company's worksites. During the past year, the Company is pleased to report that it experienced zero lost time accidents or incidents, and zero environmental violations or incidents.

Starting in 2021, the Company intends to begin publication of an annual Environmental, Social and Governance Report, where it will publicly report on its performance against stated goals and objective criteria.

7. Annual Financial Review

	Years ended September 30,		
	2020	2019	2018
(expressed in thousands of Canadian dollars, except per share data)	**$**	$	$
Revenue	**—**	—	—
Chvaletice Project evaluation expenses	**3,199**	4,947	4,590
Other expenses	**3,178**	3,370	1,943
Net loss for the year attributable to shareholders	**6,377**	8,317	6,533
Basic and diluted loss per share attributable to shareholders [(1)]	**$0.03**	$0.05	$0.06

	As at September 30,		
	2020	2019	2018
	$	$	$
Cash	**2,731**	4,085	10,368
Total assets [(2)]	**5,808**	6,909	12,273
Non-current financial liabilities [(2)]	**—**	—	241

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

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

Year ended September 30, 2020, compared to the year ended September 30, 2019

The loss for the year ended September 30, 2020, of $6,375,493 compares to a loss of $8,317,405 for the year ended September 30, 2019, representing a decrease of $1,941,912 or 23.3%. Basic and fully diluted loss per share decreased by $0.02 in the current period to $0.03 per common share. A summary of the project evaluation and other expenses, and an explanation of the significant variances is as follows:

7. Annual Financial Review (continued)

	Year ended September 30,	
	2020	2019
(expressed in thousands of Canadian dollars, except per share data)	**$**	$
Exploration and evaluation expenses		
Engineering	**1,664**	1,978
Remuneration	**944**	1,098
Share-based compensation	**138**	254
Drilling, sampling and surveys	**4**	212
Metallurgical	**41**	381
Travel	**64**	123
Legal and professional fees	**155**	370
Geological	**79**	215
Market studies	**83**	209
Supplies and rentals	**27**	107
	3,199	**4,947**
Other expenses		
Remuneration	**1,022**	1,305
Share-based compensation	**272**	494
Total remuneration	**1,294**	1,799
Legal and professional fees	**567**	253
Investor relations	**228**	275
Product sales and marketing	**284**	35
Travel	**84**	273
Filing and compliance fees	**293**	259
Accretion expense	**102**	60
Office, general and administrative	**117**	181
Insurance	**109**	103
Office rent	**—**	53
Conferences	**28**	55
Depreciation	**72**	24
	3,178	3,370
Total loss for the year attributable to shareholders	**6,377**	8,317
Loss per share attributable to shareholders	**$0.03**	$0.05

7. Annual Financial Review (continued)

Project evaluation costs for the year ended September 30, 2020 and 2019, were $3,197,961 and $4,947,215 respectively. The progress of the project was impacted by the COVID-19 pandemic and difficult capital markets, causing delays in the project work. The main cost variances include: a $339,279 decrease in metallurgical costs, a decrease of $313,874 in engineering costs which include environmental costs, a $208,524 decrease in drilling, sampling and survey costs; a $125,638 decrease in market studies and a $136,173 decrease in geological 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 and the EIA. There was also a $215,824 decrease in legal and professional fees, relating to general advisory fees, which in the comparative period were attributed to the EPCS Option and land purchase negotiations, and a decrease of $154,646 in remuneration resulting from cost cutting measures introduced in the third quarter of fiscal year 2020 and from a reduction in number of full time employees in the Czech Republic. The decrease in supplies and rentals of $79,840 is mainly a result of the adoption of a new accounting standard of leases based on which the office rent was capitalized.

Engineering, remuneration, geological and metallurgical costs for the year ended September 30, 2020, represent approximately 85% (year ended September 30, 2019 - 74%) of the total project evaluation costs. In the current period, these project evaluation costs related to the completion of the EIA Notification, the advancement of the feasibility study and the planning and studies for the demonstration plant. In the comparative period, such costs related to 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 $192,658 decrease in other expenses for the year ended September 30, 2020, over the same period in 2019, is mainly attributable to: a $505,082 decrease in total remuneration due to: a lower non-cash share based compensation expense and a $283,159 decrease in remuneration resulting from temporary layoffs of employees in the corporate office in Canada and other cutting measures. Additionally, travel and investor relations expenses decreased by $189,488 and a $47,015, respectively, due to COVID-19 restrictions and fewer investor related events; and there was a $53,108 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 $41,970. These decreases in costs were partially offset by increases of $314,121 in legal and professional fees and $248,708 in product sales and marketing costs related mainly to the appointment of a financial adviser that is also contributing to the financing efforts, negotiations of memoranda of understanding ("MoUs) with potential customers and the global partner search process. Higher filing and compliance fees of $34,499 reflect the listing fees for the three private placements completed during fiscal 2020.

8. Quarterly Financial Review

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

As at the end of or for the period ending	**July to Sept'20**	April to June'20	Jan to March'20	Oct to Dec'19	July to Sept'19	April to June'19	Jan to March'19	Oct to Dec'18
	$	$	$	$	$	$	$	$
Cash	**2,731**	442	1,266	2,236	4,085	5,512	7,093	9,013
Total assets	**5,808**	3,488	4,531	5,562	6,909	8,390	10,029	11,773
Working capital [1]	**2,922**	11	(347)	1,504	3,215	4,814	6,416	8,385
Current liabilities	**217**	791	2,136	1,297	1,028	902	1,001	957
Revenue	**—**	—	—	—	—	—	—	—
Project evaluation expenses	**409**	408	1,062	1,319	1,059	1,127	1,217	1,544
Other expenses	**894**	636	868	780	751	878	909	833
Net loss attributable to shareholders	**1,303**	1,044	1,930	2,099	1,810	2,005	2,126	2,377
Net loss per share, basic and diluted, attributable to shareholders	**0.01**	**0.01**	0.01	0.01	0.02	0.01	0.01	0.01

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

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

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

- The quarter ended December 31, 2018 reflects 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.
- In the six 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. The EIA Notification was filed at the end of the quarter ended June 30, 2020. The quarters ended June 30, 2020, and September 30, 2020, were impacted by COVID-19 pandemic causing delays and deferrals of feasibility study work and significant cost cutting measures.

Fluctuations in the level of quarterly other 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.
- 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.

8. Quarterly Financial Review (continued)

- The most recent quarter was impacted by the COVID-19 pandemic, which resulted in significant cost cutting measures, including temporary salary adjustments, re-negotiations, cancellations or interruptions of contracts and restricted travel.

Three months ended September 30, 2020, compared to the three months ended September 30, 2019

	Three months ended September 30,	
	2020	2019
(expressed in thousands of Canadian dollars, except per share data)	**$**	$
Exploration and evaluation expenses		
Engineering	**111**	355
Remuneration	**222**	324
Share-based compensation	**50**	45
Drilling, sampling and surveys	**—**	2
Metallurgical	**—**	131
Travel	**—**	37
Legal and professional fees	**17**	95
Geological	**—**	19
Market studies	**—**	40
Supplies and rentals	**9**	11
	409	1,059
Other expenses		
Remuneration	**249**	322
Share-based compensation	**110**	93
Total remuneration	**359**	415
Legal and professional fees	**215**	64
Investor relations	**94**	14
Product sales and marketing	**46**	16
Travel	**(1)**	43
Filing and compliance fees	**129**	70
Accretion expense	**10**	10
Office, general and administrative	**(14)**	34
Insurance	**35**	26
Office rent	**—**	6
Conferences	**5**	45
Depreciation	**16**	8
	894	751
Total loss for the quarter	**1,303**	1,810
Basic and diluted loss per common share	**$0.01**	$0.02

8. Quarterly Financial Review (continued)

Project evaluation costs for the three months ended September 30, 2020 and 2019, were $408,983 and $1,058,508 respectively. The progress of the Project was impacted by the COVID-19 pandemic and difficult capital markets resulting in a delay in raising funds to advance the Project. Accordingly, all project evaluation costs decreased significantly from the comparative quarter in fiscal 2019. The main cost variances included: a decrease of $244,608 in engineering costs which include environmental costs; a $130,861 decrease in metallurgical costs and a $18,475 decrease in geological costs, which in both periods related to the preparation of the EIA Notification and to the feasibility study. Market studies were temporarily suspended which resulted in a decrease of $39,946. These project evaluation costs are expected to increase in fiscal 2021 in connection with the advancement of the feasibility study work. Legal and professional fees decreased by $77,642 and were minimal in the current period. In the fourth quarter of fiscal 2019, legal and professional costs related to land purchase negotiations and general advisory services. Decreases of $101,851 in remuneration in the Czech Republic and $36,576 in travel resulted from cost cutting measures and travel restrictions due to the global COVID-19 pandemic.

Engineering, remuneration, geological and metallurgical costs for three months ended September 30, 2020, represent approximately 81% (three months ended September 30, 2019 - 78%) of the total project evaluation costs. In the current quarter, these project evaluation costs related to the advancement of the EIA and limited work on the feasibility study and the planning and studies for the demonstration plant.

The $142,013 increase in administrative costs for the three months ended September 30, 2020, compared to the same period in 2019, is mainly attributable to: a $79,302 increase in investor relations expenses due to the engagement of investor relations services in Australia in the current period and an increase of $150,505 in legal and professional costs and $30,000 in product sales and marketing costs, both related to the appointment of a financial adviser that is also contributing to financing efforts, negotiations of MoUs with potential customers and the global partner search process. The brokered private placement completed in the fourth quarter of fiscal 2020 resulted in a $69,988 increase in filing and compliance fees. This overall increase in administrative costs was partially offset by a $55,074 decrease in remuneration due to a lower number of employees in the corporate office in Canada; decrease of $44,477 and $40,383 in travel and conferences, respectively, due to the COVID-19 restrictions; and a $47,738 decrease in general and office expenses as a result of cost cutting measures.

9. Liquidity and Capital Resources

As at September 30, 2020, the Company held cash of approximately $2.7 million. Cash is held with reputable financial institutions and is invested in high-quality, 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 $1.4 million during the year ended September 30, 2020, primarily due to cash used in operating activities of $5.8 million, partially offset by $4.5 million generated from financing activities from the completion of the private Placements completed in fiscal 2020. Working capital decreased by $0.3 million during the year ended September 30, 2020, from $3.2 million to $2.9 million. The proceeds from the Third and Fourth Quarter Placements were used mainly for working capital needs and to complete and file the EIA Notification.

The Company's commitments at September 30, 2020, which include minimum office lease payments and project development commitments of $0.1 million are shown in section 12 of this MD&A. Subsequent to September 30, 2020, the Company resumed work on the feasibility study for the Chvaletice Manganese Project, which in aggregate is expected to cost approximately $4.2 million and is being staged based on the Company's available cash resources. On November 18, 2020, the Company also placed the order for the delivery of the Chvaletice demonstration plant, committing to $3.4 million of the total cost demonstration plant cost of approximately $7.0 million (US$5.0 million). The demonstration plant is expected to be delivered to the Chvaletice site in mid-calendar year 2021.

The Company also committed to certain land acquisition payments, as described in section 6 of this MD&A, the most notable being a $1.1 million option agreement to acquire a strategic land parcel to be paid in five annual installments of approximately $80,000, followed by the $700,000 in the final year.

9. Liquidity and Capital Resources (continued)

On October 21, 2020, the Company announced the Offering for gross proceeds of approximately $11.4 million, of which $6.1 million closed on October 28, 2020 and $5.3 million closed on December 16, 2020. Net proceeds of approximately $10.7 million will be used by the Company to further progress its Chvaletice Manganese Project and for other general corporate purposes. Together with the Company's current cash resources, the Offering is expected to provide sufficient working capital to fund its corporate and committed project development costs for at least twelve months from September 30, 2020; however, it will not be sufficient to complete the feasibility study, fund any further commitments the Company may make with respect to additional acquisitions of land or surface rights, or erect, commission and operate the demonstration plant. In the third quarter of fiscal 2020, as a result of projected funding requirements and based on the receipt of expressions of interest from various parties to partner in the development of the Chvaletice Manganese Project, the Company initiated a process with its financial adviser, BCA, to secure a strategic partner to assist with the further development of the Project. The Company believes that it is in the best interest of all of its stakeholders to launch a formal global partner search to find an optimal ownership and/or capital structure that can support the advancement of the Chvaletice Manganese Project. While the Company has received indicative proposals, there can be no certainty, however, that this process will result in an offer or any form of transaction, or about the terms and timing of such matters.

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, barring a transaction resulting from the partner search process referred to above, 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, the business performance of the Company, and other factors such as further disruptions resulting from an extended duration of the COVID-19 pandemic. 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.

10. Off Balance Sheet Arrangements

As at September 30, 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.

11. Related Party Transactions

For the year ended September 30, 2020, amounts paid to related parties were incurred in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the transacting parties.

At September 30, 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.

	Twelve months ended September 30,	
	2020	2019
	$	$
Fees and salaries payable to directors and officers	**1,160,479**	1,512,566
Directors' and officers' stock-based compensation	**243,663**	475,038
Total remuneration	**1,404,142**	1,987,604

11. Related Party Transactions (continued)

Fees provided by PRK Partners s.r.o. ("PRK"), a legal firm associated with an advisory board member, who is a former director of the Company, for the year ended September 30, 2020, amounted to $149,519 (2019 - $226,935). The current and prior year fees related to general legal services and various land purchase negotiations. Fees paid to the advisory board members for the year ended September 30, 2020 amounted to $9,314 (2019 - nil).

As at September 30, 2020, amounts owing to directors and officers of the Company for salaries and directors fees amounted to $16,158 (2019 - $71,414) and represents salary owing to the Managing Director of Mangan. As at September 30, 2020, fees owing to PRK amounted to $576 (2019 - $48,329). Other amounts payable to officers and directors for the reimbursement of travel related expenses were $3,983 at September 30, 2020 (2019 - $50,875).

12. Contractual Commitments

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

The Company has entered into employment agreements with its executive officers in which the individuals are entitled to a combination of base salary, extended benefits, specified milestones payments, and may be eligible for annual performance-based bonus as determined by the Board in its sole discretion. Following termination without cause, executive officers are also entitled to 12-month written notice or pay in lieu of notice of termination equivalent to 12 months' salary. Further, upon a change of control, as defined in their employment agreements, certain executives are entitled to lump sum payments of twenty-four months of their base salaries. Total maximum commitment upon change of control would amount to $1.5 million.

Contractual committed undiscounted cash flow requirements as at September 30, 2020, are as follows:

		Payments due by period		
	Total	**Less than one year**	**1 - 2 years**	**2 - 3 years**
	$	**$**	**$**	**$**
Minimum office lease payments (1)	9,298	6,245	2,442	611
Operating expenditure commitments (2)	88,213	88,213	—	—
Total contractual obligations	97,511	94,458	2,442	611

(1) The Company has three non-cancellable operating office leases expiring within 1 to 3 years.
(2) Operating expenditure commitments relate to the evaluation work on the Chvaletice Project, mainly the feasibility study.

Subsequent to year end, the Company announced that it agreed to acquire rights to three additional strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant, as described in Section 6 of this MD&A under "Option Agreement and Other Land Acquisitions." These included a section of land encompassing rail spur costing CZK 252,762 (approximately $14,300), and right-of-way for a period of 30 years having an annual rental of CZK 60,000 (approximately $3,000). Most notable was an agreement to acquire a 49,971 m² parcel of land, including a 200-metre rail spur extension that provides additional room and flexibility for the Chvaletice commercial plant layout. The cost of the land is CZK 18,739,125 (approximately $1.1 million) and is to be paid in five annual installments of approximately $80,000, followed by the remaining balance of approximately $700,000 in the final year.

13. Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares without par value. The following common shares, stock options and share purchase warrants were outstanding at December 16, 2020:

	Number of securities
Issued and outstanding common shares	318,621,887
Share options	19,266,000
Warrants	11,756,750

14. Proposed Transactions

As at September 30, 2020, there is no proposed asset or business acquisition or disposition being considered that would affect the financial condition, financial performance or cash flows of the Company.

15. Events after the Reporting Period

On October 2, 2020, 25,770,569 common shares, 7,175,000 share options and 5,756,750 were released from escrow. Additionally, subsequent to the period end, 334,000 options and 125,000 options were exercised at prices of $0.11 and $0.20 per share, respectively, for aggregate proceeds to the Company of $61,740.

On October 21, 2020, the Company announced a two-tranche brokered private placement of 1,933,246 common shares and 58,066,754 CDIs, at a price of $0.19 per common share or AUD$0.020 per CDI, respectively for aggregate gross proceeds of approximately $11,400,000 (the "Offering"). The first tranche of the Offering, consisting of 716,384 common shares and 31,183,616 CDIs for aggregate gross proceeds of approximately $6,061,000, closed on October 28, 2020. The second tranche of the Offering, consisting of 1,216,862 common shares and 26,883,138 CDIs for gross proceeds of approximately $5,339,000, closed on December 16, 2020. Fees payable in cash by the Company in connection with the Offering consisted of 6% of the aggregate gross proceeds. Additionally, the lead manager to the Offering will be issued 6,000,000 broker warrants ("Broker Warrants") exercisable any time prior to December 16, 2023, with one-half of such Broker Warrants having an exercise price of $0.30 per share and one-half of such Broker Warrants having an exercise price of $0.35 per share.

Subsequent to year end, the Company announced that it agreed to acquire rights to three additional strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant, as described in Section 6 of this MD&A.

16. Significant Accounting Policies, Estimates and Judgments

Basis of preparation and accounting policies

The Company's consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. A detailed description of the Company's significant accounting policies can be found in note 3 of the Company's September 2020 Financial Statements. The impact of future accounting changes is disclosed in Note 3.13. to the September 2020 Financial Statements.

Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas of judgment and key sources of estimation uncertainty that have the most significant effect are disclosed in note 3.14. of the September 2020 Financial Statements.

17. Financial Instruments and Financial Risk Management

A description of the Company's financial instruments and financial risks that the Company is exposed to and management of these risks can be found in notes 11 and 12, respectively, of the Company's September 2020 Financial Statements.

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

Disclosure Controls and Procedures

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

Management, including the CEO and CFO, has evaluated the design and operating effectiveness of the Company's disclosure controls and procedures as of September 30, 2020. Based on this evaluation, management concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

Internal Controls Over Financial Reporting

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

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

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

Management, under the supervision and with the participation of our CEO and CFO, has evaluated the effectiveness of the design and operating effectiveness of the Company's internal control over financial reporting as of September 30, 2020. Based on its evaluation, management concluded that the Company's internal controls over financial reporting, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

19. 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) 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 and/or a strategic partner 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 and related permit applications with the Czech regulatory agencies and local communities, the growth and development of the high purity manganese products market, the expectations regarding the effects of the COVID-19 pandemic 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.

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

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, 2020, filed on SEDAR at www.sedar.com under the Company's profile. Additional risks associated with the COVID-19 global pandemic are discussed in section 2 of this MD&A.

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

MINING TENEMENTS AND MINERAL RESOURCE STATEMENT

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

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

Notes:

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

Mineral Resources Statement:

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

The mineral resource statement for the Chvaletice Manganese Project in the Czech Republic, as at the current and previous balance sheet dates, 30 September 2020 and 2019, respectively, is prepared in accordance with Canadian National Instrument 43-101 and JORC Code (2012 Edition). The mineral resource statement presented below is derived from the independent NI 43-101 technical report with an effective date of January 29, 2019 (released March 15, 2019) entitled "*Technical Report and Preliminary Economic Assessment for the Chvaletice Manganese Project Chvaletice, Czech Republic*" and the JORC Code Competent Persons Report with an effective date of January 29, 2019 (release date of March 22, 2019) entitled "*Public Reporting and Preliminary Economic Assessment for the Chvaletice Manganese Project Chvaletice, Czech Republic,*" both 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.

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	7.90	5.89
TOTAL	**MEASURED**	**1.51**	**17,509,000**	**26,496,000**	**7.32**	**5.86**
	INDICATED	**1.50**	**309,000**	**464,000**	**7.85**	**6.05**
COMBINED	**M&I**	**1.51**	**17,818,000**	**26,960,000**	**7.33**	**5.86**

Notes:

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

Governance Arrangements and Internal Controls: The Company has ensured that the mineral resources quoted are subject to good governance arrangements and internal controls. The mineral resources reported have been based on information compiled by Mr. James Barr, P. Geo, Senior Geologist, and Mr. Jianhui (John) Huang, Ph.D., P. Eng., Senior Metallurgical Engineer, both with Tetra Tech. Messrs. Barr and Huang are consultants to the Company and have sufficient experience in the field of activity being reported to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves, and both are Qualified Persons under National Instrument 43-101 – 'Standards of Disclosure for Mineral Projects'. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimation. In addition, technical information concerning the Chvaletice Manganese Project is reviewed by Ms. Andrea Zaradic, the Company's Vice President Operations, and a Qualified Person under NI 43-101. Ms. Zaradic is not independent within the meaning of NI 43-101.

Competent Persons and Qualifying Person Statements

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

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

OTHER ASX ANNUAL REPORT INFORMATION

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

Corporate Governance Statement

The Company's Corporate Governance Statement is provided on the Company's website at https://www.mn25.ca/corporate-governance-statement

Names of Substantial Shareholders

The names of the substantial shareholders, as of 30 November 2020, are as follows:

Shareholder	Shares/CDIs held	Percentage interest
Nero Resource Fund	16,339,783	5.62%

Number of Holders of Each Class of Securities(1)

The Company's authorized share capital consists of an unlimited number of Shares without par value. As at 30 November 2020, 290,521,887 Shares (including CDIs) were issued and outstanding and held by 2,772 shareholders, one of which (CDS & Co.) held 80,942,586 Shares on behalf of 27 nominee and depository entities. As of 16 December 2020, the number of Shares issued and outstanding had increased to 318,621,887 and there were 19,266,000 Shares issuable on the exercise of incentive stock options held by twenty-eight option holders, and 11,756,750 Shares issuable on the exercise of common share purchase warrants held by two warrant holders.

Voting Rights

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

Distribution of Holders(1)

As at 30 November 2020, the distribution of shareholders was as follows:

Size of holding	Number of holders	Percentage
1 – 1,000	72	2.60%
1,000 – 5,000	865	31.20%
5,001 – 10,000	551	19.88%
10,001 – 100,000	1,048	37.81%
100,001 and over	236	8.51%
Total	**2,772**	**100.00%**

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

As of 30 November 2020, there were approximately seventy-five holders of the Company's Shares/CDIs with less than a Marketable Parcel, based on the closing price of the CDIs on the ASX as of that date of A$0.48.

Name of Corporate Secretary

Mr. Fausto Taddei was appointed VP Corporate Development and Corporate Secretary effective 1 November 2018.

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

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

Registered Office:	Canada:
Suite 1700 - 666 Burrard Street, Vancouver, British Columbia V6C 2X8 Canada	1500 - 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H8 Canada Tel: + 1 604 681 1010

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

The Register of securities is kept at the following offices

Australia:	Canada:
Computershare Investor Services Pty Limited Level 4, 60 Carrington Street Sydney NSW 2000, Australia Toll Free 1300 855 080 Toll +61 (03) 9415 4000	Computershare Investor Services Inc. 510 Burrard Street, 3rd Floor Vancouver, British Columbia V6C 3B9 Canada Tel: + 1 604 661 9400

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

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

Number and Class of Restricted Securities

As of 30 November 2020, there are no restricted securities.

Particulars of Unquoted Equity Securities

Unquoted equity securities include options and warrants to purchase shares.

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

Particulars of Unquoted Equity Securities *(continued)*

As of 30 November 2020, there were 19,266,000 Shares issuable on the exercise of incentive stock options held by twenty-eight option holders, having the following exercise prices and expiry dates:

Number of Options	Exercise Prices (CAD$)	Expiry Date
1,625,000	C$0.08	16 May 2026
1,450,000	C$0.10	06 April 2027
3,000,000	C$0.11	22 September 2027
550,000	C$0.11	14 December 2027
3,100,000	C$0.20	21 February 2028
500,000	C$0.20	20 March 2028
1,000,000	C$0.25	15 August 2028
2,725,000	C$0.28	14 February 2029
400,000	C$0.25	14 May 2029
150,000	C$0.25	12 August 2029
350,000	C$0.25	6 April 2030
3,916,000	C$0.11	11 September 2030
500,000	C$0.125	22 September 2030

As of 30 November 2020, the Company has outstanding the following broker and agent warrants entitling the holders to purchase Shares on the exercise of warrants having the following exercise prices and expiry dates:

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

Additionally, in connection with an offering of Shares and CDIs which closed in two tranches, on 28 October and 16 December 2020, respectively, the Company issued broker warrants as consideration to the lead manager, entitling the lead manager to purchase 6,000,000 Shares at any time prior to 16 December 2023, with one-half of such broker warrants having an exercise price of C$0.30 per Share and one-half having an exercise price of C$0.35 per Share.

Review of Operations and Activities for the Reporting Period

A review of operations of the consolidated entity for the reporting period ended 30 September 2020 is provided in Management's Discussion and Analysis included in this Annual Report immediately following the consolidated financial statements for the same period.

Additional information on the Company, its directors and executive management, and risk factors faced by the Company can be found in the Company's Annual Information Form for the year ended 30 September 2020, dated 16 December 2020, a copy of which is lodged with ASX (www.asx.com.au) and on SEDAR (at www.sedar.com), both under the Company's profile.

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

Details of a Current On-market Buy-back

None.

Use of Cash in a Manner Consistent with Business Objectives

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

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

None.

Details of Securities Purchased On-market during the Reporting Period

None.

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

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

Other Information:

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

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

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

Note 1: In Canada, in order for shares to settle and trade on the TSXV, shares must be held through a nominee or depository that is a participant in the Canadian Depository for Securities ("CDS"). Participants in CDS include brokers in Canada and other registered entities. Through participant accounts in CDS, the ultimate shareholder is able to make and settle trades on TSXV. As at 30 November 2020, 80,942,586 shares were held through CDS in 27 participant accounts. The Company is not readily able to determine the range of distribution for these 80,942,586 shares held in CDS and how many shareholders, if any, hold less than a marketable parcel of the Company's shares. Accordingly, the distribution of shareholders and the number of shareholders with less than a marketable parcel of the Company's shares/CDIs may not be accurate.