



EURO MANGANESE

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2024 AND 2023
(unaudited)**

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Condensed Consolidated Interim Statements of Financial Position

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

	Note	June 30, 2024	September 30, 2023
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		13,201,178	7,649,711
Prepaid expenses		175,452	523,014
Accounts receivable		1,207,946	370,964
Inventory		380,153	—
		14,964,729	8,543,689
Non-current assets			
Exploration and evaluation assets	5	6,773,544	6,773,544
Property, plant and equipment	6	20,782,647	8,385,293
Deferred transaction costs	8	1,879,654	—
Other assets	7	1,238,956	2,034,147
Option	4	—	4,215,881
Total assets		45,639,530	29,952,554
LIABILITIES			
Current liabilities			
Accounts payable		3,094,447	2,641,155
Due to related parties	10	38,333	38,914
Lease liability		114,244	172,417
		3,247,024	2,852,486
Non-current liabilities			
Lease liability		170,792	—
Convertible Loan	8	27,322,832	—
Total liabilities		30,740,648	2,852,486
EQUITY			
Share capital	9	78,733,328	78,733,328
Equity reserves		10,168,364	9,023,890
Other comprehensive income		(115,907)	—
Deficit		(73,886,903)	(60,657,150)
Total shareholders' equity		14,898,882	27,100,068
Total liabilities and shareholders' equity		45,639,530	29,952,554

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors on August 13, 2024.

"Matthew James"
Matthew James, Director

"John Webster"
John Webster, Director

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

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Euro Manganese Inc.

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

	Note	Three Months Ended June 30,		Nine Months Ended June 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
Revenue		1,314,365	—	2,511,949	—
Cost of sales	15	(1,478,188)	—	(2,997,342)	—
Gross loss		(163,823)	—	(485,393)	—
Chvaletice Project evaluation expenses	16	(1,825,665)	(604,092)	(5,747,090)	(3,343,785)
Other evaluation expenses		(2,277)	(51,250)	(26,223)	(347,977)
Corporate and administrative expenses	17	(1,603,925)	(1,720,513)	(5,419,347)	(5,609,383)
Gain on derivative instruments	4	—	—	315,901	—
Operating loss		(3,595,690)	(2,375,855)	(11,362,152)	(9,301,145)
Interest income		190,692	271,417	302,700	518,608
Loss before financing and income tax		(3,404,998)	(2,104,438)	(11,059,452)	(8,782,537)
Finance expense		(983,649)	—	(2,170,301)	—
Loss for the period		(4,388,647)	(2,104,438)	(13,229,753)	(8,782,537)
Other comprehensive income (loss) for the period		110,003	—	(115,907)	—
Comprehensive loss for the period		(4,278,644)	(2,104,438)	(13,345,660)	(8,782,537)
Weighted average number of common shares outstanding - basic and diluted		402,669,227	402,669,227	402,669,227	402,232,554
Basic and diluted loss per common share		\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.02

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

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

Euro Manganese Inc.

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

	Attributable to equity shareholders of the Company						Shareholders' Equity (Deficit)
	Share Capital	Share Capital	Equity Reserves	Other Comprehensive Loss	Deficit		
	#	\$	\$	\$	\$	\$	
Balance at October 1, 2022	401,115,551	78,298,364	7,640,628	—	(48,649,019)	37,289,973	
Options exercised	1,316,599	354,358	(146,708)	—	—	207,650	
Shares issued to settle deferred share consideration	237,077	80,606	(80,606)	—	—	—	
Share-based compensation	—	—	1,554,992	—	—	1,554,992	
Loss and comprehensive loss for the period	—	—	—	—	(8,782,537)	(8,782,537)	
Balance at June 30, 2023	402,669,227	78,733,328	8,968,306	—	(57,431,556)	30,270,078	
Balance at October 1, 2023	402,669,227	78,733,328	9,023,890	—	(60,657,150)	27,100,068	
Share-based compensation	—	—	1,144,474	—	—	1,144,474	
Loss and comprehensive loss for the period	—	—	—	(115,907)	(13,229,753)	(13,345,660)	
Balance at June 30, 2024	402,669,227	78,733,328	10,168,364	(115,907)	(73,886,903)	14,898,882	

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

Condensed Consolidated Interim Statements of Cash Flows

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

	Note	Nine Months Ended June 30,	
		2024	2023
		\$	\$
Operating activities			
Loss for the period		(13,229,753)	(8,782,537)
Adjustments for:			
Share-based compensation		1,144,474	1,554,992
Transaction costs on land deposit		24,447	—
Depreciation		226,255	193,173
Loss on disposal of fixed assets		3,678	—
Depreciation and amortization in cost of sales		1,147,563	—
Finance expense		2,290,162	19,794
Gain on derivative instruments	4,8	(419,614)	—
Non-cash foreign exchange loss (gain)		1,188,205	(480,280)
Other income		(302,700)	—
		(7,927,283)	(7,494,858)
Changes in non-cash working capital items:			
Accounts payable		(2,099,246)	63,483
Accounts receivable		256,669	(97,947)
Prepaid expenses		338,856	107,561
Inventory		96,526	—
Due to related parties		(581)	(375,285)
Cash used in operating activities		(9,335,059)	(7,797,046)
Financing activities			
Exercise of stock options	9	—	207,650
Lease principal and interest payments		(242,936)	(170,231)
Proceeds from convertible loan	8	25,973,055	—
Interest paid on convertible loan		(1,100,082)	—
Transaction costs paid on convertible loan		(2,948,800)	—
Cash generated from financing activities		21,681,237	37,419
Investing activities			
Property & equipment acquisition on demonstration plant	6	(1,410,120)	(2,007,591)
Proceeds from sale of equipment		64,178	1,464
Deposits for land and land acquisition		(2,691,182)	(933,084)
Cash used on acquisition of EPCS		(4,265,441)	—
Cash acquired on acquisition of EPCS	4	887,185	—
Interest received		452,410	—
Cash used in investing activities		(6,962,970)	(2,939,211)
Effect of exchange rate change on cash and cash equivalents		168,259	34,704
Increase (Decrease) in Cash		5,551,467	(10,664,134)
Cash and cash equivalents - beginning of period		7,649,711	21,560,561
Cash and cash equivalents - end of period		13,201,178	10,896,427

Supplemental cash flow information (Note 14)

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

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

1. Nature of Operations and Going Concern

The principal business and current focus of Euro Manganese Inc. (the "Company" or "EMN") is the development of the Chvaletice Manganese Project (the "Project"), in which the Company has a 100% ownership interest. The Project involves the re-processing of a readily leachable manganese deposit hosted in the tailings of a decommissioned mine in the Czech Republic. The Company has also started to progress an opportunity to develop a project to produce high-purity manganese products in Canada for the North American market. The Company's goal is to produce high-purity manganese products in an economically, socially and environmentally-sound manner, principally for use in lithium-ion batteries. The Company acquired 100% of a Czech operating company whose current operations are specialty steel products and its 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. The operations will continue until certain commercial plant site works for the Project commence.

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

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

As an early stage development company, it has no material operating revenues and is unable to self-finance its operations. Further, there is no assurance that the evaluation and development activities executed or planned by the Company for the Chvaletice Manganese Project will result in the development of a profitable commercial operation. The Company is expected to operate at a loss while the Company is developing the Chvaletice Manganese Project.

The Company's capital resources are not expected to provide sufficient working capital to fund its corporate and project development costs for at least twelve months from the date of these financial statements. In the event the Company is not able to achieve the conditions precedent to secure the US\$30 million tranche of the Convertible Loan Facility (note 8), the Company will be required to arrange additional equity or other financing. The ability of the Company to arrange such financing in the future will depend principally upon prevailing market conditions and the performance of the Company. Such additional funding may not be available when needed, if at all, or may not be available on terms favorable to the Company. Failure to secure the US\$30 million tranche of the Convertible Loan Facility or obtain such additional financing could result in delay or indefinite postponement of further development of the Company's principal project. These factors give rise to material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. The condensed consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses and the balance sheet classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

2. Basis of Preparation

2.1 Statement of compliance

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

These condensed consolidated interim financial statements do not include all the information required for full annual financial statements and therefore should be read in conjunction with our audited consolidated financial statements for the year ended September 30, 2023.

These condensed consolidated interim financial statements were prepared by management and approved by the Board of Directors of the Company (the "Board") on August 13, 2024.

2.2 Basis of measurement

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

2.3 Basis of consolidation

These condensed consolidated interim financial statements incorporate the accounts of the Company and the entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The condensed consolidated interim financial statements include the accounts of the Company's subsidiaries from the date of control commences until the date that control ceases. The financial results of its wholly-owned subsidiary, Mangan Chvaletice s.r.o. ("Mangan"), are included in the condensed consolidated interim financial statements for both periods presented and the results of EP Chvaletice s.r.o. ("EPCS") are included from the date of its acquisition by the Company on December 28, 2023 (Note 4). All significant intercompany transactions and balances have been eliminated.

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

3. Material Accounting Policies, Estimates and Judgments

3.1 Material accounting policies

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended September 30, 2023, except for the following newly adopted policies:

Business combinations

A business combination is an acquisition of assets and liabilities that constitute a business and whereby the Company obtains control of the business. A business is an integrated set of activities and assets that consist of inputs and processes, including a substantive process that, when applied to those inputs, have the ability to create or significantly contribute to the creation of outputs that generate investment income or other income from ordinary activities.

Business combinations are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the purchase consideration over such fair value being recorded as goodwill. Non-controlling interest in an acquisition may be measured at either fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's net identifiable assets. The excess of (i) total consideration transferred by the Company, measured at fair value, including contingent consideration, and (ii) the non-controlling interests in the acquiree's, over the acquisition-date fair value of the net of the assets acquired and liabilities assumed, is recorded as goodwill. If the fair value attributable to the Company's share of the identifiable net assets exceeds the cost of acquisition, the difference is recognized as a gain in the consolidated statement of operations.

Should the consideration be contingent on future events, the preliminary cost of the acquisition recorded includes management's best estimate of the fair value of the contingent amounts expected to be payable. Provisional fair values allocated at the reporting date are finalized within one year of the acquisition date with retroactive restatement to the acquisition date as required. Transaction costs, other than those associated with the issue of debt or equity securities, which the Company incurs in connection with a business combination, are expensed as incurred.

The Company has an option to apply a 'concentration test' to assess whether an acquired set of activities and assets are not a business. If substantially all of the fair value of the gross assets acquired are concentrated in a single, identifiable asset or group of similar identifiable assets, the concentration test is met, and the transaction is accounted for as an asset acquisition. In such cases, the acquirer identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The cost of the net assets is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event will not give rise to goodwill. Acquisition-related costs in an asset acquisition are recognized as part of the cost of the assets acquired.

Inventory

Inventory consists of materials and supplies. Materials and supplies expected to be used in operations are valued at the lower of weighted average cost or net realizable value, reduced by an amount to take into account any impairment caused by obsolescence, deterioration, damage or other factors. If the circumstances that previously caused impairment are mitigated, the provision for impairment is reversed to the lesser of the new determination of net realizable value or original cost. Impairment provisions for inventory and any subsequent reversal are included as part of net loss in the consolidated statement of loss and comprehensive loss.

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

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

Foreign currency translation

Following the acquisition of EPCS, the policy was amended as follows:

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and Mangan. The functional currency of the Company's subsidiary EPCS is the Czech Koruna.

Transactions in foreign currencies are initially recorded in the entity'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.

Assets and liabilities of the subsidiary, EP Chvaletice s.r.o., are translated into Canadian dollars at the exchange rate in effect on the date of the statement of the financial position. Gains, expenses and equity items are translated at the exchange rates approximating those in effect on the date of the transactions. Gains and losses from these translations are recognized in accumulated other comprehensive income.

Revenue

Revenue from contracts with customers is recognized when a customer obtains control of the goods and performance obligations are satisfied. In the case of specialty steel products from EPCS, the performance obligations are satisfied based on customers' acceptance of the products.

3.2 Significant estimates and judgments

The preparation of financial statements requires the use of estimates and judgments that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These estimates and judgments are based on management's best knowledge of the relevant facts and circumstances, taking into consideration previous experience, but actual results may differ materially from the amounts included in the financial statements. The significant estimates and judgments applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in Note 3.15 to the Company's audited consolidated financial statements for the year ended September 30, 2023.

In addition to the judgments and estimates noted in the Company's audited financial statements for the year ended September 30, 2023, management identified a new area involving critical judgments in applying accounting policies and areas of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

In assessing the Convertible Loan Facility (Note 8), management identified an extension and conversion option embedded derivative within the convertible debt. The derivative is required to be revalued at each period end with the movements recorded as gains or losses in the statement of loss and comprehensive loss. Significant estimates and judgments were used such as the expected high purity manganese prices and the probability of the debt being extended or converted.

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

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

3.3 New standards and pronouncements not yet adopted

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

Amendments to IFRS 16 Leases: On September 22, 2022, the IASB issued amendments to IFRS 16 Leases. The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after January 1, 2024. These amendments are not expected to impact the Company's financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: On May 25, 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, which add disclosure requirements, and "signposts" within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments are effective for reporting periods beginning on or after January 1, 2024. These amendments are not expected to have a significant impact on the Company's financial statements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: On August 15, 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates. The amendments provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for reporting periods beginning on or after January 1, 2025. These amendments are not expected to have a significant impact on the Company's financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

4. Acquisition of EP Chvaletice

On August 13, 2018, the Company, through its Czech subsidiary Mangan, entered into an option agreement with EPCS to acquire 100% interest in EPCS by making several payments. 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.

The Company made total payments of 72.1 million Czech Koruna (\$4.22 million) from October 17, 2018, to September 30, 2023. In the nine months ended June 30, 2024, the Company completed the purchase of EPCS by making two additional payments of 20 million Czech Koruna (\$1.2 million) and 51 million Czech Koruna (\$3.0 million) on November 29, 2023, and December 28, 2023, respectively. Additionally, 3.5 million Czech Koruna (\$0.23 million) that was paid in 2019 for a plot of land pursuant to an amendment to the option agreement with EPCS and classified as a land deposit, was included in the total purchase price.

The option payments made prior to the acquisition of EPCS were a derivative classified as fair value through profit or loss ("FVTPL") due to the following: i) the option was for the acquisition of shares of EPCS rather than a non-monetary asset; ii) it did not meet any of the scope exceptions from recognition as a derivative asset under IFRS 9 *Financial Instruments*; iii) control of EPCS was not present until the last option payment was made. The remaining payment was dependent on the Board's approval and was not legally enforceable by the shareholder of EPCS. On acquisition of EPCS, on December 28, 2023, the option was revalued based on a third party valuation of acquired assets at \$9.0 million, resulting in \$0.3 million increase in the value of the option and corresponding gain in the statement of loss and comprehensive loss.

The acquisition was accounted for as a purchase of assets as it met the concentration test under IFRS 3 *Business Combinations*. The cost of the acquisition was approximately \$10.8 million (216.1 million Czech Koruna), consisting of the cash payments made to date of \$8.7 million (143.1 million Czech Koruna), the increase in fair value of the derivative of \$0.3 million (37.1 million Czech Koruna) and a \$1.8 million (30.0 million Czech Koruna) of working capital adjustment. At December 31, 2023, the preliminary net working capital adjustment was \$2.2 million (35.9 million Czech Koruna). The net working capital adjustment was finalized and paid on April 24, 2024.

The final purchase price was calculated as follows:

	\$
Cash advances paid	8,682,263
Revaluation of derivative	315,901
Net working capital adjustment	1,776,987
	10,775,151

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

4. Acquisition of EP Chvaletice (continued)

The purchase price was allocated based on the estimated fair value of the assets acquired and liabilities assumed as follows:

	\$
	Final Purchase Price Allocation
Cash and cash equivalents	887,185
Accounts receivable	1,243,362
Inventory	476,679
Prepays and other	13,922
Buildings	4,181,226
Land	4,396,231
Equipment	407,107
Accounts payable	(373,010)
Due to employees	(49,059)
Accrued liabilities	(8,996)
Operating lease liabilities	(82,733)
Income tax and other taxes payable	(290,800)
Provisions	(22,640)
Other liabilities	(3,323)
	10,775,151

The purchase price was allocated to the assets acquired and the liabilities assumed in accordance with their relative fair value. The value of the land was determined using the comparative method to reflect the real estate prices achievable for comparable undeveloped land plots in the market at the time of valuation, decreased by the demolition costs of existing buildings which are not in use. The buildings currently in use by EPCS were valued using the income method, assuming rent rates for similar spaces in nearby areas. The valuation of movable assets (machinery equipment and vehicles) was based on historical prices, reflecting the technical value and saleability factor.

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

5. Exploration and Evaluation Assets

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

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

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

6. Property, Plant and Equipment

June 30, 2024

	Demonstration plant & Buildings under construction	Buildings & Equipment	Land	Lease assets	Total
	\$	\$	\$	\$	\$
Cost					
October 1, 2023	7,857,513	179,210	333,331	603,431	8,973,485
Additions EPCS	—	4,610,060	4,396,231	—	9,006,291
Additions other	1,302,849	3,547	3,258,706	360,914	4,926,016
Disposals	—	(78,573)	—	(603,431)	(682,004)
Foreign exchange adjustments	—	(49,018)	(46,371)	—	(95,389)
June 30, 2024	9,160,362	4,665,226	7,941,897	360,914	22,128,399
Accumulated depreciation					
October 1, 2023	—	(126,331)	—	(461,861)	(588,192)
Additions	—	(1,167,844)	—	(201,721)	(1,369,565)
Disposals	—	10,743	—	603,431	614,174
Foreign exchange adjustments	—	(2,169)	—	—	(2,169)
June 30, 2024	—	(1,285,601)	—	(60,151)	(1,345,752)
Net Book Value					
October 1, 2023	7,857,513	52,879	333,331	141,570	8,385,293
June 30, 2024	9,160,362	3,379,625	7,941,897	300,763	20,782,647

September 30, 2023

	Demonstration plant under construction	Equipment	Land	Lease assets	Total
	\$	\$	\$	\$	\$
Cost					
October 1, 2022	5,216,357	144,334	333,331	586,094	6,280,116
Additions	2,641,156	38,188	—	17,337	2,696,681
Disposals	—	(3,312)	—	—	(3,312)
September 30, 2023	7,857,513	179,210	333,331	603,431	8,973,485
Accumulated depreciation					
October 1, 2022	—	(100,454)	—	(228,413)	(328,867)
Additions	—	(27,725)	—	(233,448)	(261,173)
Disposals	—	1,848	—	—	1,848
September 30, 2023	—	(126,331)	—	(461,861)	(588,192)
Net Book Value					
October 1, 2022	5,216,357	43,880	333,331	357,681	5,951,249
September 30, 2023	7,857,513	52,879	333,331	141,570	8,385,293

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

7. Other Assets

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

		June 30, 2024	September 30, 2023
		\$	\$
Miscellaneous land parcels and second railway switch (plant area)	i)	—	227,667
Land for buffer zone and infrastructure corridor (tailings area)	ii)	65,412	28,951
Additional land and rail spur extension (plant area)	iii)	348,154	268,064
Additional land parcels for residue storage facility (tailings area)	iv)	—	1,096,770
Land parcel within the Port of Bécancour	v)	825,390	412,695
		1,238,956	2,034,147

- i) On February 7, 2019, the Company signed an amendment to the EPCS Option Agreement (the “Amendment”), funding, through EPCS, the purchase of several land parcels adjacent to the land owned by EPCS, and thus increasing the Option Agreement value by 3,500,000 Czech Koruna (\$203,220). Pursuant to the Amendment, in the event that EPCS was not ultimately acquired, the ownership of these land parcels were to be transferred to Mangan at no additional cost.
- ii) On May 11, 2019, the Company signed a purchase contract with the Municipality of Trnavka for a 2.96-hectare parcel of land adjacent to the Chvaletice Manganese Project tailings, on which the Company plans to construct a visual and acoustic barrier between Trnavka and the Chvaletice Manganese Project tailings. The total cost of the land is 2,026,990 Czech Koruna (approximately \$120,000). The first payment, representing 10% of the total amount, 202,699 Czech Koruna (\$11,867) was paid on May 20, 2019. Subsequent payments totaling 1,824,291 Czech Koruna (approximately \$106,000) are based on permitting milestones over the period to March 2029. On April 13, 2022, following the rezoning approval for mining use of the land area under the jurisdiction of the Trnavka Municipality, on which 85% of the Chvaletice Manganese Project's tailings are located, the Company made the second payment of 304,409 Czech Koruna (\$17,038) to the Municipality of Trnavka. On May 23, 2024, the Company made the third payment of 608,097 Czech Koruna (\$36,461) to the Municipality of Trnavka.
- iii) On December 18, 2020, the Company paid the first instalment of \$86,373 pursuant to an agreement with Sprava Nemovitosti Kirchdorfer CZ s.r.o. to acquire a parcel of land, including a rail spur extension that provides additional room and flexibility for the Chvaletice commercial plant layout. The cost of the land is 18,739,125 Czech Koruna (approximately \$1.1 million) and is to be paid in five annual instalments of approximately \$80,000, followed by the remaining balance of approximately \$700,000 on or before October 10, 2025. To date, the Company has made the first four payments under the agreement and capitalized transaction costs of \$20,834.
- iv) On June 7, 2022, the Company signed an agreement with a private landowner to acquire several land parcels. These land parcels are adjacent to the tailings area and provide additional room and flexibility for the Chvaletice residue storage facility layout. The total cost of the land is 54,327,751 Czech Koruna (approximately \$3.0 million). The first instalment of \$516,452 was paid in June 2022. The second instalment of \$580,318 was paid in January 2023. The remaining amount of \$2,038,007 was paid in January 2024. The total value of the land deposit was transferred to land under property, plant and equipment (Note 6).
- v) On December 16, 2022, the Company entered into an option agreement with The Société du parc industriel et portuaire de Bécancour (“SPIPB”), a Québec state enterprise and owner of a 15-hectare land parcel within Bécancour (the “Bécancour Option Agreement”) where the Company proposes to establish its North American facilities. The Bécancour Option Agreement allows the Company to exclusively access the land parcel and conduct due diligence thereon over a maximum term of 21 months, during which the Company has the opportunity to purchase the site. The Bécancour Option Agreement provides that the Company pay \$45,855 per month for this option, whereas these option payments shall be deducted from the final purchase price of \$9,171,200. As at June 30, 2024, the Company has made eighteen payments aggregating \$825,390.

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

8. Convertible Loan Facility

On November 28, 2023, the Company signed definitive agreements with OMRF (BK) LLC ("Orion"), which is managed by the Orion Resource Partners Group, for US\$100 million in financing (the "Funding Package") to advance the development of the Chvaletice Manganese Project. The Funding Package is split into two US\$50 million components: (a) a US\$50 million loan facility convertible into a 1.29-1.65% royalty on Project revenues (the "Convertible Loan Facility"), with US\$20 million received upon closing on November 29, 2023, and an additional US\$30 million to be received upon meeting certain milestones; and (b) receipt of US\$50 million in exchange for a 1.93-2.47% royalty on Project revenues following a final investment decision by the Company's Board of Directors and other conditions precedents typical for this type of financing (the "Royalty Financing").

The Convertible Loan Facility bears interest at 12% per annum, payable quarterly, and has an initial maturity of 36 months, which may be extended by Orion up to an additional 36 months. Orion may convert the Convertible Loan Facility into the royalty at any time, while the Company may force conversion into the royalty upon a successful completion test of the Project's commercial plant. The converted royalty and the royalty under the Royalty Financing are for the life of the Project. The agreement contains certain embedded derivatives which have been separately valued and included in the fair value of the financial instrument.

In connection with the Funding Package, Orion has been granted comprehensive security over the assets of Mangan and rights of the Project. Conditions precedent to the US\$30 million tranche of the Convertible Loan Facility include completion of offtake agreements for 40% of the Project's high-purity manganese production for the first five years of production and securing a strategic investor. Covenants and events of default include customary covenants and undertakings and events of default for a secured financing of this nature. These include, but are not limited to, completion of the key commercial agreements referred to above, securing a strategic investor, and completion of various technical milestones aligned with the Company's progress to final investment decision, all subject to time limits from the closing date.

In connection with the first tranche of the Convertible Loan Facility, the Company determined that Orion's right to extend the Convertible Loan Facility up to an additional 36 months met the definition of a financial derivative liability, which was separated, not being closely related to its debt host. Accordingly, the \$25,973,055 (US\$20 million) gross proceeds were allocated as follows: \$844,397 to the derivative liability as its estimated fair value with the residual of \$25,128,658 to the debt host. In determining the estimated fair value of the separated derivative liability, the key inputs were the estimated royalty payments if converted, the expected future manganese prices, the production schedule, and the probability of the royalty being converted.

The Company incurred transaction costs of \$2,975,788, of which \$1,879,654 was allocated to the US\$80 million undrawn portion of the Funding Package and is deferred until drawn, \$1,059,259 was allocated to the first tranche of the Convertible Loan Facility and is deferred and amortized using the effective interest method, and \$36,875 was allocated to the derivative liability and recognized in profit or loss.

From the inception of the US\$20 million Convertible Loan Facility to June 30, 2024, the Company recognized \$1,922,326 of contractual interest expense and \$313,693 of accretion expense in profit or loss.

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

8. Convertible Loan Facility (continued)

A summary of the Company's first tranche of the Convertible Loan Facility is as follows:

Convertible loan - liability component	\$
October 1, 2023	—
Advances	25,973,055
Transaction costs	(1,059,259)
Derivative liability value	(844,397)
Unwinding of discount	313,693
Interest accrued	1,922,326
Interest paid	(1,100,082)
Foreign exchange loss (gain)	1,332,609
June 30, 2024	26,537,945
Convertible loan - derivative component	
October 1, 2023	—
Initial recognition of derivative liability	844,397
Change in fair value	(103,713)
Foreign exchange loss (gain)	44,203
June 30, 2024	784,887
Balance, end of period	27,322,832

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

9. Equity

a) Common shares

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

b) Share options

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

Current outstanding options have an expiry date of ten years and vest over a period of 36 months, except for 900,000 options granted to certain officers of the Company which vest in 5 years from the date of grant. Additionally, 9,000,000 options granted to the President and CEO of the Company include market conditions and non-market performance vesting conditions. The performance vesting conditions are based on achieving project development milestones and the price-vesting thresholds are based on a daily volume weighted average share price of the Company. No options were granted in the nine months ended June 30, 2024. A continuity summary of the share options outstanding under the Plan for the nine months ended June 30, 2024, is presented below:

	June 30, 2024	
	Number of share options	Weighted average exercise price (\$ per share)
Balance, beginning of the period	38,497,584	0.41
Options expired	(566,666)	0.56
Options forfeited	(741,649)	0.48
Balance, end of the period	37,189,269	0.41

During the nine months ended June 30, 2024, the Company recorded share-based compensation expense of \$1,144,474 (nine months ended June 30, 2023 - \$1,554,992) of which \$63,474 has been allocated to Chvaletic Project evaluation expenses (nine months ended June 30, 2023 - \$129,182) and \$1,081,000 to administrative expenses (nine months ended June 30, 2023 - \$1,425,810).

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

9. Equity (continued)

The balance of options outstanding and exercisable at June 30, 2024, is as follows:

Options outstanding			Options exercisable		
Exercise price (\$ per share)	Number of share options	Weighted average remaining contractual life (years)	Number of share options	Weighted average remaining contractual life (years)	
0.08	1,150,000	1.9	1,150,000	1.9	
0.10	900,000	2.8	900,000	2.8	
0.11	6,137,667	5.1	6,137,667	5.1	
0.13	500,000	6.2	500,000	6.2	
0.20	2,500,000	3.7	2,500,000	3.7	
0.25	1,450,000	4.5	1,450,000	4.5	
0.28	1,841,666	4.6	1,841,666	4.6	
0.48	4,809,936	8.9	1,603,311	8.9	
0.59	500,000	7.0	500,000	7.0	
0.58	15,950,000	7.5	7,450,000	7.5	
0.61	1,450,000	6.8	550,000	6.8	
0.41	37,189,269	6.4	24,582,644	5.7	

10. Related Party Transactions

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

a) Key management compensation

Key management personnel include the Board, President and Chief Executive Officer, Chief Financial Officer, Vice President, Commercial, Vice President, Corporate Development and Corporate Secretary, Vice President, Operations, and the Managing Director of the Company's Czech subsidiary. During the three and nine months ended June 30, 2024, the Company incurred the following compensation expenses to key management of the Company and director fees:

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Salaries and fees	538,222	529,496	1,862,650	1,850,838
Share-based compensation	279,128	359,955	990,880	1,337,750
	817,350	889,451	2,853,530	3,188,588

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

10. Related Party Transactions (continued)

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

	June 30, 2024	September 30, 2023
	\$	\$
Salaries and fees payable	36,588	35,904
Outstanding payable due to officers and directors	1,745	3,010
	38,333	38,914

The salaries and fees payable at both period ends include a salary and bonuses owing to the Managing Director of Mangan. Other amounts payable to officers and directors represent the reimbursement of office and travel related expenses. These transactions were incurred in the normal course of operations.

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

The payments made pursuant to the EPCS Option Agreement (Note 4) were a derivative asset. It is a financial instrument measured at fair value through profit and loss using Level 3 inputs as there is no observable market data available. The option was initially recognized at fair value which equaled the initial cash payment of \$815,000 under the EPCS Option Agreement. The option increased by \$819,576 on August 13, 2021, with the second option payment. The option further increased by \$2,419,622 on August 10, 2022, November 29, 2023 and December 28, 2023, with the remaining option payments. At December 31, 2023, the Company revalued the option at \$8,998,164, taking into consideration the recent transactions related to land purchases in the area and the foreign exchange rate movement between the Czech Koruna and the Canadian dollar. The value of the derivative asset was included in the purchase price of EPCS (Note 4). There were no transfers between the levels of the fair value hierarchy prior to the acquisition.

The derivative liability which was separated from the host convertible loan contract, is a financial instrument measured at fair value through profit and loss using Level 3 inputs as there is no observable market data available (Note 8).

12. Segmented Information

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

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

13. Commitments

At June 30, 2024, the Company was committed to make the minimum annual cash payments as follows:

	Payments due by period		
	Total	Less than one year	1 - 2 years
	\$	\$	\$
Minimum lease payments	347,908	144,513	203,395
Operating expenditure commitments	610,197	607,021	3,176
Total contractual obligations	958,105	751,534	206,571

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

The Company and the Municipality of Chvaletice, being the land owners, signed a land access agreement via rental of a parcel of land that underlies the tailings to the Company until the earlier of a 40-year period or upon remediation of the land. The agreement grants the Company access to a portion of the tailings surface area. The annual rental is 7.46 million Czech Koruna (approximately \$420,000), adjusted for inflation based on the average annual Czech consumer price index for the 12 months of the previous calendar year. The land rental agreement is effective as of July 1, 2022. The first payment of 3.7 million Czech Koruna (\$204,000) was made in July 2022 and the second payment of \$10.4 million Czech Koruna (\$611,000) was made in October 2023.

14. Supplemental Cash Flow Information

Non-cash financing and investing transactions in the nine months ended June 30, 2024 and 2023, were as follows:

	Nine months ended June 30,	
	2024	2023
	\$	\$
Capital expenditures included in accounts payable	81,998	261,575
Shares issued for deferred equity commitment	—	80,606
Transfer of reserves on exercise of share options	—	146,708

Notes to the Condensed Consolidated Interim Financial Statements

Euro Manganese Inc.

(expressed in Canadian dollars - unaudited)

15. Cost of Sales

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Materials	668,979	—	1,381,686	—
Labour costs	231,539	—	468,093	—
Depreciation	577,670	—	1,147,563	—
	1,478,188	—	2,997,342	—

16. Chvaletice Project Evaluation Expenses

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Engineering	1,074,679	(23,732)	2,179,069	1,419,472
Remuneration	270,880	273,671	861,105	845,701
Share-based compensation	12,543	28,481	63,474	129,182
Travel	13,620	41,952	65,755	84,853
Legal and professional fees	96,125	112,647	818,616	249,666
Marketing activities	170,421	18,648	1,189,870	87,741
Supplies and rentals	187,397	152,425	569,201	527,170
	1,825,665	604,092	5,747,090	3,343,785

17. Corporate and Administrative Expenses

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Remuneration	607,710	624,983	2,243,500	2,351,186
Share-based compensation	297,767	397,955	1,081,000	1,425,810
Legal and professional fees	221,407	324,497	598,493	877,700
Travel	56,407	79,799	196,268	213,151
Filing and compliance fees	89,014	74,750	227,210	251,654
Office and administration	9,535	94,565	187,518	448,539
Insurance	62,603	56,975	187,489	170,683
Investor relations	61,284	40,749	180,038	206,721
Depreciation	37,433	67,121	226,255	193,173
Foreign exchange	160,765	(40,881)	291,576	(529,234)
	1,603,925	1,720,513	5,419,347	5,609,383