Euro Manganese Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2022

Contents

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"), 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's goal is to produce high-purity manganese products in an economically, socially and environmentally-sound manner, principally for use in lithium-ion batteries.

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

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of the Company, prepared as of May 12, 2022, supplements, but does not form part of the Company's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2022, and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*.

Additional information relating to the Company, including the Annual Information Form for the year ended September 30, 2021, is available on SEDAR at www.sedar.com, and on the Company's website www.mn25.ca.

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

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

2. Overview

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

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

2. Overview (continued)

The 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, fluorine and chromium-free and are designed to contain very low levels of deleterious impurities.

HPEMM and HPMSM are critical components of Li-ion batteries and few sources of manganese 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. The Company has entered into five technical and commercial collaboration memorandums of understanding ("MOU") with consumers of high-purity manganese products, intended to result in the supply chain qualification of the Project's products and the eventual offtake of high-purity manganese products from the Project. The Company is also in active discussions and negotiations with several other parties, including battery, chemical and automobile manufacturers, with the intent to enter into additional offtake contracts. A detailed overview of the high-purity manganese market can be found in section 6 of this MD&A.

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

The Company has experienced collaboration and support for the Project at various levels of the Czech Government, who approved the Company's application for certain significant investment incentives in the form of investment tax credits on eligible project expenditures, and in March 2020, issued a ruling under European Union's Natura 2000 which determined that the Project is not expected to adversely impact endangered and protected species habitat.

The area of interest for the Project overlies several privately-owned land parcels with surface rights. To date, Mangan has received the consent to conduct exploration activities and to access the site from the landowners whose surface properties underlie the tailings. At present, Mangan does not hold surface rights to the Project area, which includes those parcels of land underlying and immediately surrounding the three tailings deposits. However, in March 2022, the Municipality of Chvaletice approved land access agreement terms via rental of the land owned by it, granting the Company access to approximately 19% of the total land area required for the Project and approximately 15% of the total tailings area (section 3 of this MD&A).

The Company is currently negotiating the acquisition of the remaining surface rights; however, there is no assurance that access to the remaining areas will be secured. Mangan has 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). The Company also agreed to acquire rights to several additional strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant.

2. Overview (continued)

The land for the proposed processing plant is already zoned for industrial use. On March 23, 2022, the Village of Trnavka (“Trnavka”), on which approximately 85% of the Project’s tailings are located, formally approved the rezoning of such land for mining use. Trnavka is the closest residential area and lies just to the east of the Project. The rezoning demonstrates continued support from Trnavka, which previously sold the Company a 2.96-hectare strip of land adjacent to the Project’s tailings hosted deposit. The remaining area of the underlying land falls under the authority of the Municipality of Chvaletice (“Chvaletice”), which lies just to the west of the Project. The Municipality previously voted unanimously to approve the initiation of the rezoning process under its municipal land use plans. This process is progressing, and the Company anticipates that the rezoning of the Chvaletice land underlying the Project’s tailings deposit to be formally approved for mining by the end of calendar 2022.

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 Project, and which are summarized in section 6 of this MD&A.

The Company continues to monitor the impact of the COVID-19 pandemic which was declared by the World Health Organization in March 2020. The pandemic and efforts to contain it have significantly affected input prices, supply chain lead times, and funding markets. While the Company adopted a number of measures in response to the pandemic, it has experienced delays, largely as a result of travel restrictions and supply chain disruptions. Despite the easing of certain travel restrictions and some improvement in the global economy, the duration of the pandemic and its impact on the Company remains uncertain, especially in light of the sporadic surges in COVID-19 cases around the world. Additionally, the Russia-Ukraine conflict which began on February 24, 2022 has further impacted supply chain lead times and caused additional disruptions in Europe and elsewhere. The duration of this conflict and its potential impact on the Company also remain uncertain.

3. Financial and Project Highlights in the Three Months Ended March 31, 2022 and to the Date of this MD&A

- The demonstration plant is currently being shipped by ocean freight from China to the project site in two batches, one which was shipped on April 30, 2022 and one which is scheduled to be shipped in mid-May 2022. Delivery of the second shipment is scheduled is scheduled to arrive at the Chvaletice project site in mid-July 2022, after which assembly and commissioning will commence.

- On April 25, 2022, the Company appointed Ms. Hanna Schweitz to its Board of Directors, who brings significant experience in the metals and EV battery materials industry, which will be invaluable to the Company as it moves forward with the development of the Chvaletice Manganese Project in the Czech Republic, within the European Union.

- On March 23, 2022, the Village of Trnavka, on which approximately 85% of the Project’s tailings are located, formally approved the rezoning of such land for mining use.

- In March 2022, the Municipality of Chvaletice approved land access agreement terms which include the rental of the land to the Company until the earlier of a 40-year period or upon remediation of the land. The annual rental of 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 expected to be completed in the second quarter of calendar 2022 and grants the Company access to approximately 19% of the total land area required for the Project and approximately 15% of the total tailings area.

3. Financial and Project Highlights in the Three Months Ended March 31, 2022 and to the Date of this MD&A (continued)

- On February 10, 2022, the Company completed a private placement of 17,800,000 common shares to the European Bank for Reconstruction and Development ("EBRD") at a price of $0.4775 per share for gross proceeds of $8,499,500 (the "Placement"). In connection with the Placement, the Company incurred legal and other due diligence expenses of $255,243. The Company also issued 534,000 common shares at a deemed price of $0.4775 per share, equal to $254,985 and being 3% of the gross proceeds of the Placement, as a finder's fee to EIT InnoEnergy.

- On January 31, 2022, the Company issued 4,820,109 common shares at a price of $0.47262 per share valued at $2,278,080 (USD1,800,000) and paid USD1,800,000 to settle the balance owing under the royalty termination agreements dated May 31, 2021. The Company incurred transaction costs of $80,000 in connection with this transaction. In aggregate, the Company paid USD4.5 million to extinguish the aggregate 1.2% net smelter royalty interest in the Project, which based on the 2019 PEA would eliminate USD91.1 million in expenditures over the Project's 25-year life, reduce operating costs by US$3.40 per tonne of plant feed (or 2.5% of total cost per tonne of plant feed), and increase the after-tax NPV of the Project by US$25.3 million (approximately 4%) using the PEA's 10% discount rate.

- On January 6, 2022, the Company issued 147,380 and 330,647 common shares to EIT InnoEnergy at the price of $0.63 and $0.56 per share, respectively, in connection with the first and second instalment tranches advanced to the Company in 2021, aggregating €187,500 ($278,012).

4. Outlook

The Company has secured what is expected to be sufficient funding to complete the evaluation and pre-development work on the Project, including the completion of its feasibility studies, environmental studies, permitting, the commissioning of the Chvaletice demonstration plant and its operation for one year and the re-start of the pilot plant. Additional funding will be required for the continuous operation of the demonstration plant, additional land acquisitions, as well as the potential future construction of infrastructure and facilities for the Project (section 8 of this MD&A).

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

- production and delivery of small samples of high-purity manganese products from the pilot plant to allow prospective customers to continue or initiate their supply chain qualification;

- taking delivery of, installation, commissioning and operation of the demonstration plant to allow the Company to produce bulk, multi-tonne finished product samples for prospective customers' supply chain qualification;

- completion of the feasibility study and associated engineering activities;

- completion of the Project's environmental impact assessment process;

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

- completion of certain land rights acquisition or access.

4. Outlook (continued)

Once permitted and offtake agreements have been entered into with the Company’s potential customers, the remaining land access rights have been acquired, along with the completion of a bankable feasibility study demonstrating both the economic and technical viability of the Project, the Company intends to secure 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 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.

5. Significant Transactions During the Six Months Ended March 31, 2022

The Company did not complete any additional transactions in the three and six months ended March 31, 2022 other than those described in section 3 of this MD&A.

6. Review of Operations - Chvaletice Manganese Project

Feasibility Study and Environmental Impact Assessment

In 2019, the Company appointed Tetra Tech Canada 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 Project. The Company also appointed BGRIMM Technology Group as the lead process plant engineer, which is working closely with Tetra Tech and the Company’s other consultants.

Work on the basic design for the rail siding system that will be required as part of the construction, commissioning and operations of the main commercial plant is underway. As of March 31, 2022, the feasibility study was approximately 96% complete and on budget, with verification and testing work completed and significant progress being made on the engineering studies. The Company is also preparing a reagent supply chain strategy plan for the Project, along with an assessment of power supply options both within the Czech Republic and the surrounding EU countries with an emphasis on options to acquire long term zero-carbon and renewable energy. The Company plans to complete the feasibility study by the end of June 2022.

The Company continues to evaluate potential value-enhancing opportunities for the Project, with the aim of reducing costs and technical risks. These may include optimizing building sizing and layout, equipment selection, solid-liquid separation methods, on-site reagent production, as well as minimizing energy and water consumption. The Company is also evaluating the possibility of producing additional high-purity manganese products.

The Company has engaged consulting firms Minviro Ltd. and RCS Global Group to conduct a joint Life Cycle Assessment of the Project as part of the Company’s commitment to environmental excellence and transparency. The assessment is expected to be completed in the second quarter of calendar 2022.

The preparation of the Final ESIA and related permit application is also underway. The Company appointed GET s.r.o. in the Czech Republic to prepare the Final ESIA. Subject to the continued advancement of the feasibility study, the Company expects the timely completion of the Final ESIA documentation to be submitted to the Czech Ministry of the Environment in the third quarter of calendar 2022 which could potentially enable final environmental permitting for the Project in the first half of 2023.

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

Commercial and Demonstration Plant Progress Update

Several prospective customers have expressed interest in procuring high-purity manganese products from the Project and in testing and qualifying the products of the proposed Chvaletice demonstration plant. These parties have included manufacturers of EV 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 EV manufacturers.

The Chvaletice demonstration plant, which is intended to replicate the entire process flowsheet proposed in the PEA and to produce the equivalent of 100kg per day of HPMSM, will also enable process optimization and testing for final product development and serve as a testing and training facility for future operators. The demonstration plant will operate for up to three years and will also be available for testing of potential additional feedstock for the commercial plant.

The Company signed a fixed-price, turnkey contract 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 equipment procurement and fabrication of the demonstration plant, cold testing of the demonstration plant and a detailed inspection by an independent party were completed before its shipment to the site in the Czech Republic. In October 2021, Mangan commenced work to upgrade two leased industrial buildings at the planned commercial plant site which will host the demonstration plant. The upgrade work is substantially complete and awaiting the arrival of the demonstration plant.

As a result of the Russia-Ukraine conflict, the Company was required to change the transport of the demonstration plant from rail to ocean freight, which added several weeks to the delivery schedule. The demonstration plant is being shipped in two batches comprising a total of 12 containers. The first batch was shipped on April 30, 2022 from Shanghai, China, to Hamburg, Germany, and will be delivered to the Project site in the Czech Republic by rail following its arrival in Hamburg. The second shipment is scheduled to follow in mid-May 2022 with delivery to site by mid-July 2022, after which assembly and commissioning will commence. Accordingly, the Company is targeting the completion of commission and the start of production from the demonstration plant in September 2022.

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 USD5.8 million ($7.7 million). To the date of this MD&A, the Company made total payments of USD1.6 million ($1.9 million) for the demonstration plant and incurred additional expenses of $0.8 million for permitting and site preparation.

Approximately 55% of the demonstration plant’s planned first year production 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.

In conjunction with testing and evaluation by these and other 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, 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.

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

The Company continues to hold active discussions and negotiations with additional 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.

Following discussions with prospective customers, the Company made a decision to re-start its pilot plant in order to deliver product samples in advance of the production from the demonstration plant. This is intended to allow prospective customers to continue or initiate their supply chain qualification of the Company's products in advance of larger samples. Due to the COVID-19 related travel restrictions and lockdowns imposed in China during the quarter and continuing to the date of this MD&A, production of pilot plant sample products was delayed. Subject to these restrictions being lifted, the Company expects that the first batches of high-purity manganese sample products will be available by in early July 2022.

Option Agreement and Land Acquisitions

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

The Company will have the right to acquire EPCS by making payments aggregating 140 million Czech Koruna payable in four cash instalments, the first and second of which was paid on October 17, 2018, and August 13, 2021, respectively, each in the amount of 14 million Czech Koruna ($815,000 and $819,576, respectively).

The Company can complete the acquisition of EPCS by making two additional instalments aggregating 112 million Czech Koruna (approximately $6.38 million). The next instalment of 42 million Czech Koruna (approximately $2.39 million) is due within 60 days of approval of the Final ESIA for the Project, but no later than on August 13, 2022. The payment date was extended by one year in 2021 for an additional payment of 2.1 million Czech Koruna (approximately $0.12 million), payable together with the deferred instalment in 2022. The last instalment of 70 million Czech Koruna (approximately $3.99 million) is due upon receipt of all development permits for the Project, but no later than five years after signing the EPCS Option Agreement on August 13, 2023.

During the year ended September 30, 2021, the Company entered into the following agreements to acquire rights to three additional strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant:

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

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

ii. Purchase of a 49,971 m² parcel of land, including a rail spur extension that will provide additional room and flexibility for the definitive Chvaletice commercial plant layout. The cost of the land is 18,739,125 Czech Koruna (approximately $1.1 million) and can be paid in five 7.5% annual instalments (approximately $80,000), followed by the remaining balance of approximately $700,000 in the final year. The first instalment was refundable, subject to a positive environmental due diligence of the site, which was obtained in January 2021. Thereafter, the Company has the option to terminate the contract after the third instalment. At September 30, 2021, the Company recognized a liability for the two payments due in October 2021 and 2022 in the total amount of $164,304. In October 2021, the Company paid $82,152 of this amount. At March 31, 2022 the remaining balance was revalued at $82,328.

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

High-Purity Manganese Market Overview

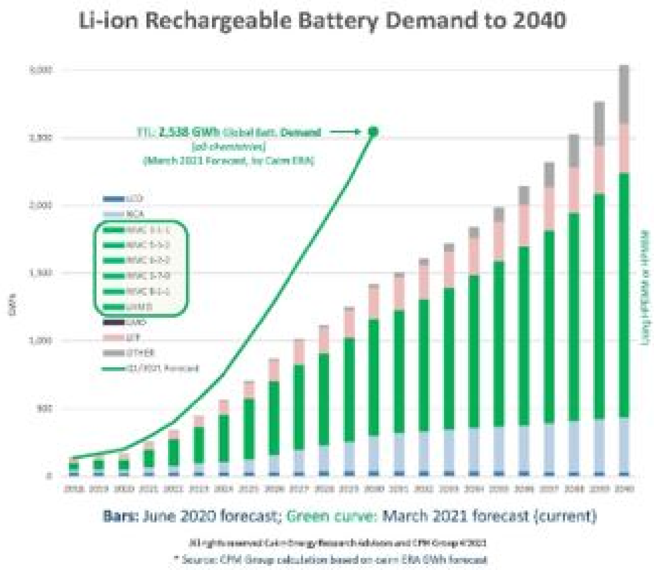
In connection with the preparation of the PEA, the Company commissioned the independent research and consultancy firm of CPM Group LLC (“CPM Group”) to provide an HPEMM and HPMSM (collectively described as "High-Purity Manganese" or "HPM") product market outlook study for the Project. Cairn Energy Research 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. Following their initial reports, HPM demand figures were updated upwards by Cairn ERA and CPM Group in March 2022.

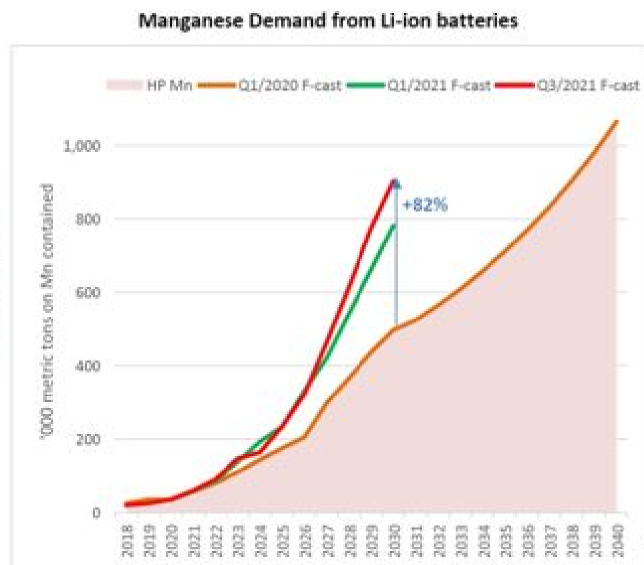
High-performance NMC Li-ion batteries are being increasingly used in EVs and other energy storage applications. In 2020, this battery chemistry accounted for nearly half of all Li-ion batteries produced, if measured by megawatt hours ("MWh"). The manufacturing processes and formulations for Li-ion batteries 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.

Demand for high-purity manganese continues to grow rapidly around the world, driven by the growth of the EV sales and the Li-ion battery industry. In the past two years, several major EVs manufacturers, including Tesla, Volkswagen and Stellantis, made public commitments to manganese-based batteries for their mass-market vehicles going forward, causing a major upward revision of the HPM demand projection forecasts, as illustrated on the graphs below. However, only certain manganese ores can feasibly and sustainably be used for the specialty, high-end products of the battery industry. A critical factor is availability of the right quality ore in the right location. Carbonate ores, which are rare, are preferred for the production of high-purity manganese, although oxides can be used after roasting or chemical treatment using current commercial processes, resulting in a higher cost of reagents and energy, which can also cause environmental issues.

In the third quarter of calendar 2021, Cairn ERA and CPM Group updated their forecasts of total rechargeable (or secondary) Li-ion battery demand (below, left), as well as HPM demand (below, right), which is now as expected to grow from 36,800 tonnes in 2020 to 780,000 tonnes in 2030.

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



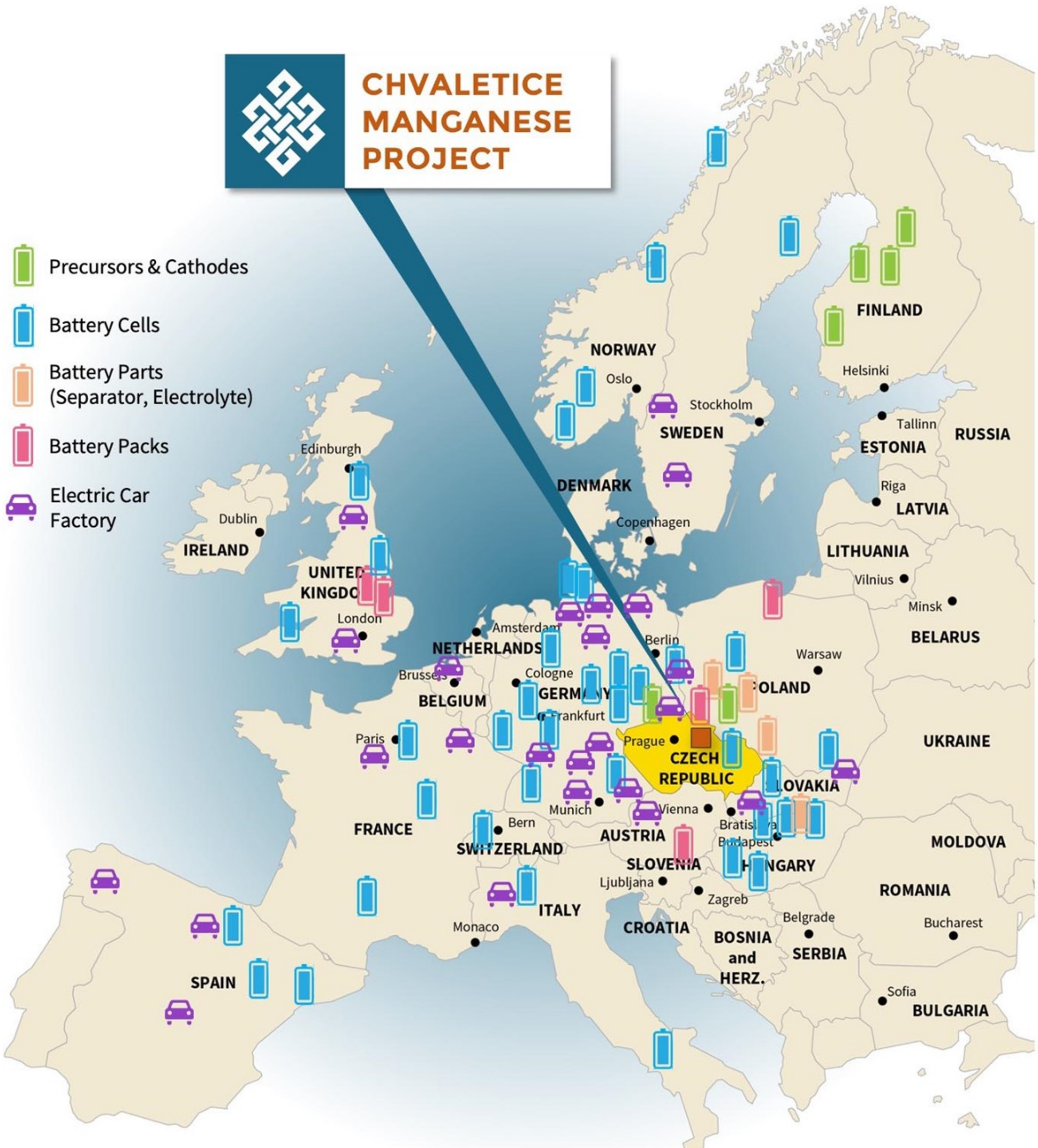


According to the International Manganese Institute, China produced only 4.2% of the 2021 global output of manganese ore (down 28% from the previous year), while retaining its dominant position as a supplier of high-purity manganese products – more than 91% of the HPMSM suitable for the battery industry originated in China in 2021. China relies heavily on imported ore, mainly from South Africa, Australia, Gabon and Ghana. At present, only about 2.5% of HPMSM suitable for the battery industry is produced in Europe. 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.

Europe is rapidly becoming a major hub in the global electric car and battery industries, with 7 battery cell gigafactories (defined as >1GWh/annum of battery production) in operation now. 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. 5% EU import tariff on imported manganese sulphate monohydrate has been only temporarily suspended until the end of 2023). According to announcements from the battery makers, by 2030 Europe should have 56 battery gigafactories, with more than 1,458 GWh of production capacity installed (30% of global capacity, second after China). CPM Group believes that the entire planned output of the Project can be consumed by the growing lithium-battery sector in Europe.

In addition to the highest product purity possible, European consumers of HPM expect the products they use to be traceable, having ‘green credentials’, and with a preference for locally sourced materials. The local supply chain in Europe is growing rapidly, and, in addition to the battery gigafactories under construction, will soon include 5 precursor makers, 4 electrolyte and separator factories, and 8 battery pack assembly plants. At least twelve of the gigafactories that consume manganese inputs are or will be located between 200 km and 500 km of the Project, as shown below.

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



Source: Cairn Energy Research Advisors and CPM Group ©2021

7. Quarterly Financial Review

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

As at the end of or for the period ending	Jan to Mar'22	Oct to Dec'21	Jul to Sep'21	Apr to Jun'21	Jan to Mar'21	Oct to Dec'20	Jul to Sep'20	Apr to Jun'20
	$	$	$	$	$	$	$	$
Cash	**32,070**	29,129	31,219	33,457	33,118	11,394	2,731	442
Total assets	**44,800**	41,589	43,336	44,472	37,276	15,449	5,808	3,488
Working capital (1)	**30,676**	23,341	26,078	27,821	32,877	11,372	2,922	11
Current liabilities	**1,823**	6,549	5,685	6,025	624	454	217	791
Revenue	**—**	—	—	—	—	—	—	—
Project evaluation expenses	**1,582**	1,409	1,437	1,724	1,305	484	409	408
Other expenses	**1,673**	1,763	1,256	1,342	1,165	826	894	636
Net loss attributable to shareholders	**3,255**	3,172	2,693	3,066	2,470	1,310	1,303	1,044
Net loss per share, basic and diluted, attributable to shareholders	**0.01**	0.01	0.01	0.01	0.01	—	0.01	0.01

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

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

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

- The quarters ended June 30, 2020, September 30, 2020, and December 31, 2020 were impacted by the COVID-19 pandemic, causing delays and deferrals of feasibility study work and significant cost cutting measures.

- During the three quarters leading up to the resumption of the feasibility study work and ordering of the demonstration plant in the last quarter of calendar 2020, 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 Project's preliminary Environmental Impact Assessment ("EIA"). The preliminary EIA Notification was filed at the end of the quarter ended June 30, 2020, and the results of the review process were received in January 2021.

- In the five most recent quarters, the Company focused on progressing the feasibility study, preparation work and permitting of the demonstration plant and the preparation of the Final ESIA. In the quarter ended March 31, 2022, the Company settled the remaining liability for the royalty buy back, paying USD1.8 million in cash and issuing 4.8 million of common shares in the total value of USD1.8 million.

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

- The quarters ended June 30, 2020, and September 30, 2020, and December 31, 2020 were 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.

- Other expenses for the most recent five quarters are higher as a result of an increase in filing and compliance fees relating to the private placements, and a higher number of employees in the corporate office in Canada. In the quarter ended December 31, 2021, increased remuneration costs are attributable to the change in the Company's CEO and to non-cash share-based payments in the period.

7. Quarterly Financial Review (continued)

Three months ended March 31, 2022 compared to the three months ended March 31, 2021

	Three months ended March 31,	
	2022	2021
(expressed in thousands of Canadian dollars, except per share data)	**$**	$
Project evaluation expenses		
Engineering	**890**	843
Remuneration	**301**	200
Share-based compensation	**102**	188
Metallurgical	**27**	—
Legal and professional fees	**143**	43
Geological	**32**	(6)
Market studies	**45**	33
Travel	**3**	—
Supplies and rentals	**39**	4
	1,582	1,305
Other expenses		
Remuneration	**559**	377
Share-based compensation	**605**	123
Total remuneration	**1,164**	500
Legal and professional fees	**100**	133
Investor relations	**81**	228
Product sales and marketing	**(29)**	25
Travel	**60**	1
Filing and compliance fees	**149**	163
Office, general and administrative	**28**	53
Accretion expense	**5**	4
Insurance	**58**	29
Conferences	**44**	5
Depreciation	**41**	14
Foreign exchange	**(28)**	10
	1,673	1,165
Loss and comprehensive loss for the period	**3,255**	2,470
Basic and diluted loss per common share	**$0.01**	$0.01

7. Quarterly Financial Review (continued)

Project evaluation costs for the three months ended March 31, 2022 and 2021, were $1,582,467 and $1,304,970, respectively. The increase in cost over the comparative quarter in fiscal 2021 is due to the level of work conducted on the Project in connection with the advancement of the feasibility study work and the progress of work related to the demonstration plant. The main cost variances include: an increase of $100,799 in remuneration as a result of hiring new employees in the Czech Republic; an increase of $100,783 in legal and professional fees related mainly to land purchase negotiations; an increase of $47,053 in engineering costs which include environmental costs; an increase in geological costs of $37,993 and an increase in supplies and rentals of $35,289. Market studies resumed after being temporarily suspended in 2021 which resulted in an increase of $12,172 in the current period. The overall increase in project evaluation costs was partially offset by a decrease of $86,634 in share-based compensation due to partial vesting option grants in the second quarter of fiscal 2021 compared to no option grants in the comparative quarter in 2022.

The $508,806 increase in administrative costs for the three months ended March 31, 2022, compared to the same period in 2021, is mainly attributable to: a $181,970 increase in remuneration due to a higher number of employees in the corporate office in Canada; an increase of $481,679 in share-based compensation due to partial vesting of a share option grant in December 2021; a $59,505 increase in travel and a $39,532 increase in conferences, both due to the easing of COVID-19 restrictions; and an increase of $28,405 in insurance due to the higher cost for directors' and officers' insurance. The overall increase in administrative costs was partially offset by: a $146,583 decrease in investor relations expenses due to fewer campaigns and promotional activities; a $33,247 decrease in legal and professional expenses as the services of an internal general counsel in the current period reduced external legal costs and due to several other agreements concluded during the second quarter of fiscal 2021; a decrease of $13,677 in filing and compliance fees due to a significantly lower number of new securities being issued in the current quarter than in the comparative quarter of 2021; and a $38,037 of foreign exchange gain arising from revaluation of the liabilities for the royalty buy back.

7. Quarterly Financial Review (continued)

Six months ended March 31, 2022 compared to the six months ended March 31, 2021

	Six months ended March 31,	
	2022	2021
(expressed in thousands of Canadian dollars, except per share data)	**$**	$
Project evaluation expenses		
Engineering	**1,620**	1,147
Remuneration	**552**	334
Share-based compensation	**334**	212
Metallurgical	**45**	—
Geological	**53**	—
Legal and professional fees	**211**	47
Market studies	**79**	33
Travel	**46**	—
Drilling, sampling and surveys	**1**	—
Supplies and rentals	**51**	15
	2,992	1,788
Other expenses		
Remuneration	**1,349**	667
Share-based compensation	**1,051**	173
Total remuneration	**2,400**	840
Legal and professional fees	**250**	281
Investor relations	**188**	358
Product sales and marketing	**(10)**	75
Travel	**113**	1
Filing and compliance fees	**233**	238
Office, general and administrative	**48**	81
Accretion expense	**10**	10
Insurance	**115**	57
Conferences	**61**	5
Depreciation	**81**	29
Foreign exchange	**(52)**	17
	3,437	1,992
Loss and comprehensive loss for the period	**6,429**	3,780
Basic and diluted loss per common share	**$0.02**	$0.01

7. Quarterly Financial Review (continued)

Project evaluation costs for the six months ended March 31, 2022 and 2021, were $2,991,830 and $1,788,356, respectively. The increase in costs over the comparative period in fiscal 2021 is due to the impact of COVID-19 in 2021 on the level of work conducted in connection with the advancement of the feasibility study work and the planning, permitting and other studies related to the demonstration plant. The delay in securing financing and COVID-19 restrictions prevented the Company from advancing the Project significantly in the comparative period, during which work on the project was restarted. The activities in the current period represent work conducted on the Project’s feasibility study, the Final ESIA, and planning and permitting work related to the Chvaletice demonstration plant. The main cost variances include: an increase of $473,000 in engineering costs which include environmental costs, which in both periods related to the preparation of the Final ESIA and the feasibility study; an increase of $217,455 in remuneration as a result of hiring new employees in the Czech Republic; an increase of $122,558 in share-based compensation due to partial vesting of a share option grant in the six months ended March 31, 2022; and an increase of $163,148 in legal and professional fees related mainly to land purchase negotiations. Additionally, travel resumed after the easing of COVID-19 pandemic restrictions and resulted in an increase of $45,802 in the current quarter. Market studies also resumed after being temporarily suspended in 2021 which resulted in an increase of $46,895 in the current quarter.

The $1,445,592 increase in administrative costs for the six months ended March 31, 2022, compared to the same period in fiscal 2021, is mainly attributable to: a $681,953 increase in remuneration due to a higher number of employees in the corporate office in Canada and an amount of $307,500 paid to the Company's former President and CEO; an $878,087 increase in share-based compensation due to partial vesting of a share option grant in the six months ended March 31, 2022; a $111,906 increase in travel and a $56,495 increase in conferences following the easing of COVID-19 related restrictions; and a $57,664 increase in insurance due to the higher cost for directors' and officers' insurance. The overall increase in administrative costs was partially offset by a $169,967 decrease in investor relations expenses due to fewer campaigns and promotional activities; an $85,306 decrease in product sales and marketing expenses due to lower activities and resulting decrease in fees; a decrease of $31,022 in legal and professional expenses as the services of an internal general counsel in the current period reduced external legal costs and due to several other agreements concluded during the comparative period of fiscal 2021; and a $69,367 foreign exchange gain arising from the revaluation of the liabilities for the royalty buy back and a land deposit.

8. Liquidity and Capital Resources

As at March 31, 2022, the Company held cash of approximately $32.1 million. Cash is held with reputable financial institutions and is invested in highly liquid short-term investments with maturities of three months or less. The funds are not exposed to significant liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

The increase in cash of $0.9 million during the six months ended March 31, 2022, is a result of $8.2 million of cash generated from financing activities, which included the private placement by EBRD. This increase was offset by cash used in operating and investing activities of $4.2 million and $3.1 million, respectively. The use of cash in investing activities represents the amounts paid for the royalty buy back, the demonstration plant and certain land related payments. Working capital increased by $4.6 million during the six months ended March 31, 2022, to $30.7 million from $26.1 million at September 30, 2021.

Additional funding will be required for the potential future construction of infrastructure and facilities for the Project. The ability of the Company to arrange such funding will depend principally upon prevailing market conditions, the business performance of the Company, and other factors such as disruptions resulting from an extended duration of the COVID-19 pandemic or the Russia-Ukraine conflict. 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.

8. Liquidity and Capital Resources (continued)

Contractual Commitments

As at March 31, 2022, 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 office lease payments [1]	9,266	9,266	—
Operating expenditure commitments [2]	116,892	115,754	1,138
Total contractual obligations	126,158	125,020	1,138

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

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

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

9. Related Party Transactions

For the three and six months ended March 31, 2022 and 2021, amounts paid to related parties were incurred in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the transacting parties.

At March 31, 2022, key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole, and consisted of the Company's Board of Directors, President and Chief Executive Officer, Chief Financial Officer, Vice President, Corporate Development and Corporate Secretary, Vice President, Operations and the Managing Director of the Company's Czech subsidiary.

	Three months ended March 31,		**Six months ended March 31,**	
	2022	2021	**2022**	2021
	$	$	**$**	$
Salaries and fees	**479,266**	444,631	**1,167,857**	865,904
Share-based compensation	**543,507**	37,705	**908,603**	84,137
	1,022,773	482,336	**2,076,460**	950,041

At March 31, 2022, amounts owing to directors and officers of the Company for salaries and directors fees amounted to $35,032 (September 30, 2021 - $33,803), and includes salary owing to the Managing Director of Mangan. Other amounts payable to officers and directors at March 31, 2022 for the reimbursement of office related expenses were $1,395 (September 30, 2021 - $14,998).

10. Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares without par value. The following common shares, stock options and share purchase warrants were outstanding at May 12, 2022:

	Number of securities
Issued and outstanding common shares	401,115,551
Share options	35,620,998
Warrants	8,500,000

11. Events After the Reporting Period

On April 25, 2022, the Company granted stock options (the "Options") to a new director to purchase up to an aggregate of 500,000 Shares. The Options are exercisable for a term of ten years at an exercise price of $0.4775 per Share. The Options vest one-third on each of the first, second and third anniversaries of the date of grant.

12. Significant Accounting Policies, Estimates and Judgments

Basis of preparation and accounting policies

The Company's annual consolidated financial statements were prepared in accordance with IFRS as issued by the IASB. Detailed description of the Company's significant accounting policies can be found in Note 3 of the Company's audited consolidated financial statements for the year ended September 30, 2021. Changes to the existing and new accounting policies can be found in the Company's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2022, which were prepared in accordance with IFRS as issued by the IASB, including IAS 34 *Interim Financial Reporting*. The impact of future accounting changes is disclosed in Note 3.3 to the unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2022.

Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas of judgment and key sources of estimation uncertainty that have the most significant effect are disclosed in Note 3.14 of the Company's consolidated financial statements for the year ended September 30, 2021, and in Note 3.2 of the Company's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2022.

13. Financial Instruments and Financial Risk Management

A description of the Company's financial instruments and financial risks that the Company is exposed to and management of these risks can be found in Notes 10 and 11, respectively, of the Company's consolidated financial statements for the year ended September 30, 2021.

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

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that: (i) the condensed consolidated interim financial statements for the three and six months ended March 31, 2022, do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made; and (ii) the condensed consolidated interim financial statements for the three and six months ended March 31, 2022, fairly present in all material respects the financial condition, results of operations and cash flow of the Company.

There was no change in the Company's internal controls over financial reporting that occurred during the three and six months ended March 31, 2022, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company's President and Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures, that as of March 31, 2022, the Company's disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company and that the controls are appropriately designed.

Limitations of Controls and Procedures

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

15. 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.

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

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 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 Project in the Czech Republic, including the continued evaluation and development of the Project, the completion of a feasibility study, the delivery, commissioning and operation of the demonstration plant in the Czech Republic, the Company's ability to secure additional financing and/or strategic partners for the ongoing development of the Project, its ability to acquire the remaining land or surface rights needed for the Project, the filing of a Final ESIA and related permit applications with the Czech regulatory agencies and local communities, the growth and development of the high-purity manganese products market and any other matters relating to the evaluation, planning and development of the Project. The Company also cautions readers that the PEA supporting the technical feasibility or economic viability of the Project, including the marketability of the high-purity manganese products, extraction method, costs, processing, metal recoveries and any other technical aspects related to the Project, is preliminary in nature and there is no certainty that the results in the PEA will be realized.

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

The Company is engaged in the evaluation, exploration and development of mineral projects which, by their nature, are speculative. Accordingly, the Company is subject to risks associated with its industry and business, including but not limited to: risks inherent in the mineral exploration and evaluation and mineral extraction business; commodity price fluctuations; competition for mineral properties; mineral resources and reserves and recovery estimates; currency fluctuations; interest rate risk; financing risk; environmental risk; country risk; permitting risk; political risk; legal proceedings; and numerous other risks. A summary of the risks relating to the business of the Company and industry-related risks, and risks relating to the Company’s Shares is included in the Company’s Annual Information Form dated December 16, 2021, filed on SEDAR at www.sedar.com under the Company’s profile. Additional risks associated with the COVID-19 global pandemic and from the Russia-Ukraine conflict 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.