



**EURO
MANGANESE**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE AND SIX MONTHS ENDED MARCH 31, 2025 AND 2024

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Condensed Interim Consolidated Statements of Financial Position

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars) (Unaudited)

	Note	March 31, 2025	September 30, 2024
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		2,822	9,364
Prepaid expenses		318	411
Accounts and other receivables		660	510
Income taxes receivable		133	94
Inventory		972	573
		4,905	10,952
Non-current assets			
Exploration and evaluation assets	5	6,774	6,774
Property, plant and equipment	6	17,312	19,485
Deferred transaction costs		1,880	1,880
Other assets	7	1,455	1,377
Total assets		32,326	40,468
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		3,692	2,822
Due to related parties		56	33
Current portion of lease liability		123	117
		3,871	2,972
Lease liability		77	140
Convertible Loan	8	29,070	27,541
Total liabilities		33,018	30,653
EQUITY			
Share capital	9	78,733	78,733
Equity reserves	9	8,497	10,032
Other comprehensive income		236	34
Deficit		(88,158)	(78,984)
Total shareholders' equity		(692)	9,815
Total liabilities and shareholders' equity		32,326	40,468

Going Concern (Note 1)

Approved on behalf of the Board of Directors on May 13, 2025.

"Martina Blahova"

Martina Blahova, President and CEO

"John Webster"

John Webster, Director

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

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for number of shares outstanding and per share amounts)
(Unaudited)

	Note	Three Months Ended March 31,		Six Months Ended March 31,	
		2025	2024	2025	2024
		\$	\$	\$	\$
Revenue		874	1,198	1,912	1,198
Cost of goods sold	13	(1,151)	(1,519)	(2,549)	(1,519)
Gross loss		(277)	(321)	(637)	(321)
Operating expenses					
Chvaletice Project evaluation	14	(1,806)	(2,813)	(3,772)	(3,921)
Other evaluation (expenses) recoveries		–	27	(8)	(24)
Corporate and administrative expenses	15	(1,109)	(1,888)	(1,295)	(3,670)
Loss of disposal of fixed assets		–	(4)	–	(4)
Foreign exchange loss		(122)	(208)	(1,571)	(131)
Operating loss		(3,314)	(5,207)	(7,283)	(8,071)
Gain (loss) on derivative instruments	8	336	(74)	1,242	249
Modification loss on convertible loan facility	8	–	–	(903)	–
Interest income		31	51	107	112
Finance expense		(1,027)	(770)	(2,216)	(1,131)
Loss before income tax		(3,974)	(6,000)	(9,053)	(8,841)
Income tax expense		(24)	–	(121)	–
Loss for the period		(3,998)	(6,000)	(9,174)	(8,841)
Other comprehensive income for the period		110	(226)	202	(226)
Loss and comprehensive loss for the period		(3,888)	(6,226)	(8,972)	(9,067)
Weighted average number of common shares outstanding - basic and diluted		80,533,847	80,533,847	80,533,847	80,533,847
Basic and diluted loss per common share		\$ 0.05	\$ 0.08	\$ 0.11	\$ 0.11

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

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for number of shares) (Unaudited)

	Attributable to equity shareholders of the Company					
	Share Capital	Share Capital	Equity Reserves	Other Comprehensive Income	Deficit	Shareholders' Equity (Deficit)
	#	\$	\$	\$	\$	\$
Balance at September 30, 2023	80,533,847	78,733	9,024	—	(60,657)	27,100
Share-based compensation	—	—	834	—	—	834
Loss and comprehensive loss for the period	—	—	—	(226)	(8,841)	(9,067)
Balance at March 31, 2024	80,533,847	78,733	9,858	(226)	(69,498)	18,867
Balance at September 30, 2024	80,533,847	78,733	10,032	34	(78,984)	9,815
Share-based compensation	—	—	(1,535)	—	—	(1,535)
Loss and comprehensive loss for the period	—	—	—	202	(9,174)	(8,972)
Balance at March 31, 2025	80,533,847	78,733	8,497	236	(88,158)	(692)

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

Condensed Interim Consolidated Statements of Cash Flows

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars) (Unaudited)

	Six Months Ended March 31, 2025 \$	2024 \$
Operating activities		
Loss for the period	(9,174)	(8,841)
Items not affecting cash:		
Share-based compensation	(1,535)	834
Transaction costs on land deposit	—	24
Depreciation	2,212	759
Loss on disposal of fixed assets	—	4
Finance expense	2,216	1,037
Gain on derivative instruments	(1,242)	(387)
Unrealized foreign exchange loss	1,752	1,113
Interest income	(107)	(112)
Modification loss on convertible loan facility	903	—
	(4,975)	(5,569)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	(377)	460
Accounts and other receivables	(149)	794
Income tax receivables	(39)	—
Prepaid expenses	246	276
Inventory	(399)	14
Cash used in operating activities	(5,693)	(4,025)
Investing activities		
Purchase of property, plant and equipment	(11)	(828)
Proceeds from sale of equipment	—	64
Deposit for land acquisition	(78)	(2,440)
Cash used on acquisition of EPCS	—	(4,265)
Cash acquired on acquisition of EPCS	—	887
Interest received	107	261
Cash generated from (used) in investing activities	18	(6,321)
Financing activities		
Lease principal and interest payments	(67)	(210)
Proceeds from convertible loan	—	25,973
Interest paid on convertible loan	(814)	(286)
Transaction costs paid on convertible loan	(117)	(2,912)
Equity Financing costs incurred	(31)	—
Cash generated from (used in) financing activities	(1,029)	22,565
Effect of exchange rate change on cash and cash equivalents	162	230
Increase (decrease) in Cash & Cash Equivalents	(6,542)	12,449
Cash & Cash Equivalents - beginning of period	9,364	7,650
Cash & Cash Equivalents - end of period	2,822	20,099

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

Notes to the Condensed Interim Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for per share amounts) (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 reprocessing 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. During the prior year, the Company acquired 100% of EP Chvaletice s.r.o. ("EPCS"), a Czech operating company, whose current operations are the fabrication of specialty steel products and its principal asset is a large parcel of industrial zoned land adjacent to the Project, where the Company proposes to develop its high-purity manganese processing facility. The EPCS 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 Suite 709, 700 West Pender Street, Vancouver, BC, Canada, and its registered offices are located at Suite 1700, 666 Burrard Street, Vancouver, BC, Canada. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V"). CHESS Depositary Interests ("CDIs", with each CDI representing one common share) are traded on the Australia Securities Exchange ("ASX") under the symbol "EMN.AX".

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

As an early stage development company, EMN has no material operating revenues and is unable to self-finance its operations. During the period ended March 31, 2025, the Company incurred a net loss of \$9,174 and used \$5,693 cash for operating activities. As at March 31, 2025, the Company's working capital (current assets less current liabilities) was \$1,034.

On March 6, 2025 and April 1, 2025, the Company announced a private placement of Units with anticipated gross proceeds of approximately \$9.8 million. This financing involves participation from both new and existing investors, including the European Bank for Reconstruction and Development ("EBRD") and Mr. Eric Sprott, through 2176423 Ontario Ltd. Concurrently, the Company initiated a Share Purchase Plan ("SPP") for eligible ASX shareholders, seeking to raise up to approximately \$1.4 million under the same terms as the private placement. Orion Resource Partners has committed to subscribe for any shortfall in the SPP. Each Unit comprises one common share (or CHESS Depositary Interest ("CDI")) and one warrant, with each warrant entitling the holder to purchase one additional common share or CDI at an exercise price of \$0.225 for a period of 18 months from the closing date. Broker fees associated with this financing are expected to be 6% of gross proceeds up to \$8.0 million of proceeds, and up to 4,904,478 broker warrants exercisable at \$0.225 for two years from closing. The completion of the Unit offering and the issuance of broker warrants are contingent upon receiving both regulatory and shareholder approval at the Annual and Special General Meeting scheduled for May 15, 2025. Consequently, there is no assurance that these necessary approvals will be obtained and that the private placement or SPP will be completed within the anticipated timeframe or at all.

If the private placement or SPP is not completed, 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. 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 Project.

In the first quarter ended December 31, 2024, the Company entered into an amendment agreement with Orion (see Note 8) to defer its quarterly interest payments until the loan's maturity date. This agreement was intended to enhance the Company's liquidity position during the current phase of operations.

Notes to the Condensed Interim Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for per share amounts) (Unaudited)

The ability of the Company to complete any financing in the future will depend principally upon prevailing market conditions and the performance of the Company. Such funding may not be available when needed, if at all, or may not be available on terms favorable to the Company. 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 interim 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.

2. Basis of Preparation

2.1 Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, including International Accounting Standard 34 – Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2024, which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

These condensed interim consolidated financial statements were prepared by management and approved by the Board of Directors of the Company (the "Board") on May 13, 2025.

2.2 Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value.

2.3 Principles of consolidation

These condensed interim consolidated 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 consolidated financial statements include the accounts of the Company's subsidiaries from the date of control commences until the date that control ceases. The financial results of its wholly-owned subsidiary, Mangan Chvaletice s.r.o. ("Mangan") and North American Manganese Inc., are included in the condensed interim consolidated 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 on consolidation.

2.4 Foreign currency translation

The condensed interim 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, EPCS, 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(loss).

Notes to the Condensed Interim Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for per share amounts) (Unaudited)

2.5 Share consolidation

On March 31, 2025, the Company consolidated its securities, including shares represented by CDIs on the Australian Securities Exchange, at a ratio of five (5) pre-consolidation shares to one (1) post-consolidation share. All references to shares, warrants, broker warrants, options and all per share dollar figures in these financial statements are on a post-consolidation basis.

3. Material Accounting Policies, Estimates and Judgments

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended September 30, 2024.

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

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

Management has determined that there were no impairment indicators present for the exploration and evaluation assets and as such, no impairment test was performed at March 31, 2025.

- b) The Company applied significant judgment in determining the fair value of the option payments made pursuant to an option agreement with EPCS ("EPCS Option Agreement") and their classification as a financial instrument at FVTPL (Note 4).
- c) 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 future high purity manganese prices and the probability of the debt being extended or converted.

Notes to the Condensed Interim Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for per share amounts) (Unaudited)

4. Acquisition of EP Chvaletice s.r.o

On August 13, 2018, the Company, through its Czech subsidiary Mangan, entered into an option agreement to acquire 100% interest in EPCS, a Czech operating company whose principal asset is a large parcel of industrial zoned land adjacent to the Project where the Company proposes to develop its high-purity manganese processing facility.

The Company paid an aggregate amount of \$8,682 from October 17, 2018, to December 28, 2023 for the purchase of EPCS. The option payments made prior to the acquisition of EPCS were a derivative classified as fair value through profit or loss ("FVTPL"). On acquisition of EPCS, on December 28, 2023, the option was revalued based on a third party valuation of acquired assets at \$8,998, resulting in \$316 increase in the value of the option. The acquisition was accounted for as a purchase of assets as it met the concentration test under IFRS 3 *Business Combinations*.

The final purchase price consideration was as follows:

	\$
Cash paid including option payments	8,682
Revaluation of derivative	316
Net working capital adjustment	1,777
	10,775

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

	\$
Cash and cash equivalents	887
Accounts receivable	1,244
Prepays and other	14
Inventory	477
Equipment	407
Buildings	4,181
Land	4,396
Accounts payable and accrued liabilities	(457)
Income tax and other taxes payable	(291)
Operating lease liabilities	(83)
	10,775

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. 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 (equipment and vehicles) was based on historical prices, reflecting the technical value and saleability factor.

Notes to the Condensed Interim Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for per share amounts) (Unaudited)

5. Exploration and Evaluation Assets

As at March 31, 2025 the Company holds a Mining Lease permit for the Chvaletice Manganese Project ("Project") which replaces all prior authorizations according to the Mining Act and has no expiry date. It provides the Company with exclusive, unrestricted rights to mineral extraction within the designated area and ensures robust legal protection of the Project area, enabling the Company to proceed with the Project's next phases on an exclusive basis.

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 and funding.

Notes to the Condensed Interim Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for per share amounts) (Unaudited)

6. Property, Plant and Equipment

March 31, 2025					
	Assets under construction	Plant and Equipment	Land	Lease assets	Total
	\$	\$	\$	\$	\$
Cost	\$	\$	\$		\$
September 30, 2024	—	13,707	7,988	362	22,057
Additions	—	11	—	—	11
Foreign exchange adjustments	—	35	—	—	35
March 31, 2025	—	13,753	7,988	362	22,103
Accumulated Amortization					
September 30, 2024	—	(2,481)	—	(91)	(2,572)
Additions	—	(2,152)	—	(60)	(2,212)
Foreign exchange adjustments		(7)			(7)
March 31, 2025	—	(4,640)	—	(151)	(4,791)
Net Book Value					
March 31, 2025	—	9,113	7,988	211	17,312

September 30, 2024					
	Assets under construction	Plant & Equipment	Land	Lease assets	Total
	\$	\$	\$	\$	\$
Cost					
September 30, 2023	7,858	179	333	604	8,974
Additions EPCS	—	4,588	4,396	—	8,984
Additions other	1,152	9	3,259	361	4,781
Disposals	—	(79)	—	(603)	(682)
Transfers	(9,010)	9,010	—	—	—
September 30, 2024	—	13,707	7,988	362	22,057
Accumulated depreciation					
September 30, 2023	—	(126)	—	(462)	(588)
Additions	—	(2,366)	—	(232)	(2,598)
Disposals	—	11	—	603	614
September 30, 2024	—	(2,481)	—	(91)	(2,572)
Net Book Value					
September 30, 2024	—	11,226	7,988	271	19,485

During the period ended March 31, 2025, depreciation and amortization of \$987 (2023 - \$570) was recognized in cost of goods sold, \$1,162 (2023 - nil) in Chvalětice project evaluation and \$63 (2023 - \$189) in corporate and administrative.

Notes to the Condensed Interim Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for per share amounts) (Unaudited)

7. Other Assets

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

		March 31, 2025	September 30, 2024
		\$	\$
Land for buffer zone and infrastructure corridor (tailings area)	i)	65	65
Additional land and rail spur extension (plant area)	ii)	427	349
Land parcel within the Port of Bécancour	iii)	963	963
		1,455	1,377

- i) 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 approximately 2 million Czech Koruna (approximately \$120). As at March 31, 2025, the Company paid an aggregate amount of 1.2 million Czech Koruna (\$65). Subsequent payments are based on permitting milestones over the period to March 2029.
- ii) On December 18, 2020, the Company signed 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 approximately 18.7 million Czech Koruna (approximately \$1,127) and was partially paid in five equal annual instalments totaling \$427, followed by the remaining balance of approximately \$700 to be paid on or before October 10, 2025.
- iii) 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 proposed to establish its North American facilities. The Bécancour Option Agreement allowed the Company to exclusively access the land parcel and conduct due diligence. During the current year, the Bécancour Option Agreement was amended to acquire an 8 hectare property instead of 15-hectare land parcel at the Port of Bécancour for total consideration of \$5,111 until September 30, 2025. As at March 31, 2025, the Company has made payments aggregating \$963 and no further option payments are required. The amounts paid to date will be applied upon the option exercise against the total purchase price. Certain conditions exist for closing including approval of project plans by SPIPB and obtaining project financing.

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 Project. The Funding Package is split into two US\$50 million components: (a) a US\$50 million loan facility convertible, at Orion's option, into a 1.29-1.65% royalty on Project revenues (the "Convertible Loan Facility"), with US\$20 million received and an additional US\$30 million to be received upon meeting certain milestones; and (b) 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 precedent typical for this type of financing (the "Royalty Financing").

The original Convertible Loan Facility bore interest at 12% per annum, payable quarterly, and had an initial maturity of 36 months, which could 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.

In connection with the Funding Package, Orion was 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

Notes to the Condensed Interim Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for per share amounts) (Unaudited)

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.

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, as it was not closely related to its debt host. Accordingly at inception, the \$25,973 (US\$20 million) gross proceeds were allocated as follows: \$844 to the derivative liability at its estimated fair value with the residual of \$25,129 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 extension by Orion of the Convertible Loan Facility. These are level 3 in the fair value hierarchy (Note 11). The Company incurred transaction costs of \$2,976, of which \$1,880 was allocated to the US\$80 million undrawn portion of the Funding Package and is deferred until drawn, \$1,059 was allocated to the first tranche of the Convertible Loan Facility and is deferred and amortized using the effective interest method, and \$37 was allocated to the derivative liability and was immediately recognized in the statement of loss.

During the current year, the Company amended the terms of the Orion agreement whereby, in exchange for waiving certain covenants of the original agreement for up to one year and the deferral of interest payments from January 1, 2025 onwards, the Company will pay 14% interest on the outstanding loan and will issue warrants of the Company matching the same terms as for a future financing as if Orion had participated for US\$2,800,000 in that financing. The Company has also been granted the right to repay, at any time, the Convertible Loan Facility at par, including all accrued and unpaid interest, and may cancel the second tranche of the Convertible Debt Facility without penalty. In addition the Company also has the right to terminate the Royalty Financing, if the Convertible Loan Facility has been paid in full, for a fee of US\$1 million. The warrants are subject to regulatory and shareholder approval. The annual and special general meeting where the vote for approval for this is on May 15, 2025.

For accounting purposes, under IFRS 9, this has been treated as modification of debt as it was determined that the amendment was not a substantial modification, either qualitatively or quantitatively. As such, the carrying amount of the existing liability has been recalculated at the present value of the original effective interest rate. The adjustment of \$903 has been recognized as a Modification loss on convertible debt in the condensed interim consolidated statement of loss and comprehensive loss.

As at March 31, 2025, the Company is in compliance with the covenants under the Convertible Loan Facility.

Notes to the Condensed Interim Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for per share amounts) (Unaudited)

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

	Liability	Derivative	Total
	\$	\$	\$
September 30, 2023	—	—	—
Advances	27,162	—	27,162
Transaction costs	(1,059)	—	(1,059)
Initial recognition of derivative liability	(844)	844	—
Unwinding of transaction costs	468	—	468
Interest accrued	2,726	—	2,726
Interest paid	(1,922)	—	(1,922)
Change in fair value of derivative	—	345	345
Foreign exchange loss (gain)	(176)	(3)	(179)
September 30, 2024	26,355	1,186	27,541
Unwinding of transaction costs	207	—	207
Interest accrued	2,000	—	2,000
Interest paid	(814)	—	(814)
Costs incurred for modification	(236)	—	(236)
Modification loss	903	—	903
Change in fair value of derivative	—	(1,242)	(1,242)
Foreign exchange loss (gain)	1,649	78	1,727
March 31, 2025	30,064	22	30,086
Current portion (classified as Accounts payable and accrued liabilities)	1,016	—	1,016
Long-term debt	29,048	22	29,070

9. Equity

a) Common shares

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

b) Share options

A continuity summary of the share options granted and outstanding under the Plan for the period ended March 31, 2025, is presented below:

	March 31, 2025	
	Number of share options	Weighted average exercise price (\$ per share)
Balance, beginning of the period	7,387,039	2.05
Options expired	(78,698)	2.88
Options forfeited	(3,022,944)	2.63
Balance, end of the period	4,285,397	1.57

Notes to the Condensed Interim Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for per share amounts) (Unaudited)

During the period ended March 31, 2025, the Company recorded a share-based compensation gain of \$1,535 (2024 - an expense of \$834) of which \$11 (2024 - \$51) was recognized as expense in the Project evaluation and a gain of \$1,546 (2024 - an expense of \$783) was recognized in corporate and administrative. The gain related to stock options forfeited during the first quarter ended December 31, 2024.

The balance of options outstanding and exercisable at March 31, 2025, is as follows:

Options outstanding & exercisable			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)	
0.40	200,000	1.3	200,000	1.3	
0.50	125,000	2.2	125,000	2.2	
0.55	1,104,534	4.5	1,104,533	4.5	
0.63	100,000	5.7	100,000	5.7	
1.00	430,000	3.1	430,000	3.1	
1.25	290,000	3.9	290,000	3.9	
1.40	338,333	4.1	338,333	4.1	
2.39	652,530	8.3	234,177	8.3	
2.95	80,000	6.4	80,000	6.4	
2.90	710,000	6.9	710,000	6.9	
3.05	255,000	6.2	75,000	6.2	
1.57	4,285,397	5.2	3,687,043	4.8	

Subsequent to March 31, 2025, 258,916 options were forfeited.

10. Related Party Transactions

a) Key management compensation

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 and the Managing Director of the Company's Czech subsidiary. Details are as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Remuneration to officers and directors of the Company	320	753	709	1,324
Final payments to the former CEO	—	—	521	—
Directors and officers' stock-based compensation	12	317	24	712
Stock based compensation gain resulted from forfeiture of options	—	—	(1,647)	—
	332	1,070	(393)	2,036

These transactions were incurred in the normal course of operations.

Notes to the Condensed Interim Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for per share amounts) (Unaudited)

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 and other receivables, accounts payable and accrued liabilities, and due to related parties approximate carrying values recorded on the condensed interim consolidated 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 was a financial instrument measured at fair value through profit and loss using Level 3 inputs as there were no observable market data available. Immediately prior to exercise the Company revalued the option 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.

The Convertible Loan 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). The significant assumptions used in the valuation were the discount rate and the probability of conversion and extension. The initial valuation of the convertible loan derivative liability was prepared by an independent valuation specialist under the direct oversight of the Chief Financial Officer. Discussions of valuation processes and results are reported to the audit committee every three months, in line with the Company's quarterly reporting periods.

12. Commitments

At March 31, 2025, 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 rent payments	237	135	102
Operating expenditure commitments	302	302	—
Total contractual obligations	539	437	102

Pursuant to the ČEZ Lease Agreement, land access has been granted for the life of the Project in return for a royalty on the Project's gross sales. During the period in which Project is expected to have project finance debt (the "Debt Period"), estimated to be seven years, the royalty will operate on a sliding scale from 0.2% to 1.8%, dependent on the average prices received for the Project's high-purity manganese products. After the Debt Period, the royalty will be 1.8% of gross sales. Additionally, the ČEZ Lease Agreement also requires the Company to pay, commencing in 2027, a Minimum Rent of Czech Koruna 625 thousand per calendar quarter (approximately \$37), adjusted annually commencing in 2028, based on inflation during the immediately preceding year.

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 9.5 million Czech Koruna (approximately \$576), 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 was effective July 1, 2022.

Notes to the Condensed Interim Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for per share amounts) (Unaudited)

13. Cost of Goods Sold

	Three Months Ended March 31,		Six Months Ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Materials	\$505	\$712	1,119	712
Labour Costs	\$208	\$237	443	237
Depreciation	\$438	\$570	987	570
	\$1,151	\$1,519	2,549	1,519

14. Chvalitice Project Evaluation

	Three Months Ended March 31,		Six Months Ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Engineering	123	675	513	1,104
Remuneration	502	329	821	590
Share-based compensation	6	18	11	51
Travel	10	42	15	61
Legal and professional fees	50	520	165	722
Marketing activities	4	1,000	8	1,019
Supplies and rentals	533	229	1,077	374
Depreciation	578	—	1,162	—
	1,806	2,813	3,772	3,921

15. Corporate and Administrative

	Three Months Ended March 31,		Six Months Ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Remuneration	626	947	1,733	1,636
Share-based compensation	51	349	(1,546)	783
Legal and professional fees	166	180	575	376
Travel	9	59	18	140
Filing and compliance fees	62	72	108	138
Office and administration	38	40	86	113
Insurance	42	62	83	125
Conferences	15	5	19	10
Investor relations	69	69	156	119
Product sales and marketing	—	21	—	41
Depreciation	31	84	63	189
	1,109	1,888	1,295	3,670