EURO MANGANESE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2024

Contents

1. Introduction

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

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, BC, Canada, and its registered offices are located at 666 Burrard Street, Suite 1700, Vancouver, BC, Canada. The Company’s common shares are traded on the TSX Venture Exchange ("TSX-V") and on the OTC Venture Market ("OTCQB") under the symbols "EMN.V" and "EUMNF", respectively. 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 February 11, 2025, is intended to be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended December 31, 2024 (the “Consolidated Financial Statements”) which have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”). This MD&A should also be read in conjunction with the Company’s audited consolidated financial statements and annual MD&A for the year ended September 30, 2024. The Company prepares its financial statements in accordance with the International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The Company’s material accounting policies are set out in Note 3 of the September 30, 2024 Consolidated Financial Statements.

Additional information relating to the Company, including the Annual Information Form for the year ended September 30, 2024, is available on SEDAR+ at www.sedarplus.ca 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 14. The financial information presented in this MD&A is in thousands of Canadian dollars, unless otherwise stated.

2. Overview

About the Chvaletice Manganese Project

The Chvaletice Manganese Project is located in the Czech Republic, within the townships of Chvaletice and Trnavka, in the Labe River valley, 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, 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 metres in thickness, cover a cumulative surface area of approximately one square kilometre. The Project is expected to result in the environmental remediation of this former mine tailings site, bringing it into full compliance with modern Czech and European Union environmental standards and regulations.

The Company’s wholly-owned subsidiary, Mangan Chvaletice s.r.o. (“Mangan”) held two licenses covering mineral exploration rights for the Project ("Licenses"), which were both valid until May 31, 2026. Mangan also held 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 was also valid until May 31, 2026. On January 23, 2025, Mangan has secured the Determination of Mining Lease permit (the “Permit”), marking the next critical milestone towards the development of the Project in the Czech Republic. The Permit, issued by the District Mining Authority for the regions of Hradec Králové, Pardubice, Liberec, and Vysočina, represents one of the most significant approvals in the Company’s journey towards full project permitting. Effective 23 January 2025, the Permit replaces all prior authorizations and has no expiration date. It provides Mangan Chvaletice 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 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 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 all surface rights to the Project area, which includes those parcels of land underlying and immediately surrounding the three tailings deposits. In June 2022, and in October 2023, Mangan and the Municipality of Chvaletice (“Chvaletice”) and ČEZ a.s. ("ČEZ"), respectively, signed land lease agreements, granting the Company access to approximately 85% of the total reserves of the Project. Additionally, Mangan signed a land purchase agreement with the owners of certain land parcels which are adjacent to the tailings area and provides additional room and flexibility for the Chvaletice residue storage facility layout. The Company is currently in commercial negotiations for the acquisition of the remaining surface rights; however, there is no assurance that access to the remaining areas will be secured.

On December 28, 2023, Mangan acquired 100% of EP Chvaletice s.r.o. ("EPCS"') which owns the land intended for the Project's high-purity processing plant. This land is located immediately south of the highway and rail line that bound the Chvaletice tailings deposit and is adjacent to the Chvaletice power plant and another parcel of land and rail siding that was previously acquired by Mangan. The Company also signed further agreements to acquire rights to several additional strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant. All such land parcels for the proposed processing plant are already zoned for industrial use. The land area where the Project’s tailings are located is zoned for mining use.

The Project is targeting production of high-purity electrolytic manganese metal ("HPEMM") with specifications exceeding 99.9% manganese ("Mn") and high-purity manganese sulphate monohydrate ("HPMSM") with a minimum Mn content of 32.34%. These products will be prepared without the use of selenium and will be 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 ore are suitable for production of high-purity manganese products. As such, demand for high-purity manganese products is growing, fueled largely by the Li-ion and electric vehicle ("EV") markets

The Company has entered into four non-binding off-take term sheets for the sale of HPEMM or HPMSM from the Chvaletice Manganese Project with consumers of high-purity manganese products and focusing on converting these term sheets into binding offtake agreements with those customers. In addition, the Company has signed two non-binding off-take term sheets for intermediate by products that will be produced concurrently with the HPEMM and HPMSM. The Company is in active discussions and negotiations with multiple other parties, including battery, chemical, and automobile manufacturers, and anticipates more term sheets will follow. The Company is targeting 80% - 90% of production capacity under offtake contracts to support project finance. There can be no assurance, however, that current discussions will lead to off-take agreements or commercial or strategic relationships in the near term, if at all.

The Company announced the results of the Chvaletice Manganese Project feasibility study on July 27, 2022 ("Feasibility Study"), including the conversion of 98.4% of the Mineral Resources into Mineral Reserves.

On March 27, 2024, the Company received the approval of the final Environmental and Social Impact Assessment (“ESIA”) for the Project from the Ministry of Environment in the Czech Republic.

In July 2024, the Company engaged Wood Australia Pty Ltd ("Wood") as the preferred Engineering, Procurement, and Construction Management Consultant ("EPCM").

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 non-dilutive financing (the "Funding Package") to advance development of the Project. The Funding Package is split into two US$50 million components: (a) a US$50 million loan facility convertible into a 1.29-1.65% royalty on Project revenues (the "Convertible Loan Facility"), with US$20 million received upon closing on November 29, 2023, and an additional US$30 million to be received upon meeting certain milestones; and (b) receipt of US$50 million in exchange for a 1.93-2.47% royalty on 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"). In connection with the Funding Package, Orion has been granted an off-take option of between 20-22.5% of the Chvaletice Manganese Project’s high-purity manganese total production for a term of 10 years from first delivery, matching the commercial terms of the Company’s sales. Such right is exercisable until the Company signs 60% of the total Project offtake.

During the current period, the Company amended the terms of the Orion Funding Package 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.

About the Bécancour Project

The Company is evaluating its North American growth strategy and is evaluating an opportunity to develop a project to produce high-purity manganese products for the North American market. In December 2022, the Company entered into an option agreement with Société du parc industriel et portuaire de Bécancour (SPIPB), the owner of Lot 12, a 15-hectare land parcel at Bécancour, Quebec, Canada, where it proposed to establish its North American facilities, which allows the Company exclusive access to the land parcel and conduct due diligence thereon over a maximum term of 21 months. A scoping study was completed for a metal dissolution plant at the proposed Bécancour site (the “Bécancour Project”) and WSP Canada Inc. ("WSP") was selected in September 2023 to complete a feasibility study for the project. The Bécancour Project is planned to be fed with HPEMM from the Chvaletice Project once operational or other third-party providers. The Company also signed a Cooperation Agreement with the Grand Council of the Waban-Aki Nation, a tribal council consisting of the Abenaki Bands of Odanak and Wôlinak, on whose ancestral territory the Bécancour Project would be situated.

During the current period, the Company amended the terms with SPIPB whereby the Company to acquire 8 hectare property instead of 15 hectare parcel at the Port of Bécancour for total consideration of $5,111,304 until September 30, 2025. The total funds of $962,955 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. All work is currently on hold, pending financing.

3. Financial and Project Highlights

The following is a summary of the Company’s highlights during the three month period ended December 31, 2024 and to the date of this MD&A:

- On January 23, 2025, the Company announced that it had secured the Mining Lease Permit for the Chvaletice Manganese Project which replaces all prior authorizations 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.
- On December 2, 2024, 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 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 the convertible loan at par, including all accrued and unpaid interest, and may cancel the second tranche of the Orion convertible debt financing without penalty. In addition the Company also has the right to terminate the royalty conversion and financing at any time prior to the satisfaction of the conditions precedent for the royalty for a fee of US$1 million, provided that the outstanding loan amounts (and all accrued and unpaid interest) have been repaid in full at such time. The warrants are subject to regulatory approval.
- On November 12, 2024, the Company appointed Martina Blahova as Interim Chief Executive Officer and Dean Larocque as Chief Financial Officer.

4. Outlook

The Company's short-term to medium term operating priorities include:

- operating the Demonstration Plant to allow the production of multi-tonne high-purity manganese product samples for prospective customers' supply chain qualification;
- continuing negotiations with potential customers to enter offtake contracts, as well as with strategic and financial partners and government agencies;
- completing the acquisition of, or access to, the remaining land surface rights for the Project;
- obtaining the status of a Strategic Project under the European Critical Raw Materials Act ("CRMA");
- obtaining the Chvaletice deposit declaration designating the Project a strategic deposit according to the Czech mining act legislation
- applying for and securing funding from grants and incentives available from the EU and Czech state;
- subject to financing, advance the Phase 1 (FEED) of the EPCM contract with Wood and;
- securing an optimum financing structure for the Project, which is dependent upon the above milestones being achieved and/ or obtaining alternative and/ or additional financing;

5. Review of Operations

Chvaletice Manganese Project

EPCM Contract Award

In July 2023, the Company selected Wood as its EPCM partner for the Project. The contract is cost reimbursable and is structured in two phases (Phase 1 - FEED, Phase 2 - EPCM), with an approval stage gate between each phase as well as an initial gap analysis in Phase 1, with an FID to be made prior to commencement of Phase 2, dependent upon securing outstanding permits and project finance. In November 2024 FEED work was suspended due to lack of funding.

Following completion of the gap analysis, other key deliverables to be derived over the remainder of Phase 1 include: completion of value engineering; identification of long-lead time equipment; vendor engagement, selection and firm pricing for major equipment items and packages; total installed capital cost estimate to AACE Class 3 estimate accuracy (+/- 10%); project implementation strategy; a baseline schedule for the EPCM phase; and preparation of construction permit documentation.

Upon making the FID, the Company will enter into the EPCM phase of the contract once conditions precedent are satisfied. Wood will provide overall project and construction management services throughout the EPCM phase of the Project, which includes detailed design, procurement, construction, and commissioning. All work on the FEED phase is currently suspended, pending further financing.

Environmental and Social Impact Assessment (ESIA") and Mining Lease Permit

The Company received a positive decision on the ESIA on March 27, 2024.

Following approval of the ESIA, a Land Planning Permit Documentation is required to be submitted. Respectively, it is two separate submissions - documentation for the processing plant and documentation for the railway, shunting yard. The documentation for both applications are complete. The statements of the concerned authorities of the State administration and opinions of the affected landowners/ neighbours are currently being collected. Documentation will be submitted for final proceedings in the first quarter of calendar 2025. There are no objections coming from the Authorities. The Land Planning Permit approval timeline is typically three to six months once submitted, resulting in an anticipated approval by third calendar quarter of 2025. The Construction Permit documentation is a deliverable of the FEED phase as a part of the EPCM work with an expected permit approval timeline of approximately three months post submission, resulting in an anticipated approval (assuming FEED work will start mid 2025) most likely first quarter 2027, subject to securing sufficient funds for the completion of FEED Phase 1.

On January 23, 2025, the Company secured the Mining Lease permit, marking the next critical milestone towards the development of the Project in the Czech Republic. 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.

Demonstration Plant Progress Update

The Demonstration Plant was fully commissioned in July 2024, with all modules operating on a consistent basis, and producing on-spec products. Two independent external laboratories have confirmed that samples of HPMSM made from HPEMM produced at the Demonstration Plant meet its design target HPMSM specifications with low levels of impurities. On October 16, 2024, the Company successfully completed a 5-day continuous operation program for the production of high-purity electrolytic manganese metal at the Demonstration Plant. The Demonstration Plant operated as-designed and without interruption, achieving 100% reliability over the 5-day program (i.e. no stoppage time) and produced approximately 172 kg of HPEMM.

The Demonstration Plant is intended to produce and deliver high-purity manganese products to prospective customers for testing and qualification. The Demonstration Plant will facilitate process optimization and testing to collect process data for final plant design and for final product development and serve as a testing and training facility for future operators.

Acquisition of EP Chvaletice and Land Acquisitions

On August 13, 2018, the Company, through its Czech subsidiary Mangan, entered into an option agreement with EPCS to acquire 100% interest in EPCS by making several payments. EPCS is a Czech operating company whose principal asset is a large parcel of industrial zoned land adjacent to the Chvaletice Manganese Project, where the Company proposes to develop its high-purity manganese processing facility. The total acquisition cost of $10.8 million for the purchase of EPCS consisted of $8.7 million in direct payments, $1.8 million of cash payment for working capital adjustment and $0.3 million gain on revaluation of a derivative to December 28, 2023, the acquisition date.

The Company has agreements to acquire rights to three additional strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant.

The Company continues to negotiate the acquisition of the balance of the surface rights with the remaining landowner. If the Company is able to complete the acquisition of such surface rights with the remaining owner, the Company will have access to all the surface rights to the Project area.

High-Purity Manganese Market Overview and Product Marketing

High-performance Lithium-ion ("Li-ion") batteries are widely used in EVs and other energy storage applications. Among the various chemistries, the nickel-manganese-cobalt (“NMC”) cathodes dominate the EV batteries in the Western world, accounting for nearly 50% of total Li-ion batteries produced, measured by megawatt hours (MWh). Within the NMC family, formulations such as NMC811 - comprising 80% nickel, 10% manganese, and 10% cobalt - are particularly prevalent.

Over the past two quarters, global EV adoption growth has slowed, dropping from over 30% to above 20%, with significant regional variations: Europe is reporting a slight absolute decline in EV sales; in the United States the growth continues but at a slower pace and China maintains strong growth.

This deceleration is largely driven by cost barriers as many Western OEMs are struggling to produce EVs at prices suitable for the mass market, where affordability is key. There are also policy shifts in several countries, notably Germany, which have phased out EV subsidies that previously spurred demand. Additionally, production scale limitations can be seen. Without sufficient production scale, the OEMs cannot achieve cost efficiencies, leading to cautious expansion plans and capital conservation.

These challenges have cascaded through the supply chain, affecting battery, cathode active material ("CAM"), and precursor CAM ("pCAM") manufacturers. Many are revising schedules, adjusting capacities, and exploring cost-reduction strategies, including shifts in battery chemistries. Pricing pressure has become a central concern as stakeholders hesitate to commit to offtake volumes amid market uncertainty.

<u>Manganese in Battery Chemistries</u>

Amid these challenges, increasing the use of manganese, which is the least expensive battery metal, is gaining traction as a cost-reduction strategy.

Lithium-Iron-Manganese-Phosphate ("LMFP") Chemistries:

- LMFP batteries are emerging as a new contender, with manganese content reaching 30% or higher.
- LMFP batteries offer improved performance compared to LFP chemistries and are projected to be the lowest-cost EV batteries on a $/kWh basis, according to recent (2023) analysis by Fastmarkets.

Other Innovative Chemistries:

- Manganese-rich chemistries such as LMNO (Lithium-Manganese-Nickel Oxide) and Sodium-Ion (Na-ion) are also gaining attention.
- These batteries often utilize alternative manganese forms, including manganese carbonate, phosphate, and oxides (Mn_2O_3 or Mn_3O_4), which can be produced more economically from High Purity Electrolytic Manganese Metal (HPEMM) than from HPMSM or direct ore processing.

Supply Chain Dynamics: Manganese Production

Currently, HPMSM is the dominant form of manganese used in Li-ion batteries. However, other forms of manganese are increasingly in demand for advanced chemistries. As a result, HPEMM is becoming a more favorable precursor for producing diverse manganese salts due to its cost-effectiveness. These developments could help manufacturers reduce costs and enhance flexibility in battery production.

In January 2023, the Company signed a non-binding term sheet with Verkor, a low-carbon battery manufacturer in Grenoble, France, for the supply of HPMSM from its project. By the end of fiscal 2024, three additional term sheets were signed with battery and industrial customers for the supply of HPMSM, HPEMM, and an operational by-product.

Offtake discussions are ongoing with stakeholders across the supply chain, including automotive OEMs, battery manufacturers, and CAM/pCAM producers, as well as for non-battery industrial applications.

The Company aims to secure offtake contracts for 80%-90% of its production capacity to support project financing and remains well-positioned to capitalize on the growing demand for manganese in the evolving battery market.

The European Critical Raw Materials Act ("CRMA"), published by the European Commission, came into force on May 23, 2024. The CRMA classifies battery-grade manganese as a strategic raw material and outlines targets for extraction, processing and recycling of critical raw materials within the European Union. Specifically, to reduce the European Union's reliance on a single supply country for certain raw materials, the CRMA set targets that, by 2030, 10% should be mined, 45% processed and 25% recycled within the EU, and no more than 65% of any strategic raw materials come from a single third country. The Chvaletice Manganese Project expects to deliver almost 50,000 tonnes of HPEMM per year when in full production, meeting approximately 15-20% of European demand and helping the EU reduce its import reliance on this strategic raw material.

In addition, in early May 2024, the US Department of Treasury published the final rules for the Inflation Reduction Act on how manufacturers may satisfy the critical mineral and battery component requirements of the clean vehicle tax credit. Specifically, the rules clarify that an eligible clean vehicle may not contain any critical minerals that were extracted, processed, or recycled by a foreign entity of concern (with the exception of graphite). Additionally, manufacturing companies will have the obligation to undertake full traceability of the supply chain to ensure there is no involvement of a foreign entity of concern at any stage.

On December 11, 2024 NATO published a list of 12 defense critical raw materials, including manganese, essential for the Allied defense industry. These materials are integral to the manufacture of advanced defense systems and equipment.

In January 2025, the Czech Ministry of Industry and Trade initiated the process to designate the Chvaletice manganese deposit as strategic which could have positive legal consequences for the Project's development.

Strategic Project status under CRMA, Potential Grants and Subsidies

The Company submitted the EU CRMA Strategic Project application in August 2024. The CRMA Board expects to announce the list of Strategic Projects in March 2025. The benefits of being a Strategic Project include:

i. Strategic Project status under the CRMA allows project promoters to gain access to financing for completion of the project financing, taking into account private and public sources of funding with relevant national promotional banks, the EIB, EBRD and private financial institutions. Strategic Projects may receive preferential financing terms.

ii. The status of a Strategic Project also ensures the possibility for regional and national authorities to make use of funding from the European Development Fund and Cohesion Fund to support the relevant project, in line with the new Strategic Technologies for Europe Platform regulations. These funds are administered by regional and national authorities and the European Commission makes sure that the projects are successfully concluded.

iii. Strategic Projects in the EU could benefit from a preset time frame for permitting.

The Company has engaged with the Investment and Business Development Agency of the Czech Republic, CzechInvest, who manage the process of Czech Government investment incentives. Initial discussions indicate the Chvaletice Manganese Project would qualify as production of strategic products and may benefit from both corporate income tax relief and cash grants when the deposit is declared as strategic.

The Company is also preparing for an application to the EU Innovation Fund's call for proposals, which was announced on December 3, 2024. The EU Innovation Fund is one of the world's largest funding programs for the demonstration of innovative low-carbon technologies, which is funded by the EU Emissions Trading System (ETS). The money raised via the ETS is reinvested into the Innovation Fund.

Bécancour Project

The Company entered into an option agreement with the Société du parc industriel et portuaire de Bécancour "SPIPB"), a Québec provincial 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 period, 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 $5.1 million until September 30, 2025. As at December 31, 2024, the Company has made payments aggregating $1.0 million 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.

The site of the Bécancour Project is strategically located adjacent to a cluster of planned CAM manufacturing plants, including Ultium CAM (GM/Posco) and BASF. Québec also offers attractive government financial support programs that may provide incentives for the construction of the Bécancour Project.

In October 2022, the Company commissioned Ausenco Engineering Canada Inc., a global engineering consultancy firm with expertise in battery metals, to conduct a scoping study for the project based on a dissolution plant capable of producing 48,500 tpa of battery-grade HPMSM, which could meet up to 20% of projected North American 2027 demand. There is no current processing capacity or production of battery-grade manganese in North America. The scoping study delivered favourable preliminary project economics, with an initial capital cost estimate of $110.8 million (AACE class 5 estimate +50%/-30%); post-tax NPV of $190 million using an 8% discount rate, a post-tax IRR of 26%, and a payback period of approximately 4 years. Euro Manganese cautions that the Bécancour Project scoping study does not constitute a scoping study within the definition used by the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"), as it relates to a standalone industrial project and does not concern a mineral project of the Company.

All work on the Bécancour project remains on hold, including permitting and a planned feasibility study, until such time as the Company is financed adequately to move the project forward.

6. Quarterly Financial Review

Three months ended December 31, 2024, compared to the three months ended December 31, 2023

	Three Months Ended December 31,	
	2024	2024
(expressed in thousands of Canadian dollars, except per share data)	**$**	$
Revenue	**1,038**	—
Cost of goods sold	**(1,398)**	—
Gross loss	**(360)**	—
Operating expenses		
Chvaletice Project evaluation	**(1,966)**	(1,109)
Other evaluation expenses	**(8)**	(51)
Corporate and administrative expenses	**(186)**	(1,782)
Foreign exchange (loss) gain	**(1,449)**	77
Operating loss	**(3,969)**	(2,865)
Gain on derivative instruments	**906**	323
Modification loss on convertible loan facility	**(903)**	—
Interest income	**76**	61
Finance expense	**(1,189)**	(362)
Loss before income tax	**(5,079)**	(2,843)
Income tax expense	**(97)**	—
Loss for the period	**(5,176)**	(2,843)
Other comprehensive income for the period	**92**	**—**
Loss and comprehensive loss for the period	**(5,084)**	(2,843)
Basic and diluted loss per common share	**$0.01**	$0.01

Revenue for the three months ended December 31, 2024 and 2023, was $1,038 and nil, respectively. Revenue was generated from the sale of specialty steel products from EPCS which was acquired at the end of the quarter ended December 2023. Gross losses for the three months ended December 31, 2024 and 2024, were $360 and nil, respectively. The gross loss is mainly due to the depreciation on assets acquired on the acquisition of EPCS. The steel fabrication business is cash flow positive however the EPCS building and equipment acquired has an estimated life of 2 years as they must be demolished to make way for the construction of the Project.

Chvaletice Project evaluation for the three months ended December 31, 2024 and 2023, were $1,966 and $1,109, respectively. The Company completed commissioning of its demonstration plant during the quarter ended June 30, 2024 which resulted in an increase in supply costs and start of depreciation for the demonstration plant.

Corporate and administrative expenses for the three months ended December 31, 2024 and 2023, were $186 and $1,782, respectively. During the the three months ended December 31, 2024 a significant number of stock options were forfeited resulting in a share-based compensation recovery of $1,597 as compared to a share-based compensation expense of $434 in 2023. The decrease in corporate and administrative expenses due to share-based compensation recovery was offset by an increase in remuneration by $418 due to final payments to the former CEO.

Foreign exchange loss for the three months ended December 31, 2024 was $1,449 as compared to foreign exchange gain of $77 during the same period in 2023. The Company's convertible loan facility is denominated in US dollars and during the quarter Canadian dollar devalued as compared to US dollar resulting in foreign exchange loss.

The Company and Orion (BK) LLC amended the convertible loan facility to increase the coupon interest rate to 14% and defer the payments of quarterly interest to loan maturity. These amendments resulted in a modification of the convertible loan, generating a modification loss of $903 during the three months ended December 31, 2024.

During the three months ended December 31, 2024, the Company recognized a gain of $906 on derivative related to the convertible loan facility as compared to $323 recognized in same period in 2023.

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	**Dec-24**	Sep-24	Jun-24	Mar-24	Dec-23	Sep-23	Jun-23	Mar-23
	$	$	$	$	$	$	$	$
Cash and cash equivalents	**5,368**	9,364	13,201	20,099	24,293	7,650	10,896	13,805
Total assets	**35,601**	40,468	45,640	51,918	55,223	29,953	32,603	34,956
Working capital (1)	**3,184**	7,982	11,718	15,549	22,075	5,691	9,187	11,191
Current liabilities	**3,944**	2,972	3,247	5,922	4,758	2,852	2,333	3,008
Revenue	**1,038**	705	1,314	1,198	—	—	—	—
Loss for the period	**(5,176)**	(5,097)	(4,389)	(5,999)	(2,842)	(3,224)	(2,104)	(3,970)
Other comprehensive income (loss) for the period	**92**	150	110	(226)	—	—	—	—
Loss and comprehensive loss for the period	**(5,084)**	(4,448)	(4,279)	(6,225)	(2,842)	(3,224)	(2,104)	(3,970)
Basic and diluted loss per common share	**0.01**	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.

(2) Figures may not add to annual results due to rounding.

Summary of major variations in quarterly financial activities:

- Cash and cash equivalents, total assets and working capital: During the quarter ended December 2023, the Company received of $20 million pursuant to the initial tranche of financing from Orion (BK) LLC, which resulted in an increase in cash and cash equivalent in December 2023. In subsequent quarters, the cash and cash equivalent was used for Chvaletice project evaluation, acquisition of EPCS, land option and land acquisition payments and corporate expenditures. A quarter on quarter decrease in total assets and working capital resulted from decrease in cash and cash equivalents.
- Revenue: The Company completed acquisition of EPCS during the quarter ended December 31, 2023. During the subsequent quarters the Company recognized revenue from the sale of specialty steel products by EPCS.
- Loss for the period of the last eight quarters were impacted by the timing of Chvaletice project expenditures, other evaluation expenditures, foreign exchange gain or loss and derivative gain or loss.

7. Liquidity and Capital Resources

As an early stage development company, EMN has no material operating revenues and is unable to self-finance its operations. During the period ended December 31, 2024, the Company incurred a net loss of $5,176 and used $3,287 cash for operating activities and $20 for investing activities. As at December 31, 2024, the Company's working capital (current assets less current liabilities) was $3,184 however 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.

The Company has deferred its interest payments with Orion to provide additional liquidity however it is anticipated that the Company will be required to obtain financing from the sale of equity and/ or another form of financing. 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.

8. Related Party Transactions

For the three months ended December 31, 2024 and 2023, 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 December 31, 2024, 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, Interim Chief Executive Officer, Chief Financial Officer and the Managing Director of the Company's Czech subsidiary.

	Three months ended December 31,	
	2024	2023
	$	$
Remuneration to officers and directors of the Company	**390**	572
Final payments to the former CEO	**521**	—
Directors and officers' stock-based compensation	**12**	394
Stock based compensation gain resulted from forfeiture of options	**(1,647)**	—
	(724)	966

9. Contractual Commitments

As at December 31, 2024, the Company was committed to make the minimum annual cash payments, as follows:

	Payments due by period		
	Total	Less than one year	1 - 2 years
	$	$	$
Minimum rent payments	271	101	170
Operating expenditure commitments	304	304	—
Total contractual obligations	575	405	170

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 February 11, 2025:

	Number of securities
Issued and outstanding common shares	402,669,227
Share purchase options	22,487,919
Warrants	—

Subsequent to December 31, 2024, 530,465 options were forfeited.

11. 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. 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, 2024. The Company's unaudited condensed interim consolidated financial statements for the three months ended December 31, 2024 were prepared in accordance with IFRS as issued by the IASB, including IAS 34 Interim Financial Reporting.

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 3.15 of the Company's consolidated financial statements for the year ended September 30, 2023, and in Note 3.2 of the Company's unaudited condensed interim consolidated financial statements for the three months ended December 31, 2024.

12. Financial Instruments and Financial Risk Management

A description of the Company's financial instruments and financial risks that the Company is exposed to and management of these risks can be found in Notes 11 and 12, respectively, of the September 30, 2024 Financial Statements.

13. 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 interim consolidated financial statements for the three months ended December 31, 2024, 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 interim consolidated financial statements for the three months ended December 31, 2024, 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 months ended December 31, 2024, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure Controls and Procedures

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

There was no change in the Company's disclosure controls and procedures that occurred during the three months ended December 31, 2024, that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures.

Limitations of Controls and Procedures

The Company's management, including the Interim 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.

14. Forward-Looking Statements and Risks Notice

Certain statements in this MD&A constitute “forward-looking statements” or “forward-looking information” within the meaning of applicable securities laws. Such statements and information involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, its Chvaletice Manganese Project, its proposed Bécancour Project or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as “may”, “would”, “could”, “will”, “intend”, “expect”, “believe”, “plan”, “anticipate”, “estimate”, “scheduled”, “forecast”, “predict” and other similar terminology, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward looking information for the Chvaletice Manganese Project includes: statements regarding the Company’s ability to obtain financing and meet conditions under its secured credit facility, ability to progress FEED under the EPCM contract; the ability to make a positive final investment decision; statements regarding the ability of the Company to obtain remaining surface rights; the Company’s expectation that the Land Planning Permit will be obtained in the third calendar quarter of 2025, that the Construction Permit will be obtained in 2027; the ability to operate the Demonstration Plant to allow the production of product samples for prospective customers' supply chain qualification; ability to enter into any new offtake term sheets or agreements; ability to obtain Chvaletice deposit declaration towards strategic deposit according to the Czech legislation; the ability to obtain any other regulatory approvals and permits; the continued operation of the demonstration plant; statements regarding the Company's ability to achieve conditions precedent to access further funding from the Convertible Loan Facility or Royalty Financing; the ability of the Company to obtain additional financing, support from European financial institutions; the ability to obtain strategic project status under CRMA by 2025 or at all and any associated benefits, and the ability to obtain any grants, subsidies, or funding from the EU including but not limited to EU Innovation Fund, Czech state, or under any government program or legislation, and any benefits from manganese being designated as critical material. In addition, forward looking statements include: statements about the growth, increasing demand and development of the high purity manganese products market; the desirability of the Company's products; the ability of the Company to enter into binding offtake agreements with potential customers on favorable terms or at all; the state of the EV industry; and the use of manganese in batteries.

Regarding the Bécancour Project, forward-looking statements include, but are not limited to: statements concerning the Company's plans for advancing the Bécancour Project and results of the Scoping Study including estimates of internal rates of return, net present values, and estimates of costs. Such forward-looking information or statements also include, but are not limited to, statements regarding the completion of the a feasibility study, the Company's ability to source feedstock, any benefits from being located in Quebec, the Company's ability to operate the Bécancour Plant and associated production, the demand for high-purity manganese products in North America, any benefits of legislation, the Company's ability to secure offtake from North American customers, the Company's ability to raise the necessary financing, and the timing of any permit application submissions and approvals, and continuing successful cooperation with the W8banaki Nation.

Readers are cautioned not to place undue reliance on forward-looking information or statements. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company.

Factors that could cause actual results or events to differ materially from current expectations include, among other things: insufficient working capital for the next twelve months which could result in delay, indefinite postponement or curtailment of the Chvaletice Manganese Project or the ability of the Company to continue as a going concern; lack of additional funding to continue operations as planned and failure to secure any grants, subsidies or other benefits from government programs; the inability to develop adequate processing capacity and production; the inability to secure sufficient offtake agreements; the inability to meet conditions under the Company's secured credit facility and risks related to granting security; risks and uncertainties related to the ability to obtain, amend, or maintain necessary licenses, or permits; risks related to acquisition of surface rights; the potential for unknown or unexpected events to cause contractual conditions to not be satisfied; risks and uncertainties related to the accuracy of mineral resource and reserve estimates; the price of HPEMM and HPMSM; total costs of production; and changes in project parameters as plans evolve . For the Bécancour Plant, factors include, among other things: assumptions in the scoping study not proving accurate over time and negatively affecting results; an inability to obtain financing, unanticipated operational difficulties including failure of the Bécancour Plant; cost escalation for reagents, labour, power and other cost increases; a delay or inability to obtain or maintain necessary licenses or permits; the potential for unknown or unexpected events to cause contractual conditions to not be satisfied; inability to complete the feasibility study or other technical studies or unexpected results; risks and uncertainties related to limited feedstock supply options; and the inability to secure offtake agreements.

Additional factors that could cause results or events to differ materially from current expectations include: execution risk; increase in competition, development in EV battery markets and chemistries; risks related to global epidemics or pandemics and other health crises; availability and productivity of skilled labour; risks and uncertainties related to interruptions in production; unforeseen technological and engineering problems; the adequacy of infrastructure; social unrest or war; the possibility that future results will not be consistent with the Company's expectations; risks related to fluctuations in currency exchange rates; changes in laws or regulations; and regulation by various governmental agencies and changes or deterioration in market and general economic conditions.

For a further discussion of risks relevant to the Company, see "Risk Factors" in the Company's annual information form for the year ended September 30, 2024, available on the Company's SEDAR+ profile at www.sedarplus.ca.

Although the forward-looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this MD&A.