



**Euro
Manganese
Inc.**

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

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1. Introduction

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

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

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

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

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

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

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

2. Overview

The Company was formed with the objective of acquiring, evaluating, developing and operating the Chvaletice Manganese Project located in the Czech Republic, a readily leachable manganese deposit hosted in historic mine tailings, in which the Company has a 100% ownership interest.

The Company's wholly-owned subsidiary, Mangan Chvaletice s.r.o. ("Mangan") holds two licences covering mineral exploration rights for the Chvaletice Manganese Project ("Licences"), which are both valid until May 31, 2023. In 2018, Mangan was also issued a Preliminary Mining Permit by the Czech Ministry of Environment, referred to by the Czech Ministry of Environment as the prior consent for the establishment of a Mining Lease District. The Preliminary Mining Permit, valid until April 30, 2023, represents one of the key steps towards final permitting for the Chvaletice Manganese Project, covers the areas included in the Licences, and secures Mangan's exploration rights for the entire deposit.

2. Overview (continued)

Based on the Preliminary Mining Permit and other documents, including the Environmental Impact Assessment ("EIA"), Mangan has until April 30, 2023, to apply for the establishment of the Mining Lease District covering the areas included in the Licences. The establishment of the Mining Lease District, the application for the final Mining Permit, and applications for permits relating to the construction of infrastructure and operation of a processing facility required for the Chvaletice Manganese Project, must be submitted and approved prior to any commercial extraction and processing activities at the Chvaletice Manganese Project. At present, Mangan does not hold surface rights to the Chvaletice Manganese Project area, which includes those parcels of land underlying and immediately surrounding the three tailings deposits which comprise the Chvaletice Manganese Project.

The area of interest for the Chvaletice Manganese Project overlies several privately-owned land parcels with surface rights. To date, Mangan has received the consent to conduct exploration activities and to access the site from the landowners whose surface properties underlie the tailings.

The Company is currently negotiating the acquisition of these surface rights, leases, rights of way, or other arrangements in additional areas where it intends to develop its operations, site facilities and infrastructure. There is no guarantee that areas needed for these activities and facilities will be secured. Mangan has, however, signed an option agreement giving it the right to acquire 100% of a company that owns a 19.94-hectare parcel of land intended to be the site of Mangan's ultra-high purity processing plant (section 6 of this MD&A).

On March 15, 2019, the Company filed a Technical Report having an effective date of January 29, 2019, prepared by Tetra Tech Canada Inc. ("Tetra Tech"), which reported an updated Mineral Resource estimate and the results of a Preliminary Economic Assessment ("PEA") for the Chvaletice Manganese Project (section 6 of this MD&A).

The Chvaletice Manganese Project is targeting production of ultra-high-purity electrolytic manganese metal ("HPEMM") with specifications exceeding 99.9% Mn and ultra-high-purity manganese sulphate monohydrate ("HPMSM") with a minimum manganese content of 32.34%, both of which exceed typical industry standards. These products will be selenium and chromium-free and are designed to contain very low levels of deleterious impurities. As such, the Company believes that the Chvaletice Manganese Project stands to become an important and environmentally-sustainable part of the international and European lithium-ion battery supply chains. The Company expects to become the only primary producer of high-purity manganese in the European Union, where 100% of manganese requirements are currently imported.

On March 11, 2020, the World Health Organization declared a global pandemic related to COVID-19. The impacts on the global economy and commerce were significant and are expected to continue in the future. The duration of the pandemic and its impact on global financial markets have impacted the Company's ability to access financing during the fiscal 2020.

The impact of the pandemic on the Company's operations also resulted in delays in the progress of the Chvaletice Manganese Project and immediate cost cutting measures were put in place. The Company was, however, in a phase of the project where most of the work could be conducted remotely. The Company had already completed four years of very extensive field work and studies on the Chvaletice Manganese Project site, well before such activities would have become difficult to impossible to perform due to the strict COVID-19 containment regulations in effect in the Czech Republic and Canada. As a result, on June 30, 2020, the Company filed the EIA Notification with the Czech Ministry of Environment which is a major step in the project permitting process. However, most aspects of the feasibility study were deferred pending additional financing which the Company raised following the period end (section 4 of this MD&A).

2. Overview (continued)

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

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

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

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

3. Financial and Project Highlights

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

- On November 18, 2020, the Company placed the order for the demonstration plant and resumed the confirmatory test work and various engineering studies for the feasibility study.
- On October 21, 2020, the Company announced a two-tranche brokered private placement of 1.9 million common shares and 58.1 million CDIs, at a price of \$0.19 per common share or AUD\$0.20 per CDI, respectively for aggregate gross proceeds of approximately \$11.4 million (the "Offering"). The first tranche of the Offering, comprised of 0.7 million common shares and 31.2 million CDIs for aggregate gross proceeds of approximately \$6.1 million, closed on October 28, 2020. The second tranche of the Offering, which comprised of 1.2 million common shares and 26.9 million CDIs for gross proceeds of approximately \$5.3 million, closed on December 16, 2020. Fees payable in cash by the Company in connection with the Offering consisted of 6% of the aggregate gross proceeds.

3. Financial and Project Highlights (continued)

- During the quarter ended September 30, 2020, the Company completed a two-tranche brokered private placement of 12.0 million common shares and 54.2 million CDIs, at a price of \$0.061 per Share or AUD\$0.065 per CDI, respectively for aggregate gross proceeds of \$4.04 million (the "Fourth Quarter Placement"). The first tranche of the Fourth Quarter Placement, comprised of 5.2 million common shares and 16.3 million CDIs for aggregate gross proceeds of \$1.3 million, closed on July 9, 2020. The second tranche, comprised of 6.8 million common shares and 37.9 million CDIs for aggregate gross proceeds of \$2.73 million, closed on August 25, 2020.
- During the quarter ended June 30, 2020, the Company completed a non-brokered private placement of 8.7 million common shares and 0.4 million CDIs, at a price of \$0.11 per Share or AUD\$0.13 per CDI, respectively for aggregate gross proceeds of \$1.0 million (the "Third Quarter Placement"). The Third Quarter Placement closed in two tranches with the first tranche for aggregate gross proceeds of \$0.5 million closing on April 6, 2020 and the second tranche for aggregate proceeds of \$0.5 million, closing on May 6, 2020.
- On March 31, 2020, Mangan received a significant positive environmental ruling under the European Union's Natura 2000 system of reserves and protected areas that determined the Project is not expected to cause adverse impacts on valuable and threatened species habitat.
- On March 30, 2020, Mangan's application for certain investment incentives was approved by the Czech Ministry of Industry and Trade. These investment incentives are in the form of Czech corporate income tax credits related to eligible Chvaletice Manganese Project assets to be acquired by Mangan. Based on eligible assets of approximately CZK 2.4 billion (approx. \$137 million), such tax credits would amount to approximately CZK 470.3 million (approx. \$27 million). These tax credits would be over and above the normal tax depreciation on such eligible assets and would be applied toward Czech corporate income taxes otherwise payable by Mangan on earnings generated by the Chvaletice Manganese Project.
- On March 2, 2020, the Company announced that feasibility study test work for the Chvaletice Manganese Project returned positive results. The Company reported that the magnetic separation test results verified those previously reported in the PEA with results of approximately 85% tMn (total manganese) recovery and a 15% tMn concentrate grade, supporting the viability of this important step in the proposed process flow sheet. Deep purification tests also verified previous test findings, with the successful removal of target product impurities. These tests have the ultimate objective of supporting and optimizing the Chvaletice Manganese Project's capability to deliver HPEMM and HPMSM.
- In December 2019 and January 2020, the Company entered into three offtake memorandums of understanding ("MoUs") with potential customers pursuant to which they will be allocated high-purity manganese products produced from the Chvaletice demonstration plant for testing and for initiating the supply chain qualification process. The above are in addition to two prior MOUs entered into by the Company. To date, approximately 55% of the demonstration plant's planned first year production of these products has been allocated to five OECD country customers for testing and qualification. These parties and their markets include: a) a global leading participant in the lithium-ion battery supply chain, for use in Nickel, Manganese, Cobalt ("NMC") cathodes; b) a company focused on large scale lithium-ion battery manufacturing, for use in NMC cathodes; c) a global chemicals and specialty materials company, for use in metal hydride for hybrid automobile anodes; and d) JFE Steel, a leading Japanese steel producer, for use in specialty steel applications. Upon successful completion of testing and evaluation by these parties and subject to a production decision being made based on the results of a feasibility study which is currently underway, the Company intends to work with these parties towards long-term commercial arrangements for the supply of HPEMM and/or HPMSM.
- On December 20, 2019, issued 1,200,000 common shares at \$0.25 per share in a non-brokered private placement. As of the date of this MD&A, 600,000 of these common shares remain subject to a contractual resale hold period which expires on September 1, 2021.

3. Financial and Project Highlights (continued)

- Appointed Bacchus Capital Advisers Limited ("BCA") as its lead strategic and financial adviser to deliver tactical and strategic advisory services, including assistance with offtake arrangements and financing, leveraging its extensive international investor and industry network.
- Selected BGRIMM Technology Group ("BGRIMM") as lead process plant engineer, who will be working closely with Tetra Tech, the Company's engineering representative for the feasibility study, and the Company's other consultants to complete a feasibility study in calendar 2021. While the test work and several engineering studies have resumed, the completion of the feasibility study remains subject to additional financing.
- Entered into a fixed-price, turnkey contract with Changsha Research Institute for Mining and Metallurgy ("CRIMM") for the supply and commissioning of a technology and equipment package for a demonstration plant, which includes performance guarantees, as well as commissioning services and an operator training program. While the demonstration plant has been ordered, its construction at site, commissioning and operation are subject to additional financing.

4. Outlook

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

HPEMM and HPMSM are critical components of Li-ion batteries and few sources of manganese are suitable for the sustainable and economic production of high-purity manganese products. As such, demand for high-purity manganese products is growing rapidly, fueled largely by the Li-ion and electric vehicle ("EV") markets, particularly in Europe where 100% of high-purity manganese products are imported. Further, the Company believes that the Chvalětice Manganese Project's location in the heart of Europe's fast growing EV production hub make it a European and globally strategic asset. Working closely with key global customers on product development and supply chain qualification, and based on the results of its pilot plant tests, the Company believes that it will be able to achieve its goal of producing ultra-high-purity manganese products that meet the demanding specification of these potential customers.

The Company has secured all of the land it requires for its processing plant site which is already zoned for industrial use, and has initiated the rezoning process for tailings land. Both adjoining municipalities have voted unanimously to proceed with the required land-use plan change after an intensive community consultation, which has been ongoing for several years with overwhelmingly positive feedback and valuable local resident Project planning and design input.

Additionally, the Company has experienced ongoing collaboration and support for the project at various levels of the Czech Government, who issued a key Preliminary Mining Permit in 2018, issued and then extended two exploration licences to 2023, approved the Company's application for some significant investment incentives by way of tax credits on eligible project expenditures, and, in March 2020, issued a ruling under European Union's Natura 2000 which determined that the Chvalětice Manganese Project is not expected to adversely impact endangered and protected species habitat.

4. Outlook (continued)

Environmental studies, planning and project permitting are highly advanced for the Chvaletice Manganese Project with extensive baseline and other environmental studies having been completed since 2017. The EIA Notification, which describes the project, is a significant milestone and initiates the EIA regulatory review process, was filed on June 30, 2020. The Notification has been accepted by the Ministry of Environment and the review process by several government ministries and agencies, as well as local municipalities, is currently underway. The Notification includes several expert independent studies which were distributed to various local and national authorities as well as three surrounding municipalities for comment. This could enable final permitting for the project in calendar 2022.

Once permitted and offtake agreements have been entered into with the Company's potential customers, along with the completion of a bankable feasibility study demonstrating both the economic and technical viability of the project, the Company expects to turn its attention to project financing in order to commence construction of the full-scale commercial Chvaletice process plant and related infrastructure. The Company believes that the capacity for project financing is likely to compare advantageously to the majority of mining projects given its safe jurisdiction, quality of potential offtake agreements that are possible in this industry, environmental benefits, and strategic position within the European battery supply chain. The project's debt capacity would be influenced by: the bankability of offtake agreements and any available price downside protection; government, Export Development Agency and European Union credit guarantees of debt; sponsorship by customers through advances, prepayments on offtake agreements and / or equity or debt contribution; and cost overrun protection provided by an Engineering Procurement Construction ("EPC") counterparty.

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

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

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

4. Outlook (continued)

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

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

The Company did not complete any additional transactions in the year ended September 30, 2020, other than the transactions described in section 3 of this MD&A. Significant transactions which occurred subsequent to year end are described in section 15 of this MD&A.

6. Review of Operations - Chvaletice Manganese Project

The Chvaletice Manganese Project is located in the Czech Republic, within the townships of Chvaletice and Trnavka, in the Labe River valley. The Czech capital city of Prague is located 90 kilometres to the west. The Chvaletice Manganese Project site is adjacent to established infrastructure, including an 820-megawatt coal-fired power station that supplies the Czech Republic's national grid, a railway line, a highway and a gas line. The surrounding region is industrialized and skilled labor is expected to be available from local labour markets.

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

Mineral Resource Estimate Update

In 2018, the Company conducted additional drilling at the Chvaletice Manganese Project. Final results of the drilling program were incorporated in the NI 43-101 technical report entitled "Technical Report and Preliminary Economic Assessment for the Chvaletice Manganese Project, Chvaletice, Czech Republic" ("Technical Report"), with an effective date of January 29, 2019, as prepared by Tetra Tech, released and filed on SEDAR on March 15, 2019. The Technical Report was prepared by Mr. James Barr, P. Geo, and Mr. Jianhui (John) Huang, Ph.D., P. Eng., Mr. Mark Horan, P. Eng., Mr. Hassan Ghaffari, P. Eng., and Mr. Chris Johns, P. Eng., all with Tetra Tech and all of whom are Qualified Persons under NI 43-101.

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

A summary of the mineral resource estimate for the Chvaletice Manganese Project included in the Technical Report is presented in the table below:

Tailings Cell #	Classification	Dry In-situ Bulk Density (t/m ³)	Volume (m ³)	Tonnage (metric tonnes)	Total Mn (%)	Soluble Mn (%)
#1	Measured	1.52	6,577,000	10,029,000	7.95	6.49
	Indicated	1.47	160,000	236,000	8.35	6.67
#2	Measured	1.53	7,990,000	12,201,000	6.79	5.42
	Indicated	1.55	123,000	189,000	7.22	5.30
#3	Measured	1.45	2,942,000	4,265,000	7.35	5.63
	Indicated	1.45	27,000	39,000	7.9	5.89
Total	Measured	1.51	17,509,000	26,496,000	7.32	5.86
	Indicated	1.50	309,000	464,000	7.85	6.05
Combined	Measured and Indicated	1.51	17,818,000	26,960,000	7.33	5.86

Note ⁽¹⁾: Numbers may not add exactly due to rounding.

Note ⁽²⁾: Mineral Resources do not have demonstrated economic viability but have reasonable prospects for eventual economic extraction. Indicated Resources have lower confidence than Measured Resources. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

Option Agreement and Other Land Acquisitions

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

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

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

- i. an instalment of CZK 42,000,000 (approximately \$2.42 million at September 30, 2020) ("Second Instalment"), within 60 days of final approval of the EIA for the Chvaletice Manganese Project, and no later than three years after signing the EPCS Option Agreement. The three-year term may be extended under certain circumstances by up to one year; and
- ii. a final payment of CZK 84,000,000 (approximately \$4.84 million at September 30, 2020) ("Final Payment"), due upon receipt of all development permits for the Chvaletice Manganese Project, and no later than five years after signing the EPCS Option Agreement.

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

The shares of EPCS are being held in escrow pending release of the Final Payment by the Company. To secure the transaction, liens have been placed by the Company on the property and shares of EPCS, while the EPCS Option Agreement is in effect. The vendor of EPCS will continue to operate its steel fabrication business until the Final Payment is received, will retain profits from the business and will remain responsible for any losses incurred by the business during the term of the EPCS Option Agreement. The Company will endeavour to retrain and transition as many of the EPCS employees as possible into the proposed Chvaletice Manganese Project's workforce.

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

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

- Purchase from Sev.en EC, a.s., the owner of the Chvaletice power plant, a 1,952 m² section of land encompassing Rail Spur no. 1, through which the proposed Chvaletice process plant will be serviced and connected to existing rail infrastructure. This acquisition, costing CZK 252,762 (approximately \$14,300) is particularly important for the Chvaletice Manganese Project, as it provides the Company with a second rail connection through the existing rail siding of the neighboring power plant. This is expected to provide greater logistical capacity and flexibility for the Project.
- Purchase from Sprava Nemovitosti Kirchdorfer CZ s.r.o. of a 49,971 m² parcel of land, including a rail spur extension that will provide additional room and flexibility for the Chvaletice commercial plant layout. The cost of the land is CZK 18,739,125 (approximately \$1.1 million) and is to be paid in five annual installments of approximately \$80,000, followed by the remaining balance of approximately \$700,000 in the final year.
- Lease from Galmet Trade, spol s.r.o. of a 3,504 m² right-of-way for a period of 30 years to allow the straightening of a proposed conveyor route. Annual rental will be CZK 60,000 (approximately \$3,000) and the Company will retain an option to purchase this land during 2020 and 2021.

PEA Results

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

The highlights of the PEA are as follows:

- Recycling of a 27 million tonne Measured and Indicated tailings resource (98.3% Measured) with a combined grade averaging 7.33% Mn, without the requirement of any hard rock mining, crushing or milling;
- 25-year project operating life producing 1.19 million tonnes of HPEMM, two-thirds of which is expected to be converted into HPMSM;
- Saleable product includes 404,100 tonnes of HPEMM and 2.35 million tonnes of HPMSM, focusing principally on Europe's rapidly emerging electric vehicle battery industry;
- Flexibility to supply either HPEMM or HPMSM, to suit customer preference;

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

- After tax NPV of US\$593 million and pre-tax NPV of US\$782 million, using a 10% real discount rate, and based on average life-of-project HPEMM (containing 99.9% Mn) price of US\$4,617/tonne and an average HPMSM (containing 32% Mn) price of US\$2,666/tonne (prices based on a market study prepared for the Company by CPM Group LLC);
- US\$404 million in pre-production capital, US\$24.8 million in sustaining capital, and US\$31 million in working capital, with an ungeared, pre-tax 25.2% IRR with a 4.5-year payback, and a post-tax 22.6% IRR with a 4.9-year payback;
- Targeting production of ultra-high-purity electrolytic manganese metal with specifications exceeding 99.9% Mn and ultra-high-purity manganese sulphate monohydrate with a minimum manganese content of 32.34%, which exceed typical industry standards;
- Access to excellent transportation, energy and community infrastructure. Proposed process plant site to be located in an industrially-zoned brownfield site, where a historical process plant generated the Chvaletice tailings;
- Exceptional green project credentials with the Project design meeting or exceeding all Czech and European health, safety and environmental standards, resulting in a significant remediation of the Chvaletice tailings site, arresting the ongoing pollution related to historical mining activities;
- Sophisticated, stable and business-friendly European Union jurisdiction that is highly supportive of new and, especially, green investment; and
- Opportunities exist to enhance returns through process optimization initiatives and various investment incentives that may be available through the Czech Republic and European Union.

Feasibility Study and Environmental Impact Assessment

In 2019, the Company appointed Tetra Tech as the owner's engineering representative for the feasibility study, responsible for overseeing the consultants and service providers in connection with the feasibility study, and for the preparation of the NI 43-101/JORC feasibility study report for the Chvaletice Manganese Project. The Company also appointed BGRIMM as the lead process plant engineer, who will be working closely with Tetra Tech and the Company's other consultants. Together, these firms will conduct the excavation design, process plant design, tailings/residue storage facility design, and other related studies for the project and compile the necessary feasibility study inputs as required in the preparation of the NI43-101/JORC compliant report. Due to shutdowns and travel restrictions resulting from the COVID-19 pandemic, most work on the feasibility study engineering and laboratory test work in China for the feasibility study was curtailed for approximately six months. Following the completion of the first tranche of the Offering in October 2020, the Company resumed work on the feasibility study. Subject to additional financing, the completion of the feasibility study is now expected by the end of calendar 2021.

The EIA for the Chvaletice Manganese Project is conducted in two stages: Stage 1 – the Project Description/ Notification which was filed on June 30, 2020, and Stage 2 – the Final EIA, which is expected to be submitted in the second half of 2021. The Project Description/Notification, which was filed with the Czech Ministry of the Environment, included a description of: the manganese production process and resulting environmental footprint; results of baseline and other studies conducted to date; health, safety and environmental management plans; impact assessment, impact mitigation and avoidance plans and measures; socio-economic impacts on local communities; and reclamation plans and objectives. The studies indicate that, on balance, this Chvaletice Manganese Project is positive on the environment, local residents and the Czech Republic. A key associated benefit of the Chvaletice Manganese Project is that it will result in the rehabilitation, restoration and reclamation of a polluted site through the implementation of the highest environmental standards and engineering practices.

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

The Project Description is available to local communities, residents, organizations and regulators, during a public comment and consultation period. The Project Description and the input and comments received, as well as any requirements for changes, will serve as the basis of further environmental studies, if required, and will form the basis for the second stage of the environmental permitting process, in the form of a Final EIA. Subject to financing, the Company expects the completion of the EIA documentation to be submitted to the Czech Ministry of the Environment in calendar 2021.

High Purity Manganese Market Overview

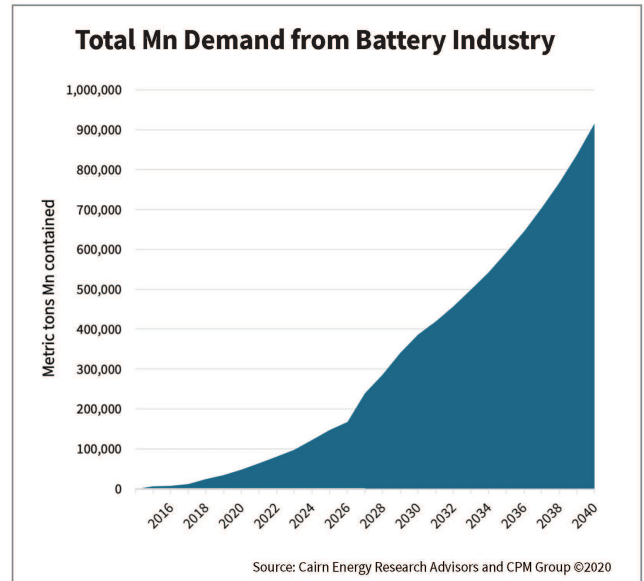
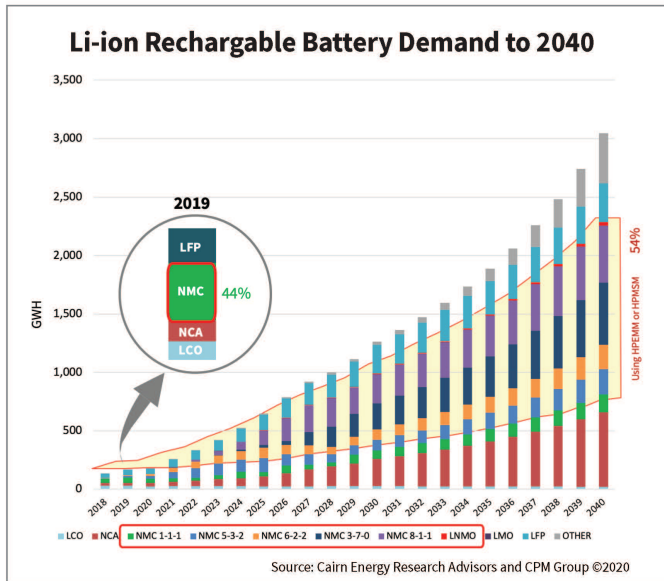
In connection with the preparation of the PEA, the Company commissioned the independent research and consultancy firm of CPM Group LLC ("CPM Group") to provide an HPEMM and HPMSM (collectively described as "High Purity Manganese" or "HPM") product market outlook study for the Chvaletice Manganese Project. The CPM Group prepared a comprehensive market research report and provided an extended executive summary of the market information for high purity manganese products, including market demand and supply and projected HPEMM and HPMSM prices. Cairn Energy Research Advisors ("Cairn ERA") contributed technical and battery industry inputs to the CPM Group report. The extended executive summary of the CPM market outlook entitled "Market Outlook for High-Purity Electrolytic Manganese Metal and High-Purity Manganese Sulfate Monohydrate" is reproduced in Section 19 of the Technical Report. HPM demand figures were updated by Cairn ERA and CPM Group in January 2020.

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

As a result, demand for high purity manganese is growing rapidly around the world, driven by the growth of the electric vehicle and Li-ion battery industry. However, only a small proportion of manganese ores can feasibly and sustainably be used for the specialty, high end applications. A critical factor is availability of the right quality ore in the right location. Carbonate ores, which are rare, are preferred for high purity manganese, although oxides can be used after roasting or chemical treatment, resulting in a higher cost to process sustainably, increasing more energy intensive and/or less environmentally friendly.

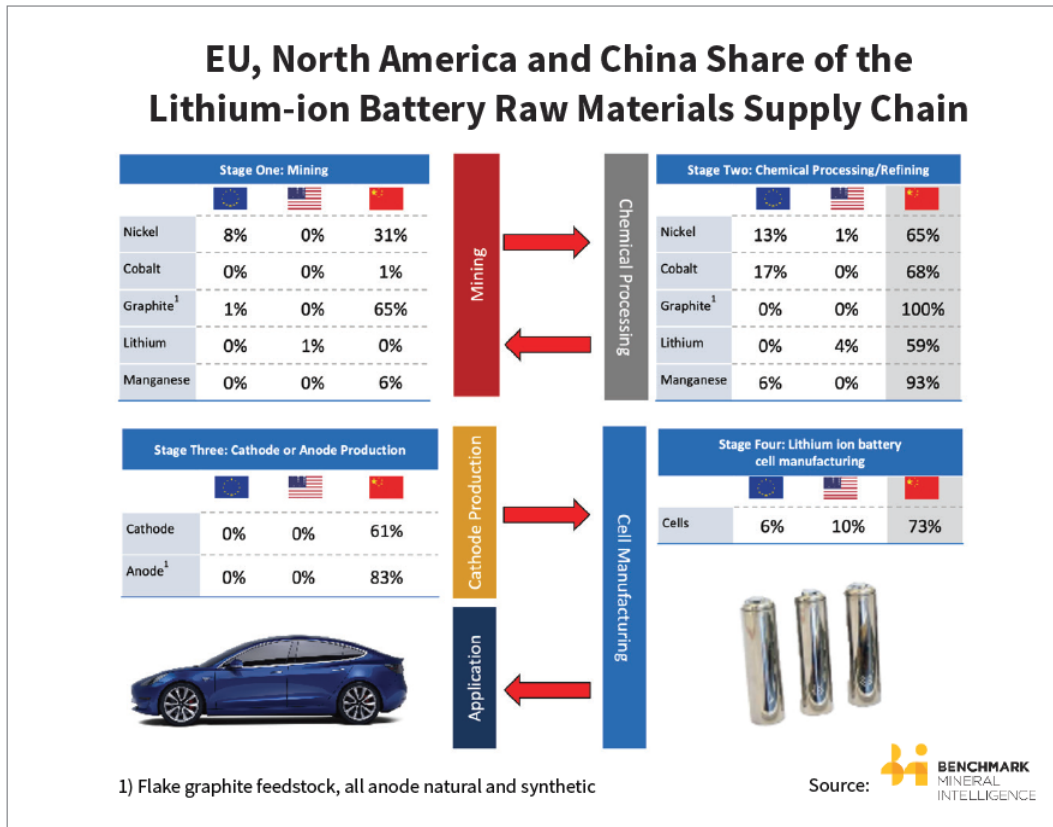
In 2020, Cairn ERA updated its forecast of total rechargeable (or secondary) Li-ion battery demand as expected to grow 23-fold between 2018 and 2040, representing a cumulative annual growth rate ("CAGR") of 15%, and demand for high-purity manganese for batteries is forecast to grow 42-fold between 2018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

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



Benchmark Mineral Intelligence reported that for 2019, China produced only 6% of the global supply of manganese ore for cathode, battery cell or EV production, relying on primary producers such as South Africa, Australia and Gabon. Conversely, China produces 93% of the world's high-purity manganese chemicals used to produce lithium ion batteries. Not all manganese ore can be used to produce the manganese sulphate monohydrate used in lithium ion battery cathodes, and it is this manganese chemical refining step in the supply chain where China has the significant advantage with ~93% of production in 2019. In discussions with prospective customers, the Company has learned that they are increasingly interested in diversifying their strategic raw material sourcing, and wish to promote the creation of independent, local supply chains, particularly in regions such as Europe, where the automobile manufacturing industry employs over 14 million people directly and indirectly and where the automotive companies have made strong commitments to the electrification of their fleets.

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



CPM Group reports that Europe is expected to play an important part in the ‘electric vehicle revolution’ with nine battery and battery precursor factories, with no fewer than twelve electric car factories already under construction or announced recently. Europe is expected to become the second most important centre (after China) of the global electric car and battery industries. Europe is currently expected to have 23 battery cell gigafactories (>1GWh/annum of battery production) in operation by 2023, with more to come later. At least ten of these factories that consume manganese inputs are or will be located between 200 km and 500 km of the Chvaletice Manganese Project as shown below:

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



The CPM Group also forecasts that the entire planned output of the Chvaletice Manganese Project can be consumed by the growing lithium-battery sector in Europe. Local supply chains are being built in Europe and apart from the convenient logistics, companies located within the European single market benefit from frictionless trading and additional benefits (e.g. imported manganese sulphate monohydrate is currently subject to a 5% EU import tariff).

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

Commercial and Demonstration Plant Progress Update

Several prospective customers have expressed interest in procuring high-purity manganese products from the Chvaletice Manganese Project, and in testing and qualifying the products of the proposed Chvaletice demonstration plant. These parties have included manufacturers of electric vehicle batteries and related chemicals, who aim to design precursor and cathode formulations, in combination with available nickel, cobalt and lithium products, and chemical, aluminum and steel companies, as well as electric vehicle manufacturers.

During calendar 2019, the Company completed planning and design for the construction and commissioning of a demonstration plant in the Czech Republic in order to provide bulk, multi-tonne finished product samples for customer evaluation. The plant is intended to replicate the entire process flowsheet proposed in the PEA and to produce the equivalent of 100kg per day of manganese sulphate monohydrate.

The demonstration plant will also enable process optimization and testing for final product development and serve as a testing and training facility for future operators. In December 2019, the Company entered into a fixed-price, turnkey contract with CRIMM for the supply and commissioning of a technology, equipment package for the demonstration plant, which includes performance guarantees, as well as commissioning services and an operator training program. The Company estimates that the cost, including fabrication, delivery, commissioning, laboratory set-up and an operator training program, as well as the cost of operation for one year, will be approximately US\$5 million (\$7.0 million).

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

To the date of this MD&A, approximately 55% of the demonstration plant's planned first year production of these products has been allocated to several customers for testing and qualification. These parties and their markets include: a global leading participant in the lithium-ion battery supply chain, for use in NMC cathodes; a company focused on large scale lithium-ion battery manufacturing, for use in NMC cathodes; a global chemicals and specialty materials company, for use in metal hydride for hybrid automobile anodes; and JFE Corporation, a leading Japanese steel producer, for use in specialty steel applications.

Upon successful completion of testing and evaluation by these parties, and subject to a production decision being made based on the results of a feasibility study, the Company intends to work towards establishing long-term commercial offtake arrangements for the supply of its high purity manganese products. However, given that the Chvaletice Manganese Project is still in the evaluation stage, and still requires financing and permits, there can be no assurance that these discussions will lead to offtake agreements or commercial or strategic relationships in the near term, if at all.

The Company continues to hold active discussions and negotiations with several consumers of high-purity manganese products, which include battery, chemical and automobile manufacturers, in Asia, Europe and North America, and expects to allocate the remainder of the demonstration plant's initial year of production in the near term.

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

Environmental, Social and Governance Performance

The Company seeks to maintain a safe and secure working environment for all of its employees, contractors and consultants, and recognizes the critical importance of operating in a sustainable manner. The Company has adopted a Code of Ethics and Business Conduct (the "Code"), setting out the standards which guide the conduct of its business and the behavior of its directors, officers, employees and consultants. All new employees must read and commit to abide by the Code. The Code, among other things, sets out standards in areas relating to the Company's: commitment to health and safety in its business operations; compliance with applicable occupational health and safety laws and regulations; promoting and providing a work environment in which individuals are treated with respect, and is free of all forms of discrimination and abusive and harassing conduct; providing employees with equal opportunity; and ethical and transparent business conduct and legal compliance. The Company is also committed to gender pay parity.

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

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

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

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

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

7. Annual Financial Review

	Years ended September 30,		
	2020	2019	2018
(expressed in thousands of Canadian dollars, except per share data)	\$	\$	\$
Revenue	—	—	—
Chvaletice Project evaluation expenses	3,199	4,947	4,590
Other expenses	3,178	3,370	1,943
Net loss for the year attributable to shareholders	6,377	8,317	6,533
Basic and diluted loss per share attributable to shareholders ⁽¹⁾	\$0.03	\$0.05	\$0.06
	As at September 30,		
	2020	2019	2018
	\$	\$	\$
Cash	2,731	4,085	10,368
Total assets ⁽²⁾	5,808	6,909	12,273
Non-current financial liabilities ⁽²⁾	—	—	241

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

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

7. Annual Financial Review (continued)

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

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

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

7. Annual Financial Review (continued)

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

Engineering, remuneration, geological and metallurgical costs for the year ended September 30, 2020, represent approximately 85% (year ended September 30, 2019 - 74%) of the total project evaluation costs. In the current period, these project evaluation costs related to the completion of the EIA Notification, the advancement of the feasibility study and the planning and studies for the demonstration plant. In the comparative period, such costs related to activities supporting the completion of the PEA, including: a tailings/residue facility design study; studies related to test work, process and infrastructure design; the initiation of a wide range of bench and pilot scale tests and investigations to determine the optimum process to recover manganese to produce HPEMM and HPMSM; scoping and pre-feasibility-level process design studies; evaluating plant and site infrastructure layout alternatives; developing preliminary capital and operating cost estimates; planning and carrying out extensive environmental studies; and conducting widespread community consultations.

The \$192,658 decrease in other expenses for the year ended September 30, 2020, over the same period in 2019, is mainly attributable to: a \$505,082 decrease in total remuneration due to: a lower non-cash share based compensation expense and a \$283,159 decrease in remuneration resulting from temporary layoffs of employees in the corporate office in Canada and other cutting measures. Additionally, travel and investor relations expenses decreased by \$189,488 and a \$47,015, respectively, due to COVID-19 restrictions and fewer investor related events; and there was a \$53,108 decrease in office rent following the adoption of a new accounting standard on leases which also resulted in an increase in non-cash accretion expense of \$41,970. These decreases in costs were partially offset by increases of \$314,121 in legal and professional fees and \$248,708 in product sales and marketing costs related mainly to the appointment of a financial adviser that is also contributing to the financing efforts, negotiations of memoranda of understanding ("MoUs) with potential customers and the global partner search process. Higher filing and compliance fees of \$34,499 reflect the listing fees for the three private placements completed during fiscal 2020.

8. Quarterly Financial Review

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

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

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

Summary of major variations in quarterly financial activities:

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

- The quarter ended December 31, 2018 reflects the costs incurred in connection with the PEA for the Chvaletice Manganese Project, which was completed in January 2019. The work primarily included various engineering, sampling and surveys, metallurgical test work and studies, geological studies, market studies, process and infrastructure design studies, extensive environmental studies and engineering and other consultant fees.
- In the six most recent quarters, the Company incurred project evaluation costs related to the commissioning of studies for the demonstration plant, the initiation of the planning stage of the feasibility study, and the advancement of the work on the EIA. The EIA Notification was filed at the end of the quarter ended June 30, 2020. The quarters ended June 30, 2020, and September 30, 2020, were impacted by COVID-19 pandemic causing delays and deferrals of feasibility study work and significant cost cutting measures.

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

- Increased remuneration beginning in the quarter ended December 31, 2018, due to a higher number of full-time employees. These costs also comprise increased non-cash share-based compensation related to option grants to directors, management and employees.
- Increased investor relations and travel costs following the Company listing on the ASX and TSX-V in October 2018, continuous financing efforts and ongoing negotiations with potential customers.
- Additional legal and professional costs resulting from the Company being a publicly listed entity from October 2, 2018, and costs relating to on-going negotiations of land purchases.
- Increased insurance costs as a result of the public listing.

8. Quarterly Financial Review (continued)

- Other expenses for the quarter ended March 31, 2020 are higher than the prior two quarters, as a result of increased professional fees resulting from the hiring of a financial adviser, increased investor relations, and increased product sales and marketing expenses relating to the MoUs signed by the Company.
- The most recent quarter was impacted by the COVID-19 pandemic, which resulted in significant cost cutting measures, including temporary salary adjustments, re-negotiations, cancellations or interruptions of contracts and restricted travel.

8. Quarterly Financial Review (continued)

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

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

8. Quarterly Financial Review (continued)

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

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

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

9. Liquidity and Capital Resources

As at September 30, 2020, the Company held cash of approximately \$2.7 million. Cash is held with reputable financial institutions and is invested in high-quality, highly liquid short-term investments with maturities of three months or less. The funds are not exposed to significant liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Cash decreased by \$1.4 million during the year ended September 30, 2020, primarily due to cash used in operating activities of \$5.8 million, partially offset by \$4.5 million generated from financing activities from the completion of the private Placements completed in fiscal 2020. Working capital decreased by \$0.3 million during the year ended September 30, 2020, from \$3.2 million to \$2.9 million. The proceeds from the Third and Fourth Quarter Placements were used mainly for working capital needs and to complete and file the EIA Notification.

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

9. Liquidity and Capital Resources (continued)

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

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

As an early stage corporation, the Company does not own any properties with established Mineral Reserves and has no operating revenues and is unable to self-finance its operations. Accordingly, barring a transaction resulting from the partner search process referred to above, the main source of future funds presently available to the Company is through the issuance of share capital. Additional funding will also be required for the potential future construction of infrastructure and facilities for the Chvaletice Manganese Project. The ability of the Company to arrange such equity financings will depend principally upon prevailing market conditions, the business performance of the Company, and other factors such as further disruptions resulting from an extended duration of the COVID-19 pandemic. Such funding may not be available when needed, if at all, or be available on terms favourable to the Company and its shareholders. Failure to obtain such additional financing could result in a delay, indefinite postponement or curtailment of further evaluation and development of the Company's principal property.

10. Off Balance Sheet Arrangements

As at September 30, 2020, there are no off-balance sheet arrangements which could have a material impact on current or future results of operations or the financial condition of the Company.

11. Related Party Transactions

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

At September 30, 2020, key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole, and consisted of the Company's directors and officers, including its non-executive Chairman, President and Chief Executive Officer, Managing Director of Mangan, Chief Financial Officer and Vice President, Corporate Development and Corporate Secretary.

11. Related Party Transactions (continued)

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

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

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

12. Contractual Commitments

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

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

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

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

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

⁽²⁾ Operating expenditure commitments relate to the evaluation work on the Chvaletice Project, mainly the feasibility study.

12. Contractual Commitments (continued)

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

13. Outstanding Share Data

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

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

14. Proposed Transactions

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

15. Events after the Reporting Period

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

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

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

16. Significant Accounting Policies, Estimates and Judgments

Basis of preparation and accounting policies

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

Critical accounting estimates and judgments

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

17. Financial Instruments and Financial Risk Management

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

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

Disclosure Controls and Procedures

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

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

Internal Controls Over Financial Reporting

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

18. Internal Controls over Financial Reporting and Disclosure Controls and Procedures (continued)

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

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

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

19. Forward-Looking Statements and Risks Notice

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes forward-looking statements or forward-looking information. Forward-looking statements or information typically include words and phrases about the future, such as: "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "will likely result", "are expected to", "will continue", "is anticipated", "believes", "estimated", "intends", "plans", "projection", "outlook" and similar expressions. These statements involve known and unknown risks, assumptions, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes there is a reasonable basis for the expectations reflected in the forward-looking statements, however no assurance can be given that these expectations will prove to be correct and the forward-looking statements included herein should not be unduly relied upon.

All of the results of the PEA constitute forward-looking information or statements, including estimates of internal rates of return, payback periods, net present values, future production, estimates of cash cost, assumed long term prices for HPEMM and HPMSM, proposed extraction plans and methods, operating life estimates, cash flow forecasts, metal recoveries and estimates of capital and operating costs. Furthermore, with respect to this specific forward-looking information concerning the development of the Chvalětice Manganese Project, the Company has based its assumptions and analysis on certain factors that are inherently uncertain. Uncertainties include among others: (i) the adequacy of infrastructure; (ii) the ability to develop adequate processing capacity; (iii) the price of HPEMM and HPMSM; (iv) the availability of equipment and facilities necessary to complete development; (v) the size of future processing plants and future tailings extraction rates; (vi) the cost of consumables and extraction and processing equipment; (vii) unforeseen technological and engineering problems; (viii) currency fluctuations; (ix) changes in laws or regulations; (x) the availability and productivity of skilled labour; and (xi) the regulation of the mining industry by various governmental agencies.

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

Such forward-looking information or statements also include, without limitation, statements regarding the Company's intentions regarding the Chvaletice Manganese Project in the Czech Republic, including without limitation, the continued evaluation and development of the Chvaletice Manganese Project, the completion of a feasibility study, the building of the demonstration plant in the Czech Republic, the Company's ability to secure additional financing and/or a strategic partner for the ongoing development of the Chvaletice Manganese Project, its ability to acquire the remaining land or surface rights needed for the Chvaletice Manganese Project, the filing of an EIA and related permit applications with the Czech regulatory agencies and local communities, the growth and development of the high purity manganese products market, the expectations regarding the effects of the COVID-19 pandemic and any other matters relating to the evaluation, planning and development of the Chvaletice Manganese Project.

The Company also cautions readers that the PEA on the Chvaletice Manganese Project that supports the technical feasibility or economic viability of the Chvaletice Manganese Project, including the marketability of the high-purity manganese products, extraction method, costs, processing, metal recoveries and any other technical aspects related to the Chvaletice Manganese Project, is preliminary in nature and there is no certainty that the PEA will be realized.

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

The Company is engaged in the evaluation, exploration and development of mineral projects which, by their nature, are speculative. Accordingly, the Company is subject to risks associated with its industry and business, including but not limited to: risks inherent in the mineral exploration and evaluation and mineral extraction business; commodity price fluctuations; competition for mineral properties; mineral resources and reserves and recovery estimates; currency fluctuations; interest rate risk; financing risk; environmental risk; country risk; permitting risk; political risk; legal proceedings; and numerous other risks. A summary of the risks relating to the business of the Company and industry-related risks, and risks relating to the Company's Shares is included in the Company's Annual Information Form dated December 16, 2020, filed on SEDAR at www.sedar.com under the Company's profile. Additional risks associated with the COVID-19 global pandemic are discussed in section 2 of this MD&A.

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