Euro Manganese Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED DECEMBER 31, 2018

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1. Introduction

The Company's principal business and current focus is the evaluation and potential development of the Chvaletice Manganese Project, which involves the re-processing of a manganese deposit hosted in historic mine tailings in the Czech Republic.

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Euro Manganese Inc. ("EMI" or "the Company"), prepared as of February 11, 2019, supplements, but does not form part of the Company's unaudited condensed consolidated interim financial statements for the three months ended December 31, 2018, and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*.

Additional information relating to the Company, including the Annual Information Form for the year ended September 30, 2018, is available on SEDAR at www.sedar.com, and on the Company's website www.mn25.ca.

All dollar amounts contained in this MD&A are expressed in Canadian dollars and tabular amounts are expressed in thousands of Canadian dollars, unless otherwise indicated. Further, all common share ("Shares") and per Share amounts in this MD&A have been adjusted to reflect the subdivision of Shares on a one-for-five basis, as approved at the Annual General Meeting of the Company on March 20, 2018 (the "Share Split").

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

2. 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 Preliminary Economic Assessment ("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 high-purity electronic manganese metal ("HPEMM") and high-purity manganese sulphate monohydrate ("HPMSM"), proposed extraction plans and methods, operating life estimates, cash flow forecasts, metal recoveries and estimates of capital and operating costs. Furthermore, with respect to this specific forward-looking information concerning the development of the Project, the Company has based its assumptions and analysis on certain factors that are inherently uncertain. Uncertainties include among others: (i) the adequacy of infrastructure; (ii) the ability to develop adequate processing capacity; (iii) the price of HPEMM and HPMSM; (iv) the availability of equipment and facilities necessary to complete development; (v) the size of future processing plants and future tailings extraction rates; (vi) the cost of consumables and extraction and processing equipment; (vii) unforeseen technological and engineering problems; (viii) currency fluctuations; (ix) changes in laws or regulations; (x) the availability and productivity of skilled labour; and (xi) the regulation of the mining industry by various governmental agencies.

2. 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 Project in the Czech Republic, including without limitation, the continued evaluation and development of the Project, the initiating of a feasibility study, the building of the demonstration plant in the Czech Republic, the filing of a environmental impact assessment, related permit applications and a formal project description with the Czech regulatory agencies and local communities, the growth and development of the high purity manganese products market and any other matters relating to the exploration and development of the Project. The Company also cautions readers that the PEA on the Project that supports the technical feasibility or economic viability of the Project, including the marketability of the high-purity manganese products, extraction method, costs, processing, metal recoveries and any other technical aspects related to the Project, is preliminary in nature and there is no certainty that the PEA will be realized.

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

The Company is engaged in the evaluation, exploration and development of mineral projects which, by their nature, are speculative. Accordingly, the Company is subject to risks associated with its industry and business, including but not limited to: risks inherent in the mineral exploration and evaluation and mineral extraction business; commodity price fluctuations; competition for mineral properties; mineral resources and reserves and recovery estimates; currency fluctuations; interest rate risk; financing risk; environmental risk; country risk; permitting risk; political risk; legal proceedings; and numerous other risks. A summary of the risks relating to the business of the Company and industry-related risks, and risks relating to the Company's Shares is included in the Company's Annual Information Form dated December 10, 2018, filed on SEDAR at www.sedar.com under the Company's profile.

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.

3. Overview

The Company 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 was formed with the objective of acquiring, evaluating, developing and operating the Chvaletice Manganese Project, a manganese deposit hosted in historic mine tailings, in which the Company has a 100% ownership interest, and which is located in the Czech Republic. 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"). The original exploration licence was transferred to Mangan effective January 28, 2015, and was valid until September 30, 2019. On December 4, 2018, this licence was extended until May 31, 2023. On May 4, 2018, the Czech Ministry of Environment issued Mangan an additional exploration licence, valid until May 31, 2023, allowing it to drill the slopes on the perimeter of the tailings piles. On April 17, 2018, with effect from April 28, 2018, Mangan was also issued a Preliminary Mining Permit by the Ministry of Environment, referred to by the Ministry of Environment as the prior consent with the establishment of the Mining Lease District. The Preliminary Mining Permit, valid until April 30, 2023, covers the areas included in the Licences and now secures Mangan's exploration rights for the entire deposit.

The Preliminary Mining Permit forms one of the prerequisites for the application for the establishment of the Mining Lease District and represents one of the key steps towards final permitting for the project. Based on the Preliminary Mining Permit and other documents, including the Environmental Impact Assessment (which may only commence after the Preliminary Mining Permit is issued), 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 required for the project, are required prior to mining 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 land owners whose surface properties underlie the tailings. Additionally, Mangan has signed an option agreement giving it the right to acquire 100% of a company that owns a 19.94-hectare parcel of land intended to be the site of Mangan's ultra-high purity processing plant (section 6 of this MD&A). In the future, the Company expects to negotiate the acquisition of 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.

During the quarter ended December 31, 2018, the Company reported an upgraded Mineral Resource Estimate and on January 30, 2019, the Company reported the results of a PEA for the Chvaletice Manganese Project (section 6 of this MD&A). The main activities required for the Chvaletice Manganese Project's full development will incorporate several phases in order to support the construction of a new plant capable of producing HPEMM using a conventional, proven, selenium-free process as well as HPMSM, focusing principally on Europe's rapidly emerging electric vehicle battery industry. The phases include the completion in late 2019 of a feasibility study incorporating the design of processing facilities and infrastructure, the concurrent submission of permit applications that will require further environmental investigations, and HPEMM and/or HPMSM market development.

4. Financial and Project Highlights

The following are a summary of the Company's highlights during the three months ended December 31, 2018, and to the date of this MD&A:

- Reported the results of the Preliminary Economic Analysis ("PEA") on January 30, 2019, for the Chvaletice Manganese Project supporting a 25-year project life with strong economics of after tax net present value ("NPV") of US$593 million at 10% discount rate and 22.6% IRR and pre-tax NPV of US$782 million at 10% real discount rate and 25.2% IRR.

4. Financial and Project Highlights (continued)

- Upgraded the 27 million tonne Mineral Resource Estimate on December 12, 2018, from Indicated and Inferred Mineral Resource categories to Measured and Indicated Mineral Resource categories (98.3% Measured Mineral Reource), having a combined grade averaging 7.33% Mn, and filed an updated NI 43-101 Mineral Resource Estimate for the Chvaletice Manganese Project on SEDAR on January 28, 2019.

- Obtained extension of the exploration licence on December 4, 2018, until May 31, 2023, securing the Company's exploration rights for the entire deposit which is also covered by the Preliminary Mining Permit issued by the Czech Ministry of Environment and valid until April 30, 2023.

- Made the first option payment of 14 million Czech Korunas ($815,000) on October 17, 2018, through the Czech subsidiary Mangan, to acquire 100% of the equity of EP Chvaletice s.r.o. ("EPCS"), a company that owns 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.

- Completed an extensive series of laboratory investigations in one of China’s leading metallurgical research and development institutes and in several other laboratories around the world, to determine the optimum process to convert the manganese in the Chvaletice tailings into HPEMM and/or HPMSM, while meeting the safety and environmental standards of the Czech Republic and European Union.

- Completed the Initial Public Offering ("IPO") on the TSX-V ("Canadian Offering") and raised $2,500,000 on October 2, 2018, for the continued evaluation of the Chvaletice Manganese Project and the Company's shares and CHESS Depository Interests ("CDIs") started trading on the TSX Venture Exchange ("TSX-V") and the Australian Securities Exchange ("ASX"), respectively, on October 2, 2018, under the symbol "EMN".

5. Significant Transaction During the Three Months Ended December 31, 2018

Following the completion of the Australian IPO on September 28, 2018, raising gross proceeds of AUD$6,500,000 ($6,066,342), the Company completed the Canadian IPO on October 2, 2018, raising additional gross proceeds of $2,500,000. Pursuant to an engagement letter with Canadian Agent, fees payable included a corporate finance fee of $70,000, plus 6% of the aggregate gross IPO proceeds in excess of $1,500,000, payable 1% or $10,000 in cash and 5% in fully paid Shares (200,000 Shares valued at $50,000), and warrants entitling agent to purchase 10% of the Shares issued in excess of 6,000,000 Shares (400,000 Shares) at an exercise price of $0.375 per share for a period of 36 months from the date of issue (the “Canadian Agent’s Warrant”).

The expenses related to the Canadian IPO, including the $10,000 cash fee, the $50,000 value attributed to the 200,000 Shares and the $48,890 value attributed to the Canadian Agent's Warrants were applied against the gross proceeds. Upon completion of the Canadian IPO, on October 2, 2018, the Company’s CDIs and Shares commenced trading on the ASX and TSX-V, respectively, under the Symbol “EMN”.

Pursuant to the option agreement to acquire 100% equity of EPCS, the Company made the first option payment of 14 million Czech Korunas ($815,000) on October 17, 2018, through the Czech subsidiary Mangan. EPCS owns 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.

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 markets.

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

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 drilling at the Chvaletice Manganese Project, designed to upgrade the confidence level of the Mineral Resource estimate that was dated April 27, 2018. A total of 80 holes were drilled, totalling 1,510 metres in length, comprising: 54 Sonic drill holes totalling 1410 metres, consisting of 35 vertical holes, totalling 661 metres, and 19 inclined holes, totalling 749 metres (focused on sampling the embankment of the tailings piles, which was largely classified as an inferred resource following the 2017 drill program, as it could not be accessed using vertical drill holes); and 26 hand-auger holes, totalling 100 metres. A total of 767 samples were sent for assaying and various other tests. An additional 63 samples were sent for analysis, as part of a comprehensive quality assurance/quality control program, that included blind insertion of duplicates, blanks and standards, as well as independent check assays.

Final results were received in November 2018 and were incorporated in an updated NI 43:101 technical report entitled "Technical Report and Mineral Resource Estimate for the Chvaletice Manganese Project, Chvaletice, Czech Republic" ("Chvaletice Technical Report") effective as of December 8, 2018, and released on January 28, 2019. The Chvaletice Technical Report was prepared by Mr. James Barr, P. Geo, Senior Geologist, and Mr. Jianhui (John) Huang, Ph.D., P. Eng., Senior Metallurgical Engineer, both with Tetra Tech Canada Inc. ("Tetra Tech"), both of which are Qualified Persons under NI 43-101.

A summary of the Mineral Resource Estimate per the Chvaletice 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.

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

Option Agreement

On August 13, 2018, following completion of legal and financial diligence, the Company, through its subsidiary, 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 and immediately adjacent to the Chvaletice power plant and 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 140 million Korunas payable in three cash instalments, the first of which was paid on October 17, 2018, in the amount of 14 million Czech Korunas (approx. CAD$815,000). The Company can complete the acquisition of EPCS by making two additional instalments aggregating 126 million Korunas (approx. CAD$7.32 million) as follows:

i. an instalment of 42,000,000 Czech Koruna (approx. CAD$2.44 million) ("Second Instalment"), within 60 days of final approval of the environmental impact assessment 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 84,000,000 Czech Koruna (approx. CAD$4.88 million) ("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.

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 into the proposed Chvaletice Manganese Project's workforce as many of the EPCS employees as possible.

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 highlights of the PEA are as follows:

- Recycling of a 27 million tonnes 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);

- $404 million in pre-production capital, $24.8 million in sustaining capital, and $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;

- Exceptional green project credentials with the Project design meeting or exceeding all Czech and European health, safety and environmental standards, and to remediate the Chvaletice tailings to arresting the ongoing pollution related to historical tailings mining activities;

- Access to excellent transportation, energy and community infrastructure. Proposed process plant site to be located in an industrially-zoned brownfields site, where a historical process plant generated the Chvaletice tailings;

- 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.

The next steps planned for the Chvaletice Manganese Project are the construction and commissioning of a demonstration plant in 2019 to produce multi-tonne, high-purity manganese product samples for customer testing and qualification, in conjunction with ongoing studies leading to completion of a feasibility study and submission of permit applications that will require further environmental investigations.

7. Outlook

During the fiscal year 2019, the Company intends to complete the ongoing environmental scoping and baseline studies, hydrogeological studies and, having been issued its Preliminary Mining Permit in April 2018, complete the related planning for, and initiate an Environmental Impact Assessment for the Chvaletice Manganese Project. The Company also intends to build and commission a demonstration plant to produce product samples for customer testing and qualification, the result of which will be incorporated into the planned feasibility study.

Discussions with leading Asian, European and North American importers of high-purity manganese products are ongoing. The discussions have centered around the possibility of the Chvaletice Manganese Project's future production providing a competitive and reliable long-term supply of HPEMM and/or HPMSM. However, given that the Chvaletice Manganese Project is still in the exploration and evaluation stage, there can be no assurance that these discussions will lead to offtake agreements, or strategic partnerships in the near term, if at all.

Additional funding will be required for further evaluation and development work including the completion of feasibility studies, environmental studies, permitting, as well as the potential future construction of infrastructure and facilities for the Chvaletice Project. The ability of the Company to arrange such equity or other financing in the future will depend principally upon prevailing market conditions and the performance of the Company. Such additional funding may not be available when needed, if at all, or be available on terms favorable to the Company. Failure to obtain such additional financing could result in delay or indefinite postponement of further evaluation and development of the Company’s principal property and could result in material adjustments to the carrying values of assets.

8. Select Quarterly Financial Information

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:

	Oct to Dec'18	July to Sept'18	April to June'18	Jan to March'18	Oct to Dec'17	July to Sept'17	April to June'17	Jan to March'17
	$	$	$	$	$	$	$	$
Cash	**9,013**	10,368	6,194	7,648	1,536	2,861	3,335	185
Total assets	**11,773**	12,273	7,928	9,381	3,302	4,321	4,595	1,438
Working capital (1)	**8,385**	9,119	5,450	6,973	721	2,333	2,768	(328)
Current liabilities	**957**	1,536	891	825	1,005	730	569	513
Revenue	**—**	—	—	—	—	—	—	—
Project exploration expenses	**1,544**	1,451	1,050	969	1,119	1,488	592	226
Other expenses	**833**	631	451	515	348	347	265	195
Net loss attributable to shareholders	**2,377**	2,082	1,501	1,485	1,467	1,835	857	421
Net loss per share, basic and diluted, attributable to shareholders	**0.01**	0.02	0.01	0.01	0.02	0.03	0.02	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:

Project exploration expenses

- In early 2017, the Company embarked on a growth phase which marked a significant increase in project related activities. As a result, starting April 2017, the level of quarterly project exploration expenditures significantly increased.

- In June 2017, the Company initiated a drilling and assay program as the first step of a series of studies to be incorporated into the final PEA report. At the same time, the Company also commissioned, from Canadian, European and Chinese engineering consulting firms, various engineering, sampling and surveys, and metallurgical studies, the results of which were ultimately included in the PEA. The timing during the year, when studies are performed and or when milestones payments become due, account for the significant movements in project activities on a quarterly and annual basis.

- In order to manage the increased level of engineering consultants and other project activities within the Czech Republic, in October 2017, the Company started hiring local full-time personnel, starting with a full-time Managing Director of Mangan subsequently followed by the hiring of additional technical and administrative personnel. Around the same time, the Company also raised its presence in the country with the opening of offices in Prague and a Project Information Centre in the town of Chvaletice.

- Beginning January 2018, project related costs reflect the hiring of a full-time Vice President, Project Development, to oversee process engineering and overall project development planning.

- The increased involvement of outside advisors in the management of technical issues allowed senior management to concentrate their efforts on raising additional capital for the Company. Consequently, starting at the beginning of October 2017, no additional administrative and overhead charges were allocated to project exploration and evaluation activities.

8. Select Quarterly Financial Information (continued)

- In the most recent quarter, the efforts were mainly focused on completion of the PEA for the Chvaletice Manganese Project.

Other expenses

- The increase in the level of quarterly administrative expenditures is mainly attributed to the combination of:
  - Increased remuneration from the beginning of January 2018 due to higher number of full-time employees;
  - Additional legal and professional costs resulting from the Company being a publicly listed entity from October 2, 2018;
  - Increases in non-cash share-based compensation related to option grants to directors, management and employees, and
  - Increased investor relations costs following the Company listing on the ASX and TSX-V in October 2018.

8. Select Quarterly Financial Information (continued)

Three months ended December 31, 2018, compared to the three months ended December 31, 2017
(expressed in thousands of Canadian dollars, except per share data)

	Three months ended December 31,	
	2018	2017
	$	$
Exploration and evaluation expenses		
Engineering	**626**	621
Remuneration	**227**	148
Metallurgical	**149**	34
Drilling, sampling and surveys	**208**	—
Market studies	**55**	92
Travel	**40**	47
Share-based compensation	**40**	17
Geological	**118**	66
Legal and professional fees	**61**	35
Project management	**—**	44
Supplies and rentals	**20**	15
	1,544	1,119
Other expenses		
Remuneration	**330**	175
Share-based compensation	**75**	51
Net remuneration	**405**	226
Travel	**47**	12
Legal and professional fees	**77**	34
Filing fees	**38**	—
Office, general and administrative	**28**	22
Accretion expense	**18**	26
Insurance	**26**	14
Conferences	**—**	2
Office rent	**21**	6
Investor relations	**168**	5
Depreciation	**5**	1
	833	348
Total loss for the quarter	**2,377**	1,467
Loss per share	**$0.01**	$0.02

8. Select Quarterly Financial Information (continued)

Project evaluation costs for the three months ended December 31, 2018 and 2017, were $1,544,706 and $1,119,220 respectively. The main cost variances include: an increase of $199,416 in engineering, remuneration and metallurgical costs related to the PEA; $208,250 increase in drilling, sampling and surveys attributable to the completion of the 2018 drilling program initiated at the beginning of July 2018. This was partially offset by a decrease in geological expenses of $51,509 due to the progress of the Project, a decrease of $44,227 in project management following the hiring of a full time Managing Director of Mangan, and a decrease in market studies of $36,951 as various marketing studies were performed in the comparative quarter.

Engineering, remuneration, geological and metallurgical costs for three months ended December 31, 2018, represent approximately 72% of the total project evaluation costs for the quarter and are related to: 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 re-process Chvaletice tailings and 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 $484,743 increase in administrative costs for the three months ended December 31, 2018, compared to the same period in 2017 is mainly attributable to: $163,586 increase in investor relations expenses, $154,588 increase in remuneration mainly attributable to hiring more full time employees rather than engaging consultants; $40,000 in quarterly directors' fees paid, first implemented in the quarter ended March 31, 2018; $70,000 to the first annual bonus paid in December 2018; $24,169 increase in non-cash share-based compensation related to new options granted to directors and officers during 2018; and $38,037 increase in fees payable to Canadian and Australian security exchanges covering initial listing fees.

9. Liquidity and Capital Resources

As at December 31, 2018, the Company held cash of approximately $9.0 million. Cash is held with reputable financial institutions and is invested in highly liquid short-term investments with maturities of three months or less. The funds are not exposed to significant liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Cash decreased by $1.4 million during the three months ended December 31, 2018, primarily due to cash used in operating activities of $2.6 million and cash used in investing activities of $0.8 million, representing mainly the payment of the first tranche of the EPCS Option. This was partially offset by the proceeds from the Canadian Offering, which raised $2.5 million, less cash expenses of $0.4 million.

As at December 31, 2018, the Company had working capital of $8.4 million, which compares to working capital at September 30, 2018, of $9.1 million. The decrease in working capital was due to operating expenditures and the first EPCS Option payment, offset by the proceeds from the Canadian IPO, as described above.

The Company's capital resources at December 31, 2018, are expected to provide sufficient working capital to fund its corporate and project development commitments for at least 12 months. 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, the only source of future funds presently available to the Company is through the issuance of share capital. The ability of the Company to arrange such equity financings in the future will depend principally upon prevailing market conditions and the business performance of the Company. Its inability to raise additional funds in the future may require the Company to curtail or terminate its activities and may result in material adjustments to the carrying values of assets.

9. Liquidity and Capital Resources (continued)

The Company is not subject to any externally imposed capital requirements. As of the date of this MD&A, the Company had no material contractual obligations which required minimum annual cash payments. There were no material changes in the Company's commitments. Detailed description of the Company's commitments can be found in note 12, of the Company's audited consolidated financial statements for the year ended September 30, 2018.

10. Off Balance Sheet Arrangements

As at December 31, 2018, 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 three months ended December 31, 2018, 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, 2018, 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, Chief Financial Officer, Corporate Secretary and Vice President, Corporate Development, Vice President, Project Development, and the Managing Director of Mangan.

	Three months ended December 31,	
	2018	2017
	$	$
Salaries and consulting fees payable to officers and directors of the Company	**374,428**	308,144
Directors and officers' stock-based compensation	**73,714**	44,881
Total remuneration	**448,142**	353,025
Fees provided by a legal firm associated with a director of the Company	**35,717**	26,806

Fees provided by PRK Raft a.s. ("PRK"), a legal firm associated with Daniel Rosický, a director of the Company, for the three months ended December 31, 2018 and 2017 amounted to $35,717 and $26,806, respectively.

At December 31, 2018, amounts owing to directors and officers of the Company for salaries and directors fees amounted to $41,114 (December 31, 2017 - $64,895) and fees owing to PRK amounted to $14,074 (December 31, 2017 - $237,246). Other amounts payable to officers and directors at December 31, 2018 for the reimbursement of travel related expenses were $5,181 (December 31, 2017 - $18,498).

12. 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, 2019:

	Number of securities
Issued and outstanding common shares	170,709,600
Share options	12,525,000
Warrants	8,684,015

Certain of the Share and stock options are subject to escrow pursuant to National Policy 46-201 - Escrow for Initial Public Offerings, the TSX-V’s Seed Share Resale Restrictions, and ASX Listing Rules. For detail on the number of escrowed securities and the timing of their release refer to note 8 ii) of the Company's condensed consolidated interim financial statements for the three months ended December 31, 2018.

13. Proposed Transactions

At December 31, 2018, there are no proposed asset or business acquisition or disposition being considered that would affect the financial condition, financial performance or cash flows of the Company.

14. Significant Accounting Policies, Estimates and Judgments

Basis of preparation and accounting policies

The Company's annual consolidated financial statements have been prepared in accordance with IFRS as issued. 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, 2018, and and changes to the existing and new accounting policies can be found in the Company's unaudited condensed consolidated interim financial statements for the three months ended December 31, 2018. The impact of future accounting changes is disclosed in note 3.3 to our unaudited condensed consolidated interim financial statements for the three months ended December 31, 2018.

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 3.13 of the Company's consolidated financial statements for the year ended September 30, 2018, and in the Company's unaudited condensed consolidated interim financial statements for the three months ended December 31, 2018.

15. 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 9 and 10, respectively, of the Company's consolidated financial statements for the year ended September 30, 2018.

16. 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, 2018 and 2017 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, 2018 and 2017 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, 2018, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company's is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company's President and Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures that as of December 31, 2018, the Company's disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company are appropriately designed.

Limitations of Controls and Procedures

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