



**Euro
Manganese
Inc.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE
MONTHS ENDED June 30, 2020**

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1. Introduction

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

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, 666 Burrard Street, Vancouver, B.C., Canada. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") and CHESS Depositary 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 of Euro Manganese Inc., prepared as of August 12, 2020, supplements, but does not form part of the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 2020, 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, 2019, 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.

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").

2. Overview

The Company was formed with the objective of acquiring, evaluating, developing and operating the Chvaletice Manganese Project located in the Czech Republic, an anthropogenic 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.

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.

2. Overview (continued)

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 have already been 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.

To date, the impact on the Company's operations resulted in delays in the progress of the Chvaletice Manganese Project and immediate cost cutting measures were put in place. The Company is in a phase of the project where most of the work can be conducted remotely. The Company has 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. 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 have been deferred pending additional financing (section 4 of this MD&A).

The Company has aggressively tightened spending and is focusing its efforts and resources on mission-critical activities in order to address the key, near-term development milestones listed below. The proposed development of the Chvaletice demonstration plant is temporarily on-hold and the completion of the feasibility study is now expected in calendar 2021, subject to additional financing. Additionally, 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.

In addition to the global partner search process and until such time arrives that the Company secures additional financing, these are the Company's short-term priorities:

- Completion of the restructuring of the board of directors;
- securing additional financing;

2. Overview (continued)

- Ongoing discussions and negotiations with potential customers, as well as strategic and financial partners, including those related to funding of the Chvaletice Manganese Project and its proposed demonstration plant;
- completion of permitting of the demonstration plant;
- advancing ongoing environmental impact assessment process; and
- completion of certain critical land acquisitions.

3. Financial and Project Highlights

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

- On July 5, 2020, the Company announced 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, comprising 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 is expected to close on or about August 24, 2020, subject to shareholder approval (section 13 of this MD&A).
- On May 28, 2020, the Company announced the initiation of a global partner search process to assist with the development of the Chvaletice Manganese Project.
- 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.
- During the quarter ended June 30, 2020, the Company completed a non-brokered private placement of 8,738,312 common shares and 401,888 CDIs, at a price of \$0.11 per Share or AUD\$0.13 per CDI, respectively for aggregate gross proceeds of \$1,005,157 (the "Third Quarter Placement"). The Third Quarter Placement closed in two tranches with the first tranche for aggregate gross proceeds of \$517,489 closing on April 6, 2020 and the second tranche for aggregate proceeds of \$487,669, closing on May 6, 2020.
- 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.

3. Financial and Project Highlights (continued)

- In December 2019 and January 2020, the Company entered into two 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 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. Half of the common shares issued are subject to a contractual resale hold period which expires on November 28, 2020 and the remaining shares are subject to a contractual resale hold period which expires on September 1, 2021.
- 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, subject to financing the balance of the feasibility study.
- 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. The construction of the demonstration plant is also subject to financing.

4. Outlook

The Company has made significant strides in advancing the Chvaletice 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 Chvaletice 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 Chvaletice Manganese Project’s 25-year project located 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.

4. Outlook (continued)

The Company has secured most of the land 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 tailings land-use plan change after an intensive community consultation, which has been ongoing for several years with overwhelmingly positive feedback and valuable local resident 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 recently issued a ruling under European Union's Natura 2000 which determined that the Chvaletice Manganese Project is not expected to adversely impact endangered and protected species habitat.

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 for the project and initiates the EIA regulatory review process, was filed on June 30, 2020. This could enable final permitting for the project in calendar 2021, subject to financing.

Once permitted and offtake agreements have been entered into with the Company's potential customers, 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 offtake agreements, 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 the 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. These may include the potential for on-site production of sulphuric acid, optimizing building sizing and layout, equipment selection, solid-liquid separation methods, alternative magnesium removal methods, manganese sulphate crystallization technologies, leaching methods, waste generation minimization and recycling, as well as minimizing energy and water consumption. 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.

The Company does not expect that its current capital resources will be sufficient to fully fund the feasibility study and the demonstration plant and 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 next stage of development. The expected funding of the external costs of the feasibility study and the demonstration plant is estimated at a total of \$10.6 million (section 8 of this MD&A) and internal costs to complete these stages of the project are estimated to amount to \$5.3 million which brings the total costs to \$15.9 million. 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, including the feasibility study and the demonstration plant. Subject to financing, the completion of the feasibility study and the construction of the demonstration plant are targeted for 2021.

5. Significant Transactions During the Nine Months Ended June 30, 2020

The Company did not complete any additional transactions in the three and nine months ended June 30, 2020 other than the ones described in section 3 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 major railway line, a highway and a natural gas line. The surrounding region is industrialized and skilled labor is expected to be available from local 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

The Chvaletice Manganese Project's Measured and Indicated Mineral Resources were reported 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, 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.

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.

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

Option Agreement

The Company, through its subsidiary, Mangan, has entered into an option agreement (the "EPCS Option Agreement") to acquire 100% of the equity of EP Chvaletice s.r.o. ("EPCS"), a small Czech steel fabrication company that owns a 19.94 hectare parcel of land. This land is located immediately south of the highway and rail line that bound the Chvaletice tailings deposit. It is also immediately adjacent to the Chvaletice power plant and 1.7-hectare parcel of land and rail siding that was previously acquired by the Company. This strategic land parcel encompasses the intended site of its proposed high-purity manganese products processing plant.

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

The Company will have the right to acquire EPCS by making payments aggregating 140 million Czech Koruna payable in three cash instalments, the first of which was paid on October 17, 2018, in the amount of 14 million Czech Koruna (CAD\$815,000). The Company can complete the acquisition of EPCS by making two additional instalments aggregating 126 million Czech Koruna (approx. CAD\$7.32 million) as follows:

- i. an instalment of 42,000,000 Czech Koruna (approximately \$2.41 million at June 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 84,000,000 Czech Koruna (approximately \$4.81 million at June 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.

The shares of EPCS are being held in escrow pending release of the Final Payment by the Company and liens were 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

The main highlights of the PEA results, as summarized from the Technical Report, 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 while remaining flexible to supply either product to suit customer preference;
- 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 Chvaletice Manganese 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;
- Opportunities exist to enhance returns through process optimization initiatives and various investment incentives that may be available.

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. Due to shutdowns resulting from the COVID-19 pandemic, engineering and laboratory test work in China for the feasibility study was curtailed for approximately two months, but was able to resume in late March 2020 when the Company's service providers went back to work. However, other aspects of the feasibility study have been deferred pending additional financing. Subject to financing, the Company expects to complete the feasibility study in calendar 2021.

The preparation of the EIA and related permit application is also underway. The Project Description/Notification, which was filed with the Czech Ministry of the Environment on June 30, 2020, 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 Project Description will be 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 last stage of the environmental permitting process, in the form of an 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.

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

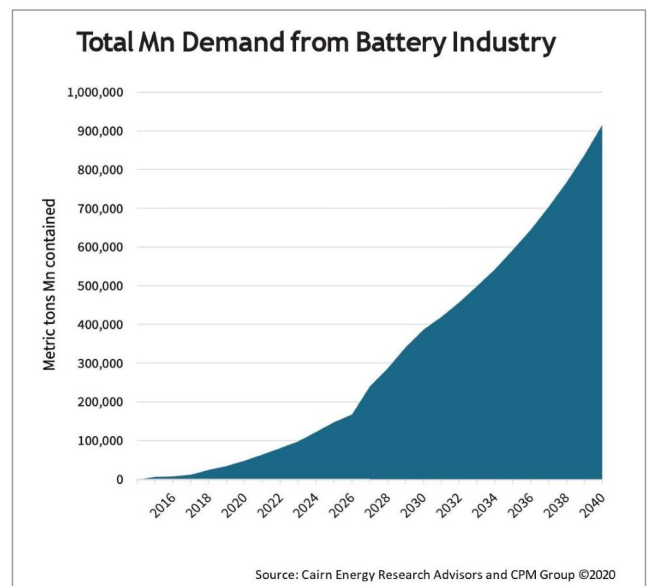
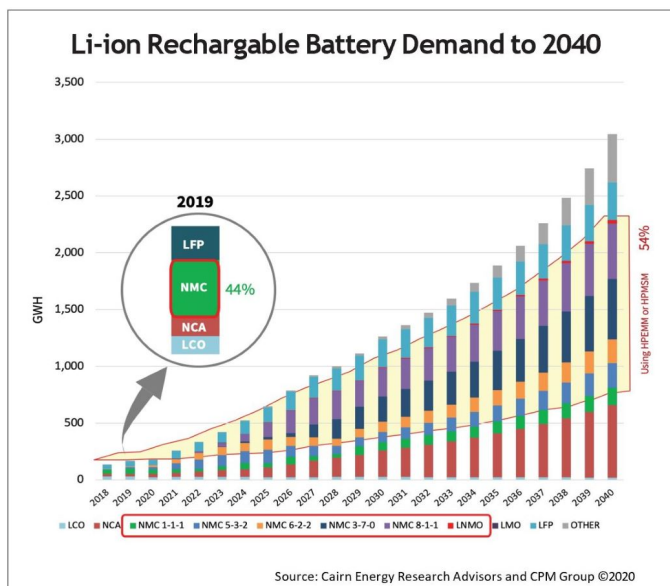
High Purity Manganese Market Overview

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 on the form of HPEMM and HPMSM.

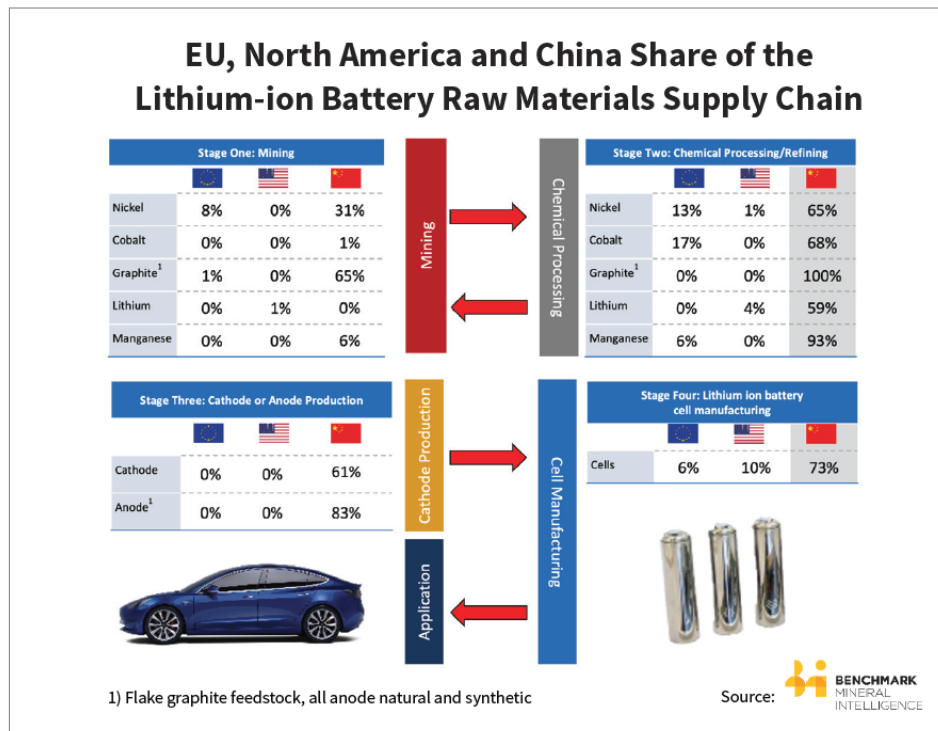
As a result, demand for high purity manganese is growing rapidly around the world, driven by the growth of the electric vehicle and Li-ion battery industry. However, only a small proportion of manganese ores can feasibly and sustainably be used for the specialty, high end applications. A critical factor 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%).



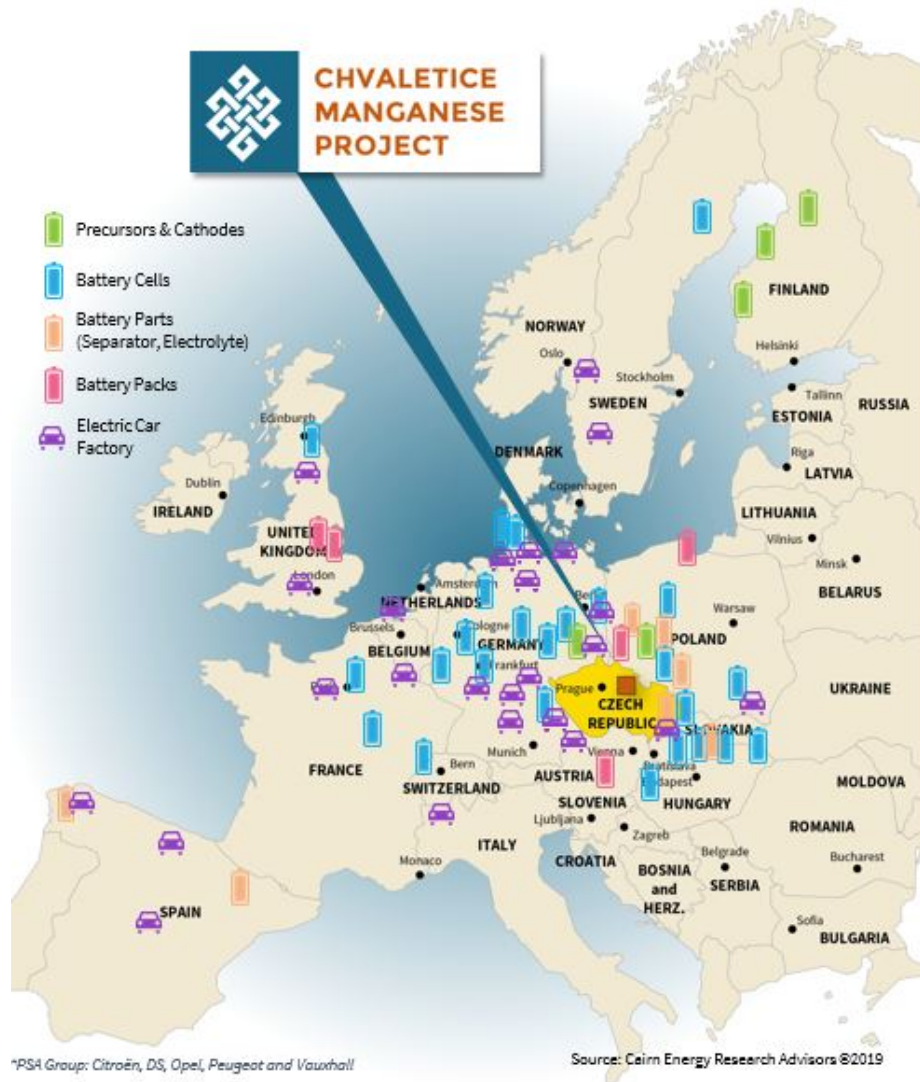
6. Review of Operations - Chvaletice Manganese Project (continued)

For 2019, Benchmark Mineral Intelligence reported that China produced only 6% of the globally 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 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.



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. Six large battery factories that will consume manganese inputs are located between 200 km and 400 km of the Chvaletice Manganese Project as shown below:

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



The CPM Group also believes 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).

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.

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

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). Subject to financing, the Company is targeting the completion of the demonstration plant construction in calendar 2021, followed by the delivery of the first finished product samples to potential customers.

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 other consumers of high-purity manganese products 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.

7. Quarterly Financial Review

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

As at the end of or for the period ending	Apr to Jun'20	Jan to Mar'20	Oct to Dec'19	Jul to Sep'19	Apr to Jun'19	Jan to Mar'19	Oct to Dec'18	Jul to Sep'18
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	442	1,266	2,236	4,085	5,512	7,093	9,013	10,368
Total assets	3,488	4,531	5,562	6,909	8,390	10,029	11,773	12,273
Working capital ⁽¹⁾	11	(347)	1,504	3,215	4,814	6,416	8,385	9,119
Current liabilities	791	2,136	1,297	1,028	902	1,001	957	1,536
Revenue	—	—	—	—	—	—	—	—
Project evaluation expenses	408	1,062	1,319	1,059	1,127	1,217	1,544	1,453
Other expenses	636	868	780	751	878	909	833	629
Net loss attributable to shareholders	1,044	1,930	2,099	1,810	2,005	2,126	2,377	2,082
Net loss per share, basic and diluted, attributable to shareholders	0.01	0.01	0.01	0.02	0.01	0.01	0.01	0.02

⁽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 Evaluation Expenses

- The quarter ending September 30, 2018 and the quarter ended December 31, 2018 reflect 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.
- Expenditures in the quarter ended September 30, 2018, reflect legal and professional fees associated with negotiating land purchase agreements, including the EPCS Option Agreement, and the costs of the 2018 drilling program which was initiated in July 2018.
- In the five 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 quarter ended June 30, 2020, was impacted by COVID-19 pandemic causing delays and deferrals of feasibility study work and significant cost cutting measures.

Other Expenses

- Fluctuations in the level of quarterly administrative 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.

7. Quarterly Financial Review (continued)

- 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.
- 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.

7. Quarterly Financial Review (continued)

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

	Three months ended June 30,	
	2020	2019
(expressed in thousands of Canadian dollars, except per share data)	\$	\$
Project evaluation expenses		
Engineering	169	466
Remuneration	207	279
Share-based compensation	19	72
Metallurgical	—	28
Travel	—	16
Legal and professional fees	1	97
Geological	1	61
Market studies	10	63
Supplies and rentals	1	45
	408	1,127
Other expenses		
Remuneration	197	324
Share-based compensation	36	93
Total remuneration	233	417
Legal and professional fees	109	63
Investor relations	17	73
Product sales and marketing	105	—
Travel	—	128
Filing and compliance fees	55	31
Office, general and administrative	46	99
Accretion expense	26	14
Insurance	26	26
Office rent	—	13
Conferences	—	10
Depreciation	19	4
	636	878
Loss and comprehensive loss for the period	1,044	2,005
Basic and diluted loss per common share	\$0.01	\$0.01

7. Quarterly Financial Review (continued)

Project evaluation costs for the three months ended June 30, 2020 and 2019, were \$407,774 and \$1,126,586, respectively. The progress of the project was impacted by the COVID-19 pandemic, difficult capital markets resulting in a delay in raising funds to progress the project. The main cost variances include: a decrease of \$296,804 in engineering costs which include environmental costs, a \$60,238 decrease in geological costs and a \$27,580 decrease in metallurgical costs. Such expenses in the comparative period related to the completion of the mineral resource update and the completion of the PEA whereas those expenses were significantly lower in the current quarter and related primarily to the preparation of the EIA Notification and to the feasibility study. Legal and professional fees also noted a significant decrease of \$95,699 and were minimal in the current period while in the comparative period, they related to land purchase negotiations and general advisory services. A \$72,104 decrease in remuneration and \$52,969 in share based payments in the Czech Republic resulted from cost cutting measures in the current period which were not in place in the comparative period and a decrease of \$16,281 in travel was due to the global COVID-19 pandemic.

Engineering, remuneration, geological and metallurgical costs for three months ended June 30, 2020, represent approximately 92% (three months ended June 30, 2019 - 74%) of the total project evaluation costs. In the current quarter, these project evaluation costs related to the advancement of the EIA and the feasibility study and the planning and studies for the demonstration plant. In the comparative quarter, such project evaluation costs related to a number of 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 \$242,017 decrease in administrative costs for the three months ended June 30, 2020, compared to the same period in 2019, is mainly attributable to: a \$184,798 decrease in remuneration partly due to lower non-cash share based compensation, as there was only one small new grant of share options in the current period, and also due to a lower number of employees in the corporate office in Canada; a \$127,413 decrease in travel due to the COVID-19 restrictions; a \$56,559 decrease in investor relations expenses due to contract re-negotiations and cancellations in the current period; and a \$13,108 decrease in office rent and the recognition of lease liability following the adoption of a new accounting standard on leases, which also resulted in an increase in non-cash accretion expense of \$12,283. This was partially offset by increases of \$45,838 legal and professional costs and \$105,088 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 the MoUs with potential customers and the global partner search process; and a \$24,336 increase in filing and compliance fees due to the completion of private placement in the current quarter.

7. Quarterly Financial Review (continued)

Nine months ended June 30, 2020 compared to the nine months ended June 30, 2019

	Nine months ended June 30,	
	2020	2019
(expressed in thousands of Canadian dollars, except per share data)	\$	\$
Project evaluation expenses		
Engineering	1,553	1,622
Remuneration	722	775
Share-based compensation	88	209
Metallurgical	41	250
Travel	64	87
Legal and professional fees	137	275
Geological	79	197
Market studies	83	169
Drilling, sampling and surveys	4	209
Supplies and rentals	18	96
	2,789	3,889
Other expenses		
Remuneration	773	983
Share-based compensation	162	401
Total remuneration	935	1,384
Legal and professional fees	352	188
Investor relations	134	260
Product sales and marketing	238	19
Travel	85	230
Filing and compliance fees	164	189
Office, general and administrative	130	147
Accretion expense	92	50
Insurance	75	77
Office rent	—	47
Conferences	23	10
Depreciation	56	16
	2,285	2,619
Loss and comprehensive loss for the period	5,074	6,508
Basic and diluted loss per common share	\$0.03	\$0.04

7. Quarterly Financial Review (continued)

Project evaluation costs for the nine months ended June 30, 2020 and 2019, were \$2,788,978 and \$3,888,707, respectively. As noted above in the quarterly analysis, 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 \$205,690 decrease in drilling, sampling and survey cost, a \$208,418 decrease in metallurgical costs, a \$117,698 decrease in geological costs and a decrease of \$69,266 in engineering costs which include environmental 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 \$138,182 decrease in legal and professional fees, relating to general advisory fees and, which in the comparative period were attributed to land purchase negotiations, and a decrease of \$52,795 in remuneration resulting from cost cutting measures introduced in the most recent quarter, partially offset by a higher number of full-time employees in the Czech Republic than in the comparative period.

Engineering, remuneration, geological and metallurgical costs for nine months ended June 30, 2020, represent approximately 86% (nine months ended June 30, 2019 - 73%) 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 project evaluation costs related to a number of 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 \$334,671 decrease in administrative costs for the nine months ended June 30, 2020, compared to the same period in 2019, is mainly attributable to: a \$450,008 decrease in remuneration due to low non-cash share based compensation, as there was only one small new grant of share options in the current period, and also to a lower number of employees in the corporate office in Canada and to cost cutting measures; a \$145,011 and a \$126,317 decrease in travel and investor relations expenses, respectively, due to COVID-19 restrictions and fewer investor related events; a \$24,616 decrease in filing and compliance fees which, in the comparative period, included the cost of consultant retained to assist with the Company's IPO; a \$47,298 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 \$41,849. This was partially offset by an increase of \$163,616 in legal and professional fees and \$218,708 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 the MoUs with potential customers and the global partner search process.

8. Liquidity and Capital Resources

As at June 30, 2020, the Company held cash of approximately \$0.4 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 \$3.6 million during the nine months ended June 30, 2020, of which \$4.3 million was used in operating activities, partially offset by \$0.7 million generated from financing activities from the completion of the Third Quarter Placement. Working capital decreased by \$3.2 million during the nine months ended June 30, 2020, from \$3.2 million at September 30, 2019 to \$0.01 million.

8. Liquidity and Capital Resources (continued)

The Company's commitments at June 30, 2020, which include minimum office lease payments and project development commitments of \$0.1 million are shown below. The Company has advanced the Chvaletice Manganese Project to the feasibility study stage, which will require approximately \$3.6 million to complete and is being staged based on the Company's available cash resources. The Company also intends to build a demonstration plant at a cost of approximately \$7.0 million (US\$5.0 million) to produce bulk product samples for customer testing and qualification. The supply and delivery of the demonstration plant also remains subject to financing.

Subsequent to quarter end, the Company announced the Fourth Quarter Placement for gross proceeds of \$4.0 million (approximate net proceeds of \$3.81 million), of which \$1.3 million closed on July 9, 2020 and \$2.7 million is expected to close on or about August 24, 2020, subject to shareholder approval. Net proceeds from the Fourth Quarter Placement 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 Fourth Quarter Placement will not be sufficient to complete the feasibility study, fund any new commitments the Company may make with respect to additional acquisitions of land or surface rights, or construct, commission and operate the demonstration plant. As a result, 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. 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 and the business performance of the Company. The Company's ability to continue as a going concern for at least the next twelve months is substantially dependent on its ability to raise additional funds through the issuance of shares and/or securing a strategic partner. 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 and could result in material adjustments to the carrying values of assets.

Contractual Commitments

As at June 30, 2020, the Company was committed to make the minimum annual cash payments, as follows:

	Payments due by period			
	Total	Less than one year	1 - 2 years	2 - 3 years
	\$	\$	\$	\$
Minimum office lease payments ⁽¹⁾	6,669	2,425	2,425	1,819
Operating expenditure commitments ⁽²⁾	139,786	139,786	—	—
Total contractual obligations	146,455	142,211	2,425	1,819

⁽¹⁾ The Company has one non-cancellable operating office lease expiring in three years.

⁽²⁾ Operating expenditure commitments relate to the evaluation work on the Chvaletice Manganese Project.

8. Liquidity and Capital Resources (continued)

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

The Company is not subject to any externally imposed capital requirements. Detailed description of the Company's additional commitments can be found in note 12, of the Company's audited consolidated financial statements for the year ended September 30, 2019.

9. Off-Balance Sheet Arrangements

As at June 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.

10. Related Party Transactions

For the three and nine months ended June 30, 2020 and 2019, 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 June 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.

	Three months ended June 30,		Nine months ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Salaries and consulting fees payable to directors and officers	224,745	377,806	873,304	1,136,786
Directors' and officers' share-based compensation	26,568	87,451	147,628	387,822
Total remuneration	251,313	465,257	1,020,932	1,524,608

A Company director is associated with PRK Partners s.r.o. ("PRK"), a legal firm based in the Czech Republic. During the three and nine months ended June 30, 2020, PRK's legal fees charged to the Company, relating to additional land acquisitions and land related issues, totaled \$1,740 and \$148,943, respectively (three and nine months ended June 30, 2019 - \$28,114 and \$168,370, respectively).

At June 30, 2020, amounts owing to directors and officers of the Company for salaries and directors fees amounted to \$280,882 (September 30, 2019 - \$71,414), \$104,090 of which will be settled in shares, subject to shareholder approval. Fees owing to PRK amounted to \$25,232 (September 30, 2019 - \$48,329). Other amounts payable to officers and directors at June 30, 2020 for the reimbursement of travel related expenses were \$5,239 (September 30, 2019 - \$50,875).

11. 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 August 12, 2020:

	Number of securities
Issued and outstanding common shares	210,238,968
Share options	15,275,000
Warrants	5,756,750

Certain number of common shares and share options and all of the share purchase warrants are subject to escrow. For detail on the number of escrowed securities and the timing of their release refer to Note 8a (iii) of the Company's condensed consolidated interim financial statements for the three and nine months ended June 30, 2020.

12. Proposed Transactions

At June 30, 2020, there are no proposed asset or business acquisitions, or disposition being considered that would affect the financial condition, financial performance or cash flows of the Company.

13. Events After the Reporting Period

On July 6, 2020, the Company announced the Fourth Quarter Placement comprising 11,979,682 common shares and 51,145,605 CDIs, at a price of \$0.061 per common share or AUD\$0.065 per CDI, respectively for aggregate gross proceeds of \$3,850,643. Fees payable by the Company in connection with the Fourth Quarter Placement consist of a management fee, payable in cash, of 1% of the aggregate gross proceeds and a selling and/or finder's fee of 5% of the aggregate gross proceeds. On July 16, 2020, the Fourth Quarter Placement was increased by 3,076,923 CDIs for additional gross proceeds of \$187,692.

The first tranche of the Fourth Quarter Placement, comprised of 5,155,738 common shares and 16,344,262 CDIs for aggregate gross proceeds of \$1,311,500, closed on July 9, 2020. The second tranche of the Offering, which consists of 6,823,944 common shares and 37,878,266 CDIs, is expected to close on or about August 24, 2020, subject to and following approval by the Company's shareholders as required by Listing Rules 10.11.1 and 7.1 of the ASX.

14. Significant Accounting Policies, Estimates and Judgments

Basis of preparation and accounting policies

The Company's annual consolidated financial statements were prepared in accordance with IFRS as issued by the IASB. Detailed description of the Company's significant accounting policies can be found in Note 3 of the Company's audited consolidated financial statements for the year ended September 30, 2019, 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 and nine months ended June 30, 2020. The impact of future accounting changes is disclosed in Note 3.3 to the unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 2020.

14. Significant Accounting Policies, Estimates and Judgments (continued)

Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas of judgment and key sources of estimation uncertainty that have the most significant effect are disclosed in Note 3.13 of the Company's consolidated financial statements for the year ended September 30, 2019, and in Note 3.2 of the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 2020.

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 10 and 11, respectively, of the Company's consolidated financial statements for the year ended September 30, 2019.

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 consolidated interim financial statements for the three and nine months ended June 30, 2020, do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made; and (ii) the condensed consolidated interim financial statements for the three and nine months ended June 30, 2020, fairly present in all material respects the financial condition, results of operations and cash flow of the Company.

There was no change in the Company's internal controls over financial reporting that occurred during the three and nine months ended June 30, 2020, 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 June 30, 2020, 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.

17. 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 Chvaletice 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.

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 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, approvals and licences.

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

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, 2019, 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.