



**Euro
Manganese
Inc.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE
THREE MONTHS ENDED DECEMBER 31, 2020**

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1. Introduction

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

EMN was incorporated under the British Columbia Business Corporations Act on November 24, 2014. The Company's corporate offices are located at Suite 1500, 1040 West Georgia Street, Vancouver, B.C., Canada and its registered offices are located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, B.C., Canada. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") and CHESSE 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 February 11, 2021, supplements, but does not form part of the Company's unaudited condensed consolidated interim financial statements for the three months ended December 31, 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, 2020, is available on SEDAR at www.sedar.com, and on the Company's website www.mn25.ca.

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

This MD&A contains "forward-looking statements" that are subject to risk factors as set out in a cautionary note contained in section 17.

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

2. Overview

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

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

2. Overview (continued)

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

The area of interest for the Project overlies several privately-owned land parcels with surface rights. To date, Mangan has received the consent to conduct exploration activities and to access the site from the landowners whose surface properties underlie the tailings. The Company is currently negotiating the acquisition of the remaining 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). The Company also agreed to acquire rights to four additional strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant.

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 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 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 impact of COVID-19 on the Company during calendar 2020 resulted in delays in access to financing and in delays in the progress of the Project. The duration of the pandemic, its impact on the Company's ability to progress the development of the Project, as well as on global financial markets and the Company's access to capital to advance its development plans remain uncertain.

In the three months ended December 31, 2020, the Company completed a two-tranche brokered private placement, raising \$11.3 million, enabling it to advance the Chvaletice Manganese Project (section 8 of this MD&A) and focus its efforts and resources on the key, near-term development milestones listed below. During fiscal 2020, the Company announced the launch of a global partner search process to assist with the development of the Project, including these project related activities. While the Company has received some indicative proposals, it has not yet received any binding offers and there can be no assurance that this process will result in any form of transaction.

2. Overview (continued)

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

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

During the three months ended December 31, 2020, the Company placed the order for the demonstration plant and resumed the feasibility study including verification test work and associated engineering activities. Subject to additional financing, the completion of the Chvaletice demonstration plant and commissioning thereof, as well as the completion of the feasibility study is now expected by the end of calendar 2021. However, further disruptions resulting from an extended duration of the COVID-19 pandemic may continue to affect the Company, its suppliers and service providers, and therefore, could result in additional delays in the Company's activities as listed above.

3. Financial and Project Highlights

The following is a summary of the Company's highlights during the three months ended December 31, 2020, and to the date of this MD&A:

- On January 14, 2021, the Company announced the conclusion of a six-month screening of the Project's preliminary EIA conducted by the Czech Ministry of Environment (the "Ministry"). Based on the official notification received from the Ministry, the Company can now move to the next stages of the permitting process, which is the preparation of the Final EIA.
- On January 7, 2021, the Company completed a non-brokered private placement of 444,445 common shares at a price of CAD \$0.45 per Share, raising \$200,000 for general working capital purposes.
- On November 18, 2020, the Company placed the order for the demonstration plant and resumed the confirmatory test work and various engineering studies for the feasibility study.
- On December 16, 2020, the Company completed the second tranche of a two-tranche brokered private placement of 1.9 million common shares and 58.1 million CDIs, at a price of \$0.19 per common share or AUD\$0.20 per CDI, respectively for aggregate gross proceeds of \$11.3 million (the "Offering") and net proceeds of \$10.6 million.
- In December 2020, the Company agreed to acquire rights to three strategic parcels of land, completing its land assembly for the proposed Chvaletice commercial plant.

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 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 lithium ion ("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 Project's location in the heart of Europe's fast growing EV production hub make it a European and globally strategic asset. Working closely with key global customers on product development and supply chain qualification and, based on the results of its pilot plant tests, the Company believes that it will be able to achieve its goal of producing ultra-high-purity manganese products that meet the demanding specifications of these potential customers.

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

Additionally, the Company has experienced ongoing collaboration and support for the Project at various levels of the Czech Government, which 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 in the form of investment tax credits on eligible project expenditures, and, in March 2020, issued a ruling under European Union's Natura 2000 which determined that the 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, was a significant milestone and initiated the EIA regulatory review process. It was filed on June 30, 2020, and the results of the review process by several government ministries and agencies, as well as local municipalities, were communicated to the Company in January 2021. Based on the results of the review process, the Company can now move forward to the next stages of the permitting process. Public and regulatory feedback from the screening procedure will be incorporated into the Final EIA, which is targeted for completion by the end of calendar 2021. This could enable final permitting for the Project in calendar 2022.

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

4. Outlook (continued)

As it moves through the feasibility stage and the project development stage, the Company intends to evaluate potential value-enhancing opportunities for the Project, with the aim of reducing costs and technical risks. These may include optimizing building sizing and layout, equipment selection, solid-liquid separation methods, alternative magnesium removal methods, manganese sulphate crystallization technologies, leaching methods, as well as minimizing energy and water consumption. The Company is also evaluating the possibility of producing high-purity manganese carbonate. In collaboration with one or more potential consumers of high-purity manganese products, the Company also intends to evaluate the feasibility of building one or more satellite manganese metal dissolution plants to be located at customer NMC (nickel-manganese-cobalt) 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 net proceeds of \$10.6 million raised from the Offering, enabled the Company to continue the work on the feasibility study, place the order for the demonstration plant and advance the EIA and permitting process. However, the Company does not expect that its current capital resources, including the net proceeds from the Offering, will be sufficient to fully complete the feasibility study and the installation, commissioning, and operation of the demonstration plant in addition to any new commitments it may make with respect to additional acquisitions of land or surface rights. Accordingly, the Company expects it will be required to raise additional funding. The expected funding of the external costs of the feasibility study and the operation of demonstration plant for one year is estimated at a total of \$11.2 million (section 8 of this MD&A) and internal costs to complete these stages of the Project are estimated to amount to \$6.0 million, bringing the total costs to \$17.2 million.

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

During fiscal 2020 and following the receipt of expressions of interest from various parties to partner in the development of the Project, the Company initiated a process to secure a strategic partner to assist with the further development of the Project. This process is ongoing, and the Company also continues discussions on technical collaboration with several parties, including battery, chemical and automobile manufacturers, with the intent to enter into additional memorandums of understanding ("MOU") for the eventual offtake of high purity manganese products from the Project.

5. Significant Transactions During the Three Months Ended December 31, 2020

The Company did not complete any additional transactions in the three months ended December 31, 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 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 Project resource is contained in three flotation tailings piles that were emplaced on flat terrain immediately below the site of a flotation mill, adjacent to the former Chvaletice open pit mine. 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.

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

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.

Option Agreement and Land Acquisitions

The Company, through its subsidiary, Mangan, entered into an option agreement dated August 13, 2018 (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.

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

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. \$7.50 million) as follows:

- i. an instalment of 42,000,000 Czech Koruna (approximately \$2.50 million at December 31, 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 by up to one year for an additional payment of 2,100,000 Czech Koruna (approximately \$0.13 million); and
- ii. a final payment of 84,000,000 Czech Koruna (approximately \$5.00 million at December 31, 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.

During the three months ended December 31, 2020, the Company entered into the following agreements to acquire rights to three additional strategic parcels of land, competing its land assembly for the proposed Chvaletice commercial plant:

- i. Purchase from Sev.en EC, a.s., the owner of the Chvaletice power plant, a 1,952 m² section of land encompassing Rail Spur no. 1, through which the proposed Chvaletice process plant will be serviced and connected to existing rail infrastructure. This acquisition is particularly important for the Project, as it provides the Company with a second rail connection, through the existing rail siding of the neighboring power plant. This is expected to provide greater logistical capacity and flexibility for the Project. The cost of the land is 252,762 Czech Koruna (approximately \$14,320).
- ii. Purchase from Sprava Nemovitosti Kirchdorfer CZ s.r.o. of a 49,971 m² parcel of land, including a rail spur extension that will provide additional room and flexibility for the definitive Chvaletice commercial plant layout. The cost of the land is 18,739,125 Czech Koruna (approximately \$1.1 million) and can be paid in five 7.5% annual installments (approximately \$80,000), followed by the remaining balance of approximately \$700,000 in the final year. The first installment was refundable, subject to positive environmental due diligence at the site, which was completed in January 2021. Thereafter, the Company has the option to terminate the contract after the third installment.
- iii. Lease from Galmet Trade, spol s.r.o. of a 3,504 m² right-of-way for a period of 30 years, with a one month cancellation notice period, to allow the straightening of a proposed conveyor route. Annual rental will be 60,000 Czech Koruna (approximately \$3,000) and the Company will retain an option to purchase this land during calendar 2021.

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

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

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

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

The preparation of the EIA and related permit application is also underway. In January 2021, the Company received comments from the Czech Ministry of Environment on the Preliminary EIA, which included the Project Notification. The Project Notification, which was available for comment to local communities, residents, organizations and regulators, 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 Notification and the input and comments received thereon, will form the basis for the last stage of the environmental permitting process, in the form of a Final EIA. Subject to financing and continued advancement of the feasibility study, the Company expects the completion of the Final EIA documentation to be submitted to the Ministry by the end of calendar 2021.

High Purity Manganese Market Overview

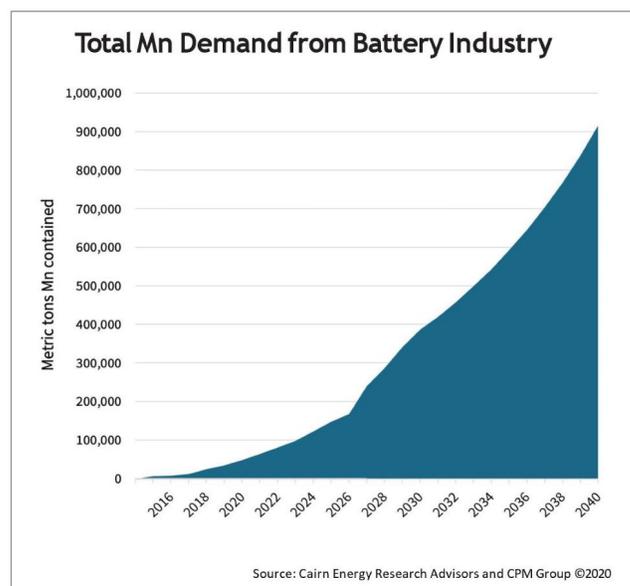
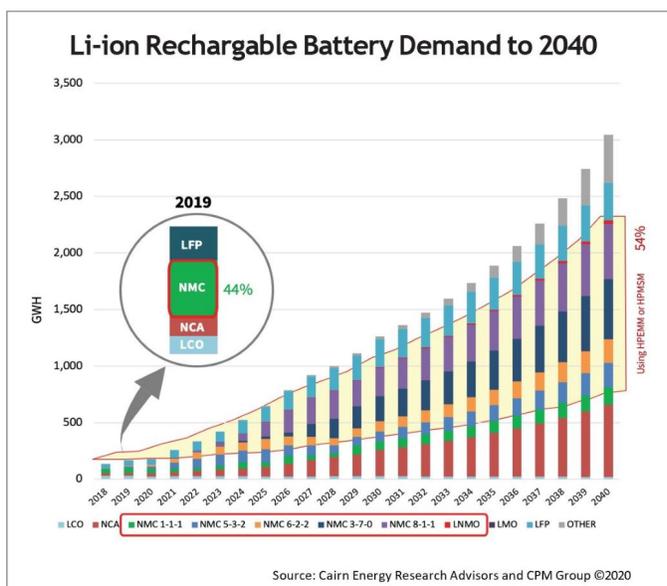
In connection with the preparation of the PEA, the Company commissioned the independent research and consultancy firm of CPM Group LLC ("CPM Group") to provide an HPEMM and HPMSM (collectively described as "High Purity Manganese" or "HPM") product market outlook study for the Project. The CPM Group prepared 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 EVs and other energy storage applications. The manufacturing processes and formulations for Li-ion batteries require reliable, high-purity sources of manganese and other battery raw materials to ensure that the batteries meet increasingly demanding performance, safety and durability standards. The high-purity manganese materials for the precursor cathode materials of NMC batteries can be supplied in the form of HPEMM and HPMSM.

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

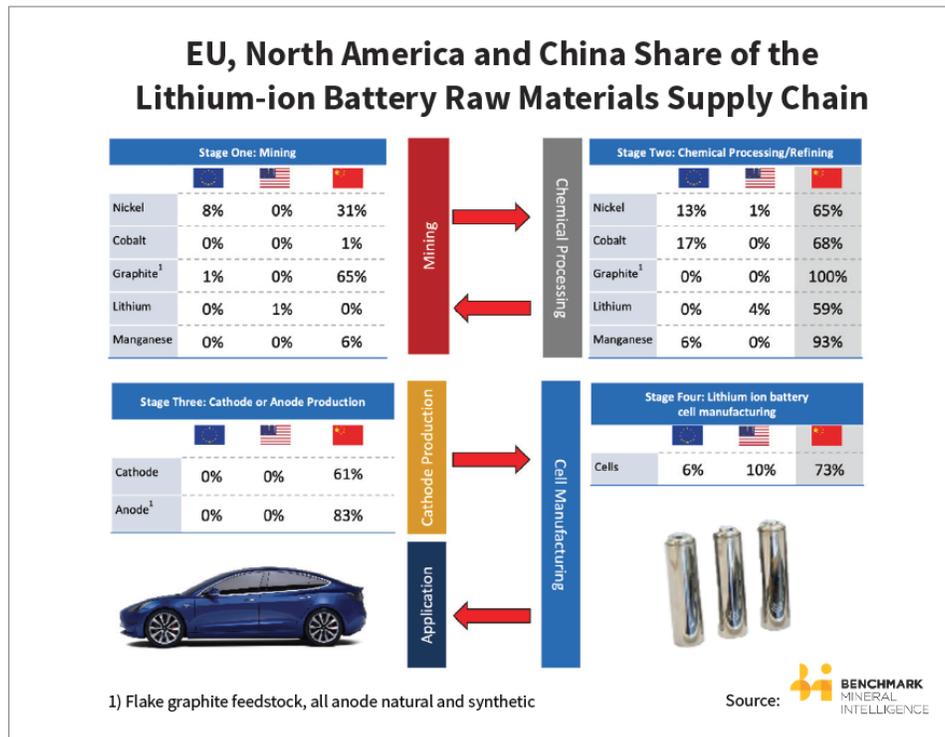
As a result, demand for high purity manganese is growing rapidly around the world, driven by the growth of the electric vehicle and Li-ion battery industry. However, only a small proportion of manganese ores can feasibly and sustainably be used for the specialty, high end applications. A critical factor is availability of the right quality ore in the right location. Carbonate ores, which are rare, are preferred for high purity manganese. Although oxide ores can be used after roasting or chemical treatment, this results in a higher cost to process sustainably, is 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%).



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

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



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

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



The CPM Group also 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).

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

Commercial and Demonstration Plant Progress Update

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

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

The demonstration plant will also enable process optimization and testing for final product development and serve as a testing and training facility for future operators. The Company has 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 (approximately \$7.0 million). The first payment of \$0.9 million for the demonstration plant was made in December 2020.

The delay in accessing sufficient financing, primarily due to the impact of the COVID-19 pandemic on the financial markets, precluded the Company from placing the order for the demonstration plant in early calendar 2020. However, following the completion of the first tranche of the Offering, the Company placed the order for the demonstration plant in mid-November 2020, and subject to additional financing, the Company currently expects delivery of the demonstration plant in mid-2021 and to install and complete commissioning by the end of calendar 2021.

As of 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 Project is still in the evaluation stage, and requires financing and permits, there can be no assurance that these discussions will lead to offtake agreements or commercial or strategic relationships in the near term, if at all.

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

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	Oct to Dec'20	Jul to Sep'20	Apr to Jun'20	Jan to Mar'20	Oct to Dec'19	Jul to Sep'19	Apr to Jun'19	Jan to Mar'19
	\$	\$	\$	\$	\$	\$	\$	\$
Cash	11,394	2,731	442	1,266	2,236	4,085	5,512	7,093
Total assets	15,449	5,808	3,488	4,531	5,562	6,909	8,390	10,029
Working capital ⁽¹⁾	11,372	2,922	11	(347)	1,504	3,215	4,814	6,416
Current liabilities	454	217	791	2,136	1,297	1,028	902	1,001
Revenue	—	—	—	—	—	—	—	—
Project evaluation expenses	484	409	408	1,062	1,319	1,059	1,127	1,217
Other expenses	826	894	636	868	780	751	878	909
Net loss attributable to shareholders	1,310	1,303	1,044	1,930	2,099	1,810	2,005	2,126
Net loss per share, basic and diluted, attributable to shareholders	0.00	0.01	0.01	0.01	0.01	0.02	0.01	0.01

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

Summary of major variations in quarterly financial activities:

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

- In the six most recent quarters, the Company incurred project evaluation costs related to the commissioning of studies for the demonstration plant, the initiation of the planning stage of the feasibility study, and the advancement of the work on the EIA. The preliminary EIA Notification was filed at the end of the quarter ended June 30, 2020.
- The quarters ended June 30, September 30 and December 31, 2020 were impacted by COVID-19 pandemic causing delays and deferrals of feasibility study work and significant cost cutting measures.
- At the end of the most recent quarter, the work on the feasibility study resumed.

Fluctuations in the level of quarterly administrative expenditures are mainly attributed to the following:

- 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 quarters ended June 30, and September 30, 2020, were 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.
- Other expenses for the most recent quarter are higher as a result of increased investor relations expenses due to the engagement of service providers in Australia and due to an increase filing and compliance fees relating to the Offering.

7. Quarterly Financial Review (continued)

Three months ended December 31, 2020 compared to the three months ended December 31, 2019

(expressed in thousands of Canadian dollars, except per share data)	Three months ended December 31,	
	2020	2019
	\$	\$
Project evaluation expenses		
Engineering	304	742
Remuneration	134	263
Share-based compensation	23	39
Metallurgical	—	41
Travel	—	55
Legal and professional fees	5	112
Geological	6	16
Market studies	—	35
Drilling, sampling and surveys	—	3
Supplies and rentals	12	13
	484	1,319
Other expenses		
Remuneration	289	321
Share-based compensation	50	76
Total remuneration	339	397
Legal and professional fees	147	81
Investor relations	131	27
Product sales and marketing	50	62
Travel	1	37
Filing and compliance fees	75	52
Office, general and administrative	35	48
Accretion expense	6	33
Insurance	28	22
Conferences	—	2
Depreciation	14	19
	826	780
Loss and comprehensive loss for the period	1,310	2,099
Basic and diluted loss per common share	\$0.00	\$0.01

7. Quarterly Financial Review (continued)

Project evaluation costs for the three months ended December 31, 2020 and 2019, were \$483,386 and \$1,318,964, respectively. The progress of the Project in 2020 was impacted by the COVID-19 pandemic and difficult capital markets resulting in a delay in raising funds to advance the Project. Accordingly, all project evaluation costs decreased significantly from the comparative quarter in 2019. The main cost variances include: a decrease of \$437,255 in engineering costs which include environmental costs, a \$41,408 decrease in metallurgical costs and a \$10,322 decrease in geological costs, which in both periods related to the preparation of the EIA Notification and the feasibility study. Market studies were temporarily suspended which resulted in a decrease of \$34,528. These project evaluation costs are expected to increase in fiscal 2021 in connection with the advancement of the feasibility study work. Legal and professional fees also noted a significant decrease of \$107,025 from the comparative period, which included legal costs related to land purchase negotiations and other general advisory services. A \$128,555 decrease in remuneration and \$16,075 in share based payments in the Czech Republic and a decrease of \$54,698 in travel, were both due to the global COVID-19 pandemic and resulted from cost cutting measures undertaken by the Company.

Engineering, remuneration, geological and metallurgical costs for three months ended December 31, 2020, represent approximately 92% (three months ended December 31, 2019 - 81%) 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.

The \$46,030 increase in administrative costs for the three months ended December 31, 2020, compared to the same period in 2019, is mainly attributable to: a \$103,036 increase in investor relations expenses due to the engagement of investor relations services in Australia in the current period and an increase of \$66,171 in legal and professional expenses related to the appointment of a financial adviser that is also contributing to financing efforts, negotiations of MoUs with potential customers and the global partner search process. The completion of the Offering also resulted in an increase of \$23,067 in filing and compliance fees. The overall increase in administrative costs was partially offset by a \$57,463 decrease in remuneration due to a lower number of employees in the corporate office in Canada; and a decrease of \$36,040 in travel due to the COVID-19 restrictions.

8. Liquidity and Capital Resources

As at December 31, 2020, the Company held cash of approximately \$11.4 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.

The increase in cash of \$8.7 million during the three months ended December 31, 2020, comprised of \$1.0 million used in operating activities and \$1.0 million used in investing activities representing the first instalment paid for the demonstration plant, offset by \$10.6 million generated from financing activities from the completion of the Offering. Working capital increased by \$8.5 million during the three months ended December 31, 2020, to \$11.4 million from \$2.9 million at September 30, 2020.

The Company's commitments at December 31, 2020, which include minimum office lease payments and project development commitments of \$0.2 million are shown below. During the three months ended December 31, 2020, the Company resumed work on the feasibility study for the Chvaletice Manganese Project, which in aggregate is expected to cost approximately \$4.2 million and is being staged based on the Company's available cash resources. On November 18, 2020, the Company also placed the order for the delivery of the Chvaletice demonstration plant, committing to \$3.4 million of the total demonstration plant cost and one year of operation of approximately \$7.0 million (US\$5.0 million), of which \$0.9 million was paid in December 2020. The demonstration plant is expected to be shipped to the Chvaletice site in mid-calendar year 2021.

8. Liquidity and Capital Resources (continued)

The Company's current cash resources are expected to provide sufficient working capital to fund its corporate and committed project development costs for at least twelve months from December 31, 2020; however, they will not be sufficient to complete the feasibility study, fund any further commitments the Company may make with respect to additional acquisitions of land or surface rights, or assemble, commission and operate the demonstration plant. As a result of projected funding requirements and based on the receipt of expressions of interest from various parties to partner in the development of the Project, the Company initiated a process with its financial adviser in fiscal 2020 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 its stakeholders to find an optimal ownership and/or capital structure that can support the advancement of the Chvaletice Manganese Project. While the Company has received indicative proposals, there can be no certainty, however, that this process will result in an offer or any form of transaction, or about the terms and timing of such matters.

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

Contractual Commitments

As at December 31, 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⁾	9,612	6,456	2,525	631
Operating expenditure commitments ⁽²⁾	141,149	141,149	—	—
Total contractual obligations	150,761	147,605	2,525	631

⁽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.

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 also committed to certain land acquisition payments, as described in section 6 of this MD&A.

The Company is not subject to any externally imposed capital requirements. A detailed description of the Company's additional commitments can be found in note 14 of the Company's audited consolidated financial statements for the year ended September 30, 2020.

9. Off-Balance Sheet Arrangements

As at December 31, 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 months ended December 31, 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 December 31, 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: a) non-executive Chairman; b) President and Chief Executive Officer; c) Chief Financial Officer; d) Vice President, Corporate Development and Corporate Secretary; e) Vice President, Operations; f) Chief Technology Officer and g) Managing Director of the Company's Czech subsidiary.

	Three months ended December 31,	
	2020	2019
	\$	\$
Fees and salaries payable to directors and officers	421,273	376,019
Directors' and officers' share-based compensation	46,432	73,488
Total remuneration	467,705	449,507

Fees provided by PRK Partners s.r.o. ("PRK"), a legal firm associated with an advisory board member, who is a former director of the Company, for the three months ended December 31, 2020, amounted to \$13,036 (three months ended December 31, 2019 - \$113,712). These fees related to general legal services and various land purchase negotiations. Fees paid to the advisory board members for the three months ended December 31, 2020 amounted to \$10,000 (2019 - nil).

At December 31, 2020, amounts owing to directors and officers of the Company for salaries and directors fees amounted to \$16,388 (September 30, 2020 - \$16,158), and solely represents salary owing to the Managing Director of Mangan. Fees owing to PRK amounted to \$12,724 (September 30, 2020 - \$576). Other amounts payable to officers and directors at December 31, 2020 for the reimbursement of administrative and IT expenses were \$6,740 (September 30, 2020 - \$3,983).

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 February 11, 2021:

	Number of securities
Issued and outstanding common shares	321,923,082
Share options	19,266,000
Warrants	8,900,000

12. Proposed Transactions

At December 31, 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 January 7, 2021, the Company closed a non-brokered private placement of 444,445 common shares at a price of \$0.45 per common share for gross proceeds of \$200,000.

On February 4, 2021, warrants to purchase an aggregate of 2,856,750 common shares of the Company were exercised at a price of \$0.30 per common share, resulting in proceeds to the Company of \$857,025. Pursuant to the warrant exercise, the Company issued 331,750 common shares and 2,525,000 CDIs.

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, 2020, 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, 2020. The impact of future accounting changes is disclosed in Note 3.3 to the unaudited condensed consolidated interim financial statements for the three months ended December 31, 2020.

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, 2020, and in Note 3.2 of the Company's unaudited condensed consolidated interim financial statements for the three months ended December 31, 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 11 and 12, respectively, of the Company's consolidated financial statements for the year ended September 30, 2020.

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 months ended December 31, 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 months ended December 31, 2020, fairly present in all material respects the financial condition, results of operations and cash flow of the Company.

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

There was no change in the Company's internal controls over financial reporting that occurred during the three months ended December 31, 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 December 31, 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.

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

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

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

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