



EURO MANGANESE

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED
SEPTEMBER 30, 2025 AND 2024**

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Management's Report

Euro Manganese Inc.

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Euro Manganese Inc. (the "Company") were prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The material accounting policies of the Company are summarized in Note 3 to these consolidated financial statements.

The consolidated financial statements have been prepared by management on a going concern basis in accordance with IFRS Accounting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not exact since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

Management has established processes that are in place to provide management with sufficient knowledge to support its opinion that it has exercised reasonable diligence such that (i) the consolidated financial statements 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, as of the date of and for the periods presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, the results of operations and cash flows of the Company, as of the date and for the period presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

December 18, 2025

"Martina Blahova"

President and Chief Executive Officer

"Sherry Roberge"

Interim Chief Financial Officer



Independent auditor's report

To the Shareholders of Euro Manganese Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Euro Manganese Inc. and its subsidiaries (together, the Company) as at September 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at September 30, 2025 and 2024;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended September 30, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter

How our audit addressed the key audit matter

Assessment of impairment indicators of exploration and evaluation assets

Refer to note 3 – Material accounting policies, estimates and judgments and note 5 – Exploration and evaluation assets to the consolidated financial statements.

The carrying value of mineral exploration and evaluation assets amounted to \$6.8 million as at September 30, 2025.

Management is required to assess exploration and evaluation assets for impairment indicators at each period end. In making the assessment, management is required to make judgments as to whether impairment indicators exist when assessing the following factors: (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future, (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned, and (iii) sufficient data exists to support that extracting the resources will not be technically feasible or commercially viable and facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Our approach to addressing the matter included the following procedures, among others:

- Evaluated the reasonableness of management’s assessment of indicators of impairment related to exploration and evaluation assets which included the following:
 - Obtained evidence to support (i) the right to explore the area and (ii) property licence expiration dates by reference to government registries.
 - Read Board of Directors’ minutes and obtained budget approvals to evidence continued and planned substantive expenditure on further exploration for and evaluation of mineral resources.
 - Assessed whether sufficient data exists to support that extracting the resources will not be technically feasible or commercially viable and facts and circumstances suggest that the carrying amount of exploration and evaluation assets exceeds the recoverable amount, based on evidence obtained in other areas of the audit.



Key audit matter

How our audit addressed the key audit matter

Management has determined that there were no impairment indicators present for the exploration and evaluation assets and as such, no impairment test was performed at September 30, 2025.

We considered this a key audit matter due to (i) the significance of the mineral exploration and evaluation assets balance and (ii) the judgments made by management in its assessment of indicators of impairment related to mineral exploration and evaluation assets, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leonard Wadsworth.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
December 18, 2025

Consolidated Statements of Financial Position

Euro Manganese Inc.

(expressed in thousands of Canadian dollars)

		(Restated) (Note 3)	
	Note	September 30, 2025	September 30, 2024
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		9,491	9,364
Prepaid expenses		260	411
Accounts and other receivables		572	510
Taxes receivable		76	94
Inventory		636	573
Total current assets		11,035	10,952
Exploration and evaluation assets	5	6,774	6,774
Property, plant and equipment	6	15,634	19,485
Deferred transaction costs	8	1,880	1,880
Other assets	7	1,455	1,377
Total assets		36,778	40,468
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		3,161	2,822
Due to related parties	10	53	33
Lease liability		128	117
Convertible Loan	8	30,577	27,541
Total current liabilities		33,919	30,513
Lease liability		11	140
Total liabilities		33,930	30,653
EQUITY			
Share capital	9	88,348	78,733
Reserves	9	10,622	10,032
Other comprehensive income		448	34
Deficit		(96,570)	(78,984)
Total shareholders' equity		2,848	9,815
Total liabilities and shareholders' equity		36,778	40,468

Going Concern (Note 1)

Events After the Reporting Period (Note 8)

Approved on behalf of the Board of Directors on December 18, 2025.

"Martina Blahova"

Martina Blahova, President and CEO

"John Webster"

John Webster, Director

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Loss and Comprehensive Loss

Euro Manganese Inc.

(expressed in thousands of Canadian dollars, except share and per share amounts)

	Note	Year ended September 30,	
		2025	2024
		\$	\$
Revenue		4,387	3,217
Cost of goods sold	6, 17	(5,126)	(3,776)
Gross loss		(739)	(559)
Operating Expenses			
Chvaletice Project evaluation	6, 18	(6,810)	(8,340)
Other evaluation		(8)	(95)
Corporate and administrative	6, 19	(3,714)	(6,236)
Loss on disposal of property, plant and equipment		-	(4)
Foreign exchange loss		(735)	(134)
Operating loss		(12,006)	(15,368)
Gain on derivative instruments	8	1,008	316
Modification loss on convertible loan facility	8	(2,347)	-
Interest income		161	420
Finance expense	8	(4,257)	(3,605)
Loss before income tax		(17,441)	(18,237)
Income tax expense	16	(145)	(90)
Loss for the year		(17,586)	(18,327)
Other comprehensive income for the year		414	34
Loss and comprehensive loss for the year		(17,172)	(18,293)
Loss per common share:			
Basic and diluted		(0.17)	(0.23)
Weighted average number of common shares			
Basic and diluted		101,859,414	80,533,847

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

Euro Manganese Inc.

(expressed in thousands Canadian dollars, except share amounts)

	Share Capital	Share Capital	Reserves	Other Comprehensive Income	Deficit	Shareholders' Equity
	#	\$	\$	\$	\$	\$
Balance at September 30, 2023	80,533,847	78,733	9,024	-	(60,657)	27,100
Share-based compensation	-	-	1,008	-	-	1,008
Net loss for the year	-	-	-	-	(18,327)	(18,327)
Currency translation	-	-	-	34	-	34
Balance at September 30, 2024	80,533,847	78,733	10,032	34	(78,984)	9,815
Shares issued	62,270,657	11,076	-	-	-	11,076
Share issuance costs	-	(1,152)	-	-	-	(1,152)
Broker warrants issued in private placement	-	(309)	309	-	-	-
Warrants issued	-	-	1,204	-	-	1,204
Share-based compensation	-	-	(923)	-	-	(923)
Net loss for the year	-	-	-	-	(17,586)	(17,586)
Currency translation	-	-	-	414	-	414
Balance at September 30, 2025	142,804,504	88,348	10,622	448	(96,570)	2,848

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

Euro Manganese Inc.

(expressed in thousands of Canadian dollars)

	Note	Year ended September 30,	
		2025	2024
		\$	\$
Operating activities			
Loss for the year		(17,586)	(18,327)
Items not affecting cash:			
Share-based compensation	9	(923)	1,008
Transaction costs on land deposit		-	24
Depreciation	6	3,903	2,598
Loss of disposal of property, plant and equipment		-	4
Finance expense	8	4,257	3,599
Gain on derivative instruments	8	(1,008)	(316)
Unrealized foreign exchange loss (gain)		861	(362)
Interest income		(161)	(420)
Modification loss on convertible loan facility		2,347	-
		(8,310)	(12,192)
Changes in non-cash working capital items:			
Prepaid expenses		141	125
Accounts and other receivables		187	912
Taxes receivable		18	(94)
Inventory		(63)	(96)
Accounts payable and accrued liabilities		25	(2,234)
Due to related parties		20	(6)
Cash used in operating activities		(7,982)	(13,585)
Investing activities			
Purchase of property, plant & equipment	6	(19)	(4,205)
Proceeds from sale of equipment		-	64
Deposit for land acquisition		(68)	-
Cash used on acquisition of EPCS	4	-	(4,265)
Cash acquired on acquisition of EPCS	4	-	887
Interest received		161	611
Cash provided by (used in) investing activities		74	(6,908)
Financing activities			
Proceeds from shares issued	9	11,076	-
Proceeds from convertible loan	8	-	25,973
Share issuance costs	9	(1,087)	-
Transaction costs paid on convertible loan	8	(339)	(1,790)
Interest paid on convertible loan	8	(1,829)	(1,922)
Lease payments		(134)	(276)
Cash provided by financing activities		7,687	21,985
Effect of exchange rate on changes in cash and cash equivalents		348	222
Increase in cash and cash equivalents		127	1,714
Cash and cash equivalents - beginning of year		9,364	7,650
Cash and cash equivalents - end of year		9,491	9,364

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

1. Nature of Operations and Going Concern

Euro Manganese Inc. (the "Company" or "EMN") was incorporated under the British Columbia Business Corporations Act on November 24, 2014. The Company's corporate offices are located at Suite 709, 700 West Pender Street, Vancouver, B.C., Canada, and its registered office is 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 on the OTC Venture Market ("OTCQB") under the symbols "EMN.V" and "EUMNF", respectively. CHES Depository Interests ("CDIs", with each CDI representing one common share) are traded on the Australia Securities Exchange ("ASX") under the symbol "EMN.AX".

The Company is developing the Chvaletice Manganese Project (the "Project"), in which the Company has a 100% ownership interest. The Project involves the reprocessing of a readily leachable manganese deposit hosted in the tailings of a decommissioned mine in the Czech Republic. In 2023, the Company acquired 100% of EP Chvaletice s.r.o. ("EPCS"), a Czech operating company, whose current operations are the fabrication of specialty steel products, and its principal asset is a large parcel of industrial zoned land adjacent to the Project, where the Company proposes to develop its high-purity manganese processing facility. The EPCS operations will continue until certain commercial plant site works for the Project commence. The Company has also started to progress an opportunity to develop a project to produce high-purity manganese products in Canada for the North American market. The Company's goal is to produce high-purity manganese products in an economically, socially and environmentally-sound manner, principally for use in lithium-ion batteries in both Europe and Canada.

As an early-stage development company, it has no material operating revenues and is unable to self-finance its operations. During the year ended September 30, 2025, the Company incurred a net loss of \$17,586 and used \$7,982 cash in operating activities. As at September 30, 2025, the Company's working capital deficit (current assets less current liabilities) was \$22,884. On December 11, 2025, the Company announced amendments to the Funding Package provided by Orion (Note 8). In connection with the amendments, Orion extended the date by which certain milestones were required to June 30, 2026, and Orion may now, at its discretion, convert the outstanding amount drawn under the Convertible Loan Facility and accrued interest into a royalty at any time, subject to the conditions in the Convertible Loan Facility.

The Company anticipates continued operating losses while advancing the Project. Current capital resources are not expected to be sufficient to fund corporate and project development activities for the next twelve months from the reporting date. The Company continues to evaluate financing options to support its ongoing operations and the advancement of the Project but there can be no assurances that such financing will be available on acceptable terms. The ability of the Company to complete any financing in the future will depend principally upon prevailing market conditions and the performance of the Company. Such funding may not be available when needed, if at all, or may not be available on terms favorable to the Company. These factors give rise to material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements have been prepared on a going concern basis in accordance with IFRS Accounting Standards, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses and the balance sheet classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

Basis of Preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

These consolidated financial statements were prepared by management and approved by the Board of Directors of the Company (the "Board") on December 18, 2025.

2.2 Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value.

2.3 Principles of consolidation

These consolidated financial statements incorporate the accounts of the Company and the entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements include the accounts of the Company's subsidiaries from the date of control commences until the date that control ceases. The financial results of its wholly-owned subsidiary, Mangan Chvaletice s.r.o. ("Mangan") and North American Manganese Inc. ("NAM"), are included in the consolidated financial statements for both periods presented and the results of EPCS are included from the date of its acquisition by the Company on December 28, 2023 (Note 4). All significant intercompany transactions and balances have been eliminated on consolidation.

2.4 Share consolidation

On March 31, 2025, the Company consolidated its securities, including shares represented by CDIs on the Australian Securities Exchange, at a ratio of five (5) pre-consolidation shares to one (1) post-consolidation share. All references to shares, warrants, broker warrants, share options and all per share dollar figures in these financial statements are presented on a post-consolidation basis.

2.5 Reclassification of prior period presentation

Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no material effect on the reported statement of loss and comprehensive loss, the statement of cash flows or the statement of shareholders' equity.

3. Material Accounting Policies, Estimates and Judgments

3.1 Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and Mangan. The functional currency of the Company's subsidiary EPCS is the Czech Koruna ("CZK").

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

3. Material Accounting Policies, Estimates and Judgments (continued)

Transactions in foreign currencies are initially recorded in the entity's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange prevailing at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Assets and liabilities of the subsidiary, EPCS, are translated into Canadian dollars at the exchange rate in effect on the date of the statement of the financial position. Gains, expenses and equity items are translated at the exchange rates approximating those in effect on the date of the transactions. Gains and losses from these translations are recognized in accumulated other comprehensive income.

3.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

3.3 Inventory

Inventory consists of materials and supplies. Materials and supplies expected to be used in operations are valued at the lower of weighted average cost or net realizable value, reduced by an amount to take into account any impairment caused by obsolescence, deterioration, damage or other factors. If the circumstances that previously caused impairment are mitigated, the provision for impairment is reversed to the lesser of the new determination of net realizable value or original cost. Impairment provisions for inventory and any subsequent reversal are included as part of net loss in the consolidated statement of loss and comprehensive loss.

3.3 Exploration and evaluation costs

Mineral exploration and evaluation costs include costs to acquire the rights to explore, geological studies, exploratory drilling and sampling, royalty buy back costs, operation of the demonstration plant and directly attributable management costs. Exploration and evaluation expenditures with the exception of acquisition costs, are charged to profit or loss in the period in which they are incurred. Acquisition costs are capitalized to exploration and evaluation assets and classified as non-current. Costs related to the acquisition of mineral properties are capitalized on a property-by-property basis until such a time as the property is placed in production, sold, abandoned or determined to be impaired.

Once it is probable that future economic benefits will flow to the Company, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment. The following criteria are used to assess the economic recoverability and probability of future economic benefits:

- i. Viability: a Proven and/or Probable Mineral Reserve has been established that demonstrates a positive financial return providing the ability to finance the project; and
- ii. Authorizations: necessary permits, access to critical resources and environmental programs exist or are reasonably obtainable.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

3. Material Accounting Policies, Estimates and Judgments (continued)

Proceeds from the sale of properties or projects, or cash proceeds received from option payments, are recorded as a reduction of the cost of the related mineral interest.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Assets in the course of construction are capitalized as construction in progress. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences when the asset is available for its intended use. The carrying amount of a replaced asset is derecognized when replaced. The carrying values of property, plant and equipment are depreciated using the straight-line depreciation method based on their expected useful life as follows:

Land	Not depreciated
Buildings	Straight line basis over 25 years
Buildings - EPCS	Straight line basis over 2 years
Demonstration plant	Straight line basis over 3 years
Office furniture and equipment	Straight line basis over 3 years
Right-of-use assets	Straight line over the term of the lease

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and separately depreciates each part. Residual values, method of amortization, and useful lives of the assets are reviewed annually and adjusted if appropriate. Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the statement of comprehensive loss.

Amounts received from selling items produced while preparing the asset for its intended use are not deducted from the cost of property, plant and equipment. Instead, amounts received are recognized as sales proceeds and the related cost is recognized in the statement of profit or loss.

3.5 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

3. Material Accounting Policies, Estimates and Judgments (continued)

The Company recognizes a right-of-use (“ROU”) asset and a lease liability at the lease commencement date. The ROU asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU assets are subsequently depreciated to the earlier of the end of the useful life of the ROU asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

Lease payments included in the measurement of the lease liability comprise: fixed payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under any residual value guarantee, and the exercise price under any purchase option that the Company would be reasonably certain to exercise; lease payments in any optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for any early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company does not recognize ROU assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to the statement of loss on a straight-line basis over the lease term.

3.6 Asset Retirement Obligation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development and ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site disturbances are initially recognized and recorded as a provision based on estimated future cash flows discounted at a risk-free rate. These asset retirement obligations are adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate.

The asset retirement obligation is also accreted to full value over time through periodic charges to profit or loss. The amount of the asset retirement obligation initially recognized is capitalized as part of the related asset's carrying value. The method of depreciation follows that of the underlying asset. As at September 30, 2025 and 2024 the Company does not have any asset retirement obligations.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

3. Material Accounting Policies, Estimates and Judgments (continued)

3.7 Impairment of non-financial assets

At each financial position reporting date, the carrying amounts of the Company's non-current non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. The recoverable amount is the higher of fair value less costs of disposal and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arms-length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the prevailing market assessment of the time-value of money and the risks specific to the asset. Future cash flows are based on forecast estimates of production, product prices, and operating, capital, and reclamation costs.

Assumptions underlying future cash flow estimates are subject to risks and uncertainties. Any differences between assumptions used and actual market conditions and the Company's performance, could have a material effect on the Company's financial position and results of operations.

Impairment is normally assessed at the level of cash generating units, which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of loss and comprehensive loss for the period.

When an impairment loss reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, provided such revised estimate does not exceed the carrying value of the asset less depreciation that would have been recorded had the asset not been impaired. A reversal of an impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss.

3.8 Revenue

Revenue from contracts with customers is recognized when a customer obtains control of the goods and performance obligations are satisfied. In the case of specialty steel products from EPCS, the performance obligations are satisfied based on customers' acceptance of the products.

3.9 Share-based compensation

Where equity-settled share-based payments are granted to employees, the fair value of the payments is measured using the Black-Scholes or other option pricing models, at the date of grant, and expensed over the vesting period using the graded vesting method. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of equity instruments that eventually vest. Charges for options that are forfeited before vesting are reversed from equity reserves.

Where equity-settled share-based payments are granted to non-employees, they are measured at the fair value of the goods or services received. However, if the value of goods or services received in exchange for the share-based payments cannot be reliably estimated, they are measured using the Black-Scholes option pricing model.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

3. Material Accounting Policies, Estimates and Judgments (continued)

All equity-settled share-based payments are reflected in equity reserves, until exercised. Upon exercise, shares are issued and the amount reflected in equity reserves is credited to share capital, together with any consideration received.

3.10 Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable or recoverable on the taxable income for the period, using tax rates enacted or substantially enacted at the end of the reporting period.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantially enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized only to the extent where it is probable that the future taxable profits or capital gains of the relevant entity or group of entities in a particular jurisdiction will be available, against which the assets can be utilized. Deferred tax assets and liabilities, where recognized, are presented as non-current.

3.11 Financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts and other receivables, accounts payable and accrued liabilities, due to related parties, and liabilities for land deposits.

i) Classification

Classification of financial instruments is determined at initial recognition.

A financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's cash and cash equivalents and accounts and other receivables are classified as measured at amortized cost.

A financial liability is measured at amortized cost, unless it is required to be measured at FVTPL such as instruments held for trading or derivatives, or the Company opted to measure the liability as FVTPL. The derivative liability related to the convertible loan facility is measured at FVTPL. The Company's accounts payable and due to related parties are classified as measured at amortized cost.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

3. Material Accounting Policies, Estimates and Judgments (continued)

ii) Measurement

Financial assets and liabilities at FVTPL - Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in the consolidated statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in the consolidated statement of loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income ("OCI").

Financial assets at FVOCI - Investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes from initial recognition recognized in OCI.

Financial assets and liabilities at amortized cost - Financial assets and liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

iii) Impairment of financial assets

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company uses the simplified approach to measuring the ECL by using a lifetime expected loss allowance for all trade receivables.

iv) Derecognition

Financial assets are derecognized when the investments mature or are sold, and substantially all the risks and rewards of ownership have been transferred. A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. Gains and losses on derecognition are recognized within finance income and finance costs, respectively. Gains or losses on financial assets classified as FVOCI remain within accumulated OCI.

v) Fair value of financial instruments

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the financial asset's specific circumstances.

3.12 Related party transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

3. Material Accounting Policies, Estimates and Judgments (continued)

3.13 Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. If the Company incurs a net loss in a fiscal period, basic and diluted loss per share are the same.

3.14 Accounting for government grants and disclosure of government assistance

A forgivable loan is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. The benefit of a government loan at a below-market rate of interest is treated as a government grant which is recognized and measured in accordance with IFRS 9. The benefit of the below-market rate of interest is the difference between the initial carrying value of the loan, discounted over the term of the loan using the incremental borrowing rate for the Company and the proceeds received.

3.15 Business combinations

A business combination is an acquisition of assets and liabilities that constitute a business whereby the Company obtains control of the business. A business is an integrated set of activities and assets that consist of inputs and processes, including a substantive process that, when applied to those inputs, have the ability to create or significantly contribute to the creation of outputs that generate investment income or other income from ordinary activities.

Business combinations are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the purchase consideration over such fair value being recorded as goodwill. Non-controlling interest in an acquisition may be measured at either fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's net identifiable assets. The excess of (i) total consideration transferred by the Company, measured at fair value, including contingent consideration, and (ii) the non-controlling interests in the acquiree's, over the acquisition-date fair value of the net of the assets acquired and liabilities assumed, is recorded as goodwill. If the fair value attributable to the Company's share of the identifiable net assets exceeds the cost of acquisition, the difference is recognized as a gain in the consolidated statement of operations.

Should the consideration be contingent on future events, the preliminary cost of the acquisition recorded includes management's best estimate of the fair value of the contingent amounts expected to be payable. Provisional fair values allocated at the reporting date are finalized within one year of the acquisition date with retroactive restatement to the acquisition date as required. Transaction costs, other than those associated with the issue of debt or equity securities, which the Company incurs in connection with a business combination, are expensed as incurred.

The Company has an option to apply a 'concentration test' to assess whether an acquired set of activities and assets are not a business. If substantially all of the fair value of the gross assets acquired are concentrated in a single, identifiable asset or group of similar identifiable assets, the concentration test is met, and the transaction is accounted for as an asset acquisition. In such cases, the acquirer identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The cost of the net assets is allocated to the individual identifiable assets and liabilities on the basis of their fair values at the date of purchase. Such a transaction or event will not give rise to goodwill. Acquisition-related costs in an asset acquisition are recognized as part of the cost of the assets acquired.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

3. Material Accounting Policies, Estimates and Judgments (continued)

3.16 Critical Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards 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. The estimates and the underlying assumptions are based on the judgment of management, including historical experience and other factors that management believes to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. A revision to an accounting estimate is recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

The following are critical judgments and estimates that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- a) Management is required to assess exploration and evaluation assets for impairment indicators at each period end. The impairment indicators are defined in IFRS 6 *Exploration for and Evaluation of Mineral Resources* ("IFRS 6"). In making the assessment, management is required to make judgments as to whether impairment indicators exist when assessing the following factors: the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future, substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned, sufficient data exists to support that extracting the resources will not be technically feasible or commercially viable and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The nature of exploration and evaluation activity is such that only a small proportion of projects are ultimately successful, and some assets are likely to become impaired in future periods.

Management has determined that there were no impairment indicators present for the exploration and evaluation assets and as such, no impairment test was performed at September 30, 2025.

- b) In assessing the Convertible Loan Facility (Note 8), management identified an extension and conversion option embedded derivative within the convertible debt. The derivative is required to be revalued at each period end with the movements recorded as gains or losses in the statement of loss and comprehensive loss. Significant estimates and judgments were used such as the expected future high purity manganese prices and the probability of the debt being extended or converted.

3.17 Recent Accounting Pronouncements

The IASB issued an amendment to IAS 1, *Presentation of Financial Statements*, that clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments were effective January 1, 2024 and have been applied retrospectively. Under previous IAS 1 requirements, companies classified a liability as current when they did not have an unconditional right to defer settlement for at least 12 months after the reporting date. The IASB removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

3. Material Accounting Policies, Estimates and Judgments (continued)

The Company adopted these amendments effective October 1, 2024, applied them retrospectively as required by the transitional provisions of the amendments.

Amendments to IAS 1 resulted in a reclassification of Convertible Loan Facility (Note 8) from non-current liabilities to current liabilities as at September 30, 2024. Under the originally issued Convertible Loan Facility, the holder could convert the Convertible Loan Facility into the royalty at any time. Under the terms of the amended Convertible Loan Facility, the holder has the right to convert the Convertible Loan Facility into a royalty after November 28, 2025. The conversion of the Convertible Loan Facility into a royalty would be considered a settlement under the amendments to IAS 1. As a result, the Company did not have the right to defer settlement of the Convertible Loan Facility for more than 12 months after the end of the reporting periods.

A statement of financial position as at October 1, 2023 was excluded as the Convertible Loan Facility was not issued until subsequent to October 1, 2023. There was no impact on the statement of loss, statement of equity, and statement of cash flows for the year-ended September 30, 2024.

3.18 New Accounting Standards Issued But Not Yet Effective

The International Accounting Standards Board has issued classification and measurement and disclosure amendments to IFRS 9 and IFRS 7 which are effective for years beginning on or after January 1, 2026 with earlier application permitted. The amendments clarify the date of recognition and derecognition of some financial assets and liabilities and introduce a new exception for some financial liabilities settled through an electronic payment system. Other changes include a clarification of the requirements when assessing whether a financial asset meets the payments of principal and interest criteria and new disclosures for certain instruments with contractual terms that can change cash flows (including instruments where cash flow changes are linked to environmental, social or governance targets).

IFRS 18, Presentation and Disclosure in Financial Statements, ("IFRS 18") is a new standard that will provide new presentation and disclosure requirements, and which will replace International Accounting Standard ("IAS") 1, Presentation of Financial Statements. IFRS 18 introduces changes to the structure of the statement of income; provides required disclosures in financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and provides enhanced principles on aggregation and disaggregation in financial statements. Many other existing principles in IAS 1 have been maintained. IFRS 18 is effective for years beginning on or after January 1, 2027, with earlier application permitted.

The Company is currently assessing the impact of the new and amended standards.

4. Acquisition of EP Chvaletice s.r.o.

On August 13, 2018, the Company, through its Czech subsidiary Mangan, entered into an option agreement to acquire 100% interest in EPCS, a Czech operating company whose principal asset is a large parcel of industrial zoned land adjacent to the Chvaletice Manganese Project where the Company proposes to develop its high-purity manganese processing facility.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

4. Acquisition of EP Chvaletice s.r.o. (continued)

The Company paid an aggregate amount of \$8,682 from October 17, 2018, to December 28, 2023 for the purchase of EPCS. The option payments made prior to the acquisition of EPCS were a derivative classified as fair value through profit or loss ("FVTPL"). On acquisition of EPCS, on December 28, 2023, the option was revalued based on a third party valuation of acquired assets at \$8,998, resulting in \$316 increase in the value of the option. The acquisition was accounted for as a purchase of assets as it met the concentration test under IFRS 3, *Business Combinations*.

The final purchase price consideration was as follows:

	\$
Cash paid including option payments	8,682
Revaluation of derivative	316
Net working capital adjustment	1,777
	10,775

The purchase price was allocated based on the fair value of the assets acquired and liabilities assumed as follows:

	\$
Cash and cash equivalents	887
Accounts receivable	1,244
Prepays and other	14
Inventory	477
Equipment	407
Buildings	4,181
Land	4,396
Accounts payable and accrued liabilities	(457)
Income tax and other taxes payable	(291)
Operating lease liabilities	(83)
	10,775

The value of the land was determined using the comparative method to reflect the real estate prices achievable for comparable undeveloped land plots in the market. The buildings currently in use by EPCS were valued using the income method, assuming rent rates for similar spaces in nearby areas. The valuation of movable assets (equipment and vehicles) was based on historical prices, reflecting the technical value and saleability factor.

5. Exploration and Evaluation Assets

As at September 30, 2025, the Company holds a Mining Lease permit for the Chvaletice Manganese Project which replaces all prior authorizations according to the Mining Act and has no expiry date. It provides the Company with exclusive, unrestricted rights to mineral extraction within the designated area and ensures robust legal protection of the Project area, enabling the Company to proceed with the Project's next phases on an exclusive basis.

The exploration and evaluation assets will be tested for impairment and then reclassified to mineral property and development assets within property, plant and equipment once the Company has secured access to all required land parcels for the Chvaletice Manganese Project and has obtained certain agreements with customers confirming the economic viability and secured all necessary permits and funding.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

6. Property, Plant and Equipment

	Assets under construction	Building, Plant and Equipment	Land	Lease assets	Total
	\$	\$	\$	\$	\$
Cost					
September 30, 2023	7,858	179	333	604	8,974
Additions EPCS	-	4,588	4,396	-	8,984
Additions other	1,152	9	3,259	361	4,781
Disposals	-	(79)	-	(603)	(682)
Transfers	(9,010)	9,010	-	-	-
September 30, 2024	-	13,707	7,988	362	22,057
Additions	-	19	-	-	19
Disposals	-	(20)	-	-	(20)
Foreign exchange	-	44	-	-	44
September 30, 2025	-	13,750	7,988	362	22,100
Accumulated depreciation					
September 30, 2023	-	(126)	-	(462)	(588)
Depreciation	-	(2,366)	-	(232)	(2,598)
Disposals	-	11	-	603	614
September 30, 2024	-	(2,481)	-	(91)	(2,572)
Depreciation	-	(3,782)	-	(120)	(3,902)
Disposals	-	12	-	-	12
Foreign exchange	-	(4)	-	-	(4)
September 30, 2025	-	(6,255)	-	(211)	(6,466)
Carrying amount					
September 30, 2024	-	11,226	7,988	271	19,485
September 30, 2025	-	7,495	7,988	151	15,634

In the current year, depreciation of \$1,469 (2024 - \$1,237) was recorded to cost of goods sold, \$2,309 (2024 - \$1,235) to Chvaletice Project evaluation, and \$124 (2024 - \$126) to corporate and administrative.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

7. Other Assets

Other assets, representing deposits for land, are as follows:

		September 30,	
		2025	2025
		\$	\$
Land deposit for buffer zone and infrastructure corridor (tailings area)	i	65	65
Additional land deposit and rail spur extension (plant area)	ii	427	349
Deposit for land parcel within the Port of Bécancour	iii	963	963
		1,455	1,377

- i) On May 11, 2019, the Company entered into a purchase agreement with the Municipality of Trnavka for a 2.96-hectare parcel of land adjacent to the Project tailings. The land will be used to construct a visual and acoustic barrier between the Municipality of Trnavka and the tailings area. The total purchase price for the land is CZK 2,027 (\$126). As of September 30, 2025, the Company has paid CZK 1,115 (\$65). The remaining balance of CZK 912 (\$61) is payable over the period upon achievement of permitting milestones.
- ii) On December 18, 2020, the Company entered into an agreement with Správa Nemovitostí Kirchdorfer CZ s.r.o. to acquire a parcel of land, including a rail spur extension, to provide additional space and flexibility for the Chvaletice commercial plant layout. The total purchase price for the land is Euro 726 (\$1,137). As of September 30, 2025, the Company has paid Euro 272 (\$427). The remaining balance of Euro 454 (\$741) was payable on October 10, 2025. On October 10, 2025, the Company and Správa Nemovitostí Kirchdorfer CZ s.r.o. amended the original agreement to amend the October 10, 2025 payment to Euro 54 (\$85) and defer Euro 399 (\$656) to October 10, 2026. Subsequent to year-end, the Company paid Euro 54 (\$85) on October 10, 2025.
- iii) On December 16, 2022, the Company entered into an option agreement with The Société du parc industriel et portuaire de Bécancour ("SPIPB"), a Québec state enterprise and owner of a 15-hectare land parcel within Bécancour (the "Bécancour Option Agreement"), where the Company proposes to establish its North American facilities. The agreement grants the Company exclusive access to the land and the right to conduct due diligence. On September 30, 2024, the Company amended the agreement with SPIPB to acquire an 8-hectare property at the Port of Bécancour for total consideration of \$5,111, with all prior payments applied against the purchase price. Closing is subject to conditions, including SPIPB approval of project plans and securing project financing.

At September 30, 2025, the Company had made payments totaling \$963. On September 30, 2025, the Company further amended the agreement, revising the purchase price to \$6,115 and extending the option period to September 30, 2026. Beginning July 1, 2026, the Company will be required to make monthly payments of \$31 to maintain the option until its expiry.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

8. Convertible Loan Facility

On November 28, 2023, the Company signed definitive agreements with a company managed by the Orion Resource Partners Group, ("Orion") for US\$100 million (\$140 million) in financing (the "Funding Package") to advance the development of the Project. The Funding Package is split into two US\$50 million (\$70 million) components: (a) a US\$50 million (\$70 million) loan facility convertible, at Orion's option, into a 1.29-1.65% royalty on Project revenues (the "Convertible Loan Facility"), with US\$20 million (\$28 million) received and an additional US\$30 million (\$42 million) to be received upon meeting certain milestones; and (b) US\$50 million (\$70 million) in exchange for a 1.93-2.47% royalty on Project revenues following a final investment decision by the Company's Board of Directors and other conditions precedent typical for this type of financing (the "Royalty Financing").

The Convertible Loan Facility bears interest at 12% per annum, payable quarterly, and has a maturity of 36 months, which could be extended by Orion up to an additional 36 months. Under the Convertible Loan Facility, Orion could convert the Convertible Loan Facility into the royalty at any time, while the Company may force conversion into the royalty upon a successful completion test of the Project's commercial plant.

In connection with the Funding Package, Orion was granted comprehensive security over the assets of Mangan and rights of the Project. Conditions precedent to the US\$30 million (\$42 million) tranche of the Convertible Loan Facility include completion of offtake agreements for 40% of the Project's high-purity manganese production for the first five years of production and securing a strategic investor. Covenants and events of default include customary covenants and undertakings and events of default for a secured financing of this nature. These include, but are not limited to, completion of the key commercial agreements referred to above, securing a strategic investor, and completion of various technical milestones aligned with the Company's progress to final investment decision, all subject to time limits.

In connection with the first tranche of the Convertible Loan Facility, the Company determined that Orion's right to convert and/or extend the Convertible Loan Facility up to an additional 36 months met the definition of a financial derivative liability, which was separated, as it was not closely related to its debt host. Accordingly at inception, the US\$20,000 (\$25,973) gross proceeds were allocated as follows: \$844 to the derivative liability at its estimated fair value with the residual of \$25,129 to the debt host. In determining the estimated fair value of the separated derivative liability, the key inputs were the estimated royalty payments if converted, the expected future manganese prices, the production schedule, and the probability of the extension by Orion of the Convertible Loan Facility. These are level 3 in the fair value hierarchy (Note 11). The Company incurred transaction costs of \$2,976, of which \$1,880 was allocated to the US\$80 million (\$112 million) undrawn portion of the Funding Package and is deferred until drawn, \$1,059 was allocated to the first tranche of the Convertible Loan Facility and is deferred and amortized using the effective interest method, and \$37 was allocated to the derivative liability and was immediately recognized in the statement of loss.

In December 2024, the Company amended the terms of the Convertible Loan Facility whereby, in exchange for waiving certain covenants of the original agreement for up to one year and the deferral of interest payments from January 1, 2025 onwards, the Company will pay 14% compounded interest on the outstanding loan and will issue warrants of the Company matching the same terms as for a future financing as if Orion had participated for US\$2.8 million in that financing. The Company has also been granted the right to repay, at any time, the Convertible Loan Facility at par, including all accrued and unpaid interest, and may cancel the second tranche of the Convertible Debt Facility without penalty. The prepayment right has been incorporated into the fair value measurement of the embedded derivative related to the conversion and extension features. In addition, the Company also has the right to terminate the Royalty Financing, if the Convertible Loan Facility has been paid in full, for a fee of US\$1 million (\$1.4 million).

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

8. Convertible Loan Facility (continued)

Under the terms of the amended Orion Convertible Loan Facility, Orion did not have the option to convert the Convertible Loan Facility into a royalty until after November 28, 2025.

For accounting purposes, under IFRS 9, this has been treated as modification of debt as it was determined that the amendment was not a substantial modification, either qualitatively or quantitatively. As such, the carrying amount of the existing liability has been recalculated at the present value of the original effective interest rate less transaction costs of \$339 incurred in relation to the modification. A loss of \$989 has been included in the modification loss on convertible loan facility in the consolidated statement of loss and comprehensive loss.

As of the amendment date, the fair value of the Company's commitment to issue warrants was determined to be \$Nil. On May 28, 2025, the Company issued 22,263,733 warrants to Orion, each entitling Orion to purchase one common share of the Company at an exercise price of \$0.225. These warrants expire on November 28, 2026. The fair value of the warrants totaling \$1,204, calculated using the Black-Scholes option pricing model, was recognized as an expense and included in the modification loss on convertible loan facility in the consolidated statement of loss and comprehensive loss.

As at September 30, 2025, the Company was in compliance with the covenants under the Convertible Loan Facility. On December 11, 2025, the Company announced amendments to the Funding Package provided by Orion (see Note 8). Under the amended terms, Orion extended the date by which certain milestones were required to June 30, 2026. In addition, Orion may, at its discretion, convert the outstanding amount drawn under the Convertible Loan Facility, together with accrued interest, into a royalty at any time, subject to the conditions outlined in the Convertible Loan Facility agreement (Note 1).

A summary of the Company's first tranche of the Convertible Loan Facility is as follows:

	Convertible Loan	Derivative Liability	Total
	\$	\$	\$
September 30, 2023	-	-	-
Advances	27,162	-	27,162
Transaction costs	(1,059)	-	(1,059)
Initial recognition of derivative liability	(844)	844	-
Accretion	468	-	468
Interest accrued	2,725	-	2,726
Interest paid	(1,922)	-	(1,922)
Change in fair value of derivative liability	-	345	345
Foreign exchange gain	(175)	(3)	(178)
September 30, 2024	26,355	1,186	27,541
Accretion	199	-	199
Interest accrued	4,042	-	4,042
Interest paid	(1,829)	-	(1,829)
Transaction costs incurred for modification	(339)	-	(339)
Modification loss	1,143	-	1,143
Change in fair value of derivative liability	-	(1,008)	(1,008)
Foreign exchange loss	828	-	828
September 30, 2025	30,399	178	30,577

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Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

9. Equity

a) Common shares

The Company has unlimited authorized common shares with no par value.

On May 28, 2025, the Company completed a financing package for total gross proceeds of \$11,076 (Note 10), comprised of the following components:

- a private placement of 39,671,662 common shares, 14,906,688 CDIs and 54,578,350 warrants at a price of \$0.18 per share (A\$0.19 (\$0.18) per CDI), for gross proceeds of \$9,736;
- a share purchase plan offering 7,692,307 CDIs and 7,692,307 warrants at a price of A\$0.19 (\$0.18) per CDI, for gross proceeds of \$1,340.

Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.225, expiring on November 28, 2026. The proceeds from financing were allocated between the common shares, CDIs and the warrants using the residual value method. Under this method, the fair value of common shares and CDIs based on market price at the time of issuance amounted to \$11,076. The residual value allocated to warrants was \$nil.

In connection with the financing, the Company issued 4,904,478 broker warrants as compensation to agents and intermediaries. Each broker warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.225, expiring on May 28, 2027. The fair value of the broker warrants was estimated at \$309, using the Black-Scholes option pricing model (refer to Note 9(c) for inputs into the Black-Scholes option pricing model), and was recorded as a share issuance cost. The Company also incurred share issuance costs of \$1,152.

b) Share options

The Company has a rolling share-based compensation plan (the "Plan") allowing for the reservation of a maximum 10% of the common shares issued and outstanding at any given time for issuance under the Plan. Under the Plan, all share options are granted at the discretion of the Company's Board. The term of any option granted may not exceed ten years and the exercise price may not be less than the market value of the Company shares at the date of the grant.

A continuity summary of the share options granted and outstanding under the Plan for the year ended September 30, 2025 and 2024, is presented below:

	2025		Year ended September 30, 2024	
	Number of share options	Weighted average exercise price (\$ per share)	Number of share options	Weighted average exercise price (\$ per share)
Balance, beginning of the year	7,387,039	2.02	7,699,517	2.05
Granted	7,020,000	0.19	-	-
Exercised	-	-	-	-
Expired	(1,358,274)	2.30	(143,605)	2.80
Forfeited	(2,002,284)	2.84	(168,873)	2.40
Balance, end of the year	11,046,482	0.67	7,387,039	2.02

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

9. Equity (continued)

During the year ended September 30, 2025, the Company recorded share-based compensation gain of \$923 (2024 – share-based compensation expense of \$1,008) of which share-based compensation expense \$208 (2024 – \$70) has been allocated to Chvaletice Project evaluation and share-based compensation gain of \$1,131 (2024 – share-based compensation expense of \$938) to corporate and administrative.

The balance of share options outstanding and exercisable at September 30, 2025, is as follows:

Expiry date	Number of share options	Number of share options exercisable	Exercise Price	Weighted average life
	#	#	\$	Years
May 15, 2026	200,000	200,000	0.40	0.62
April 6, 2027	125,000	125,000	0.50	1.52
September 21, 2027	300,000	300,000	0.55	1.98
December 14, 2027	95,000	95,000	0.55	2.21
February 21, 2028	330,000	330,000	1.00	2.39
March 20, 2028	100,000	100,000	1.00	2.47
August 15, 2028	200,000	200,000	1.25	2.88
February 14, 2029	338,333	338,333	1.40	3.38
May 15, 2029	30,000	30,000	1.25	3.62
August 12, 2029	30,000	30,000	1.25	3.87
April 6, 2030	30,000	30,000	1.25	4.52
September 11, 2030	675,400	675,400	0.55	4.95
September 23, 2030	100,000	100,000	0.63	4.98
March 30, 2031	195,000	75,000	3.05	5.50
June 21, 2031	80,000	80,000	2.95	5.73
December 20, 2031	630,000	630,000	2.90	6.22
February 20, 2033	50,000	33,333	2.39	7.40
May 15, 2033	517,749	345,166	2.39	7.63
May 28, 2035	7,020,000	3,440,000	0.19	9.66
	11,046,482	7,157,232	0.83	7.76

Option pricing models require the input of subjective assumptions. The expected life of the share options considered such factors as the average length of time similar option grants in the past have remained outstanding prior to exercise and the vesting period of the grants. The selection of alternative assumptions could have a material impact on the estimated fair value of the options.

In the year ended September 30, 2025, the Company applied the Black-Scholes option pricing model to determine the value of stock options. These share options were granted to employees, including directors, and non-employees and valued on the date of grant using the following weighted-average assumptions: risk free interest rate of 1.64%, expected life of 9 to 10 years, annualized volatility of 70%, and dividend yield of nil. The average fair value of share options granted was estimated to be \$0.14 per share option.

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Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

9. Equity (continued)

c) Warrants

	Year ended September 30,			
	2025		2024	
	Number of warrants #	Weighted-average exercise price \$	Number of warrants #	Weighted-average exercise price \$
Outstanding, beginning of the year	-	-	1,200,000	1.63
Issued	89,438,868	0.225	-	-
Expired	-	-	(1,200,000)	1.63
Outstanding, end of the year	89,438,868	0.225	-	-

During the year ended September 30, 2025, the Company issued the following warrants:

- 62,270,657 warrants issued to participants in the private placement and SPP completed on May 28, 2025. These warrants are measured at residual value (Note 9(a)).
- 4,904,478 warrants issued to broker as compensation to agents and intermediaries. The fair value of the broker warrants was estimated at \$309, using the Black-Scholes option pricing model, and was recorded as a share issuance cost (Note 9(a)).
- 22,263,733 warrants to Orion in accordance with the amended Orion agreement. The fair value of the warrants totaling \$1,204, was calculated using the Black-Scholes option pricing model, was recognized as an expense and included in the modification loss in the statement of loss.

The balance of warrants outstanding at September 30, 2025, is as follows:

Expiry date	Number of warrants #	Exercise price \$	Weighted average remaining years Year
28-Nov-26	84,534,390	0.225	1.16
28-May-27	4,904,478	0.225	1.66
	89,438,868	0.225	1.19

Determining fair value of warrants using the Black-Scholes option pricing model requires the use of subjective assumptions. Warrants issued during the period were valued on the issue date using the following inputs: Risk-free interest rate: 1.643%, Expected life: 18 months - 2 years, Volatility: 70% and Dividend yield: nil.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

10. Related Party Transactions

The remuneration of directors and those persons having authority and responsibility for planning, directing and controlling activities of the Company are as follows:

	Year ended September 30,	
	2025	2024
	\$	\$
Salaries and benefits to officers and directors of the Company	1,696	2,387
Final payments to the former CEO	521	-
Share-based compensation	574	1,222
Share-based compensation gain resulted from forfeiture of options	(1,659)	-
	1,132	3,609

Certain directors and members of management of the Company participated in the May 28, 2025 financing package. The aggregate subscription amount by related parties was \$145. The securities issued to related parties were on the same terms and conditions as those issued to arm's length investors.

As at September 30, 2025, \$106 (2024: \$33) is payable to related parties.

Related party transactions were incurred in the normal course of operations.

11. Fair Value Measurement of Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

The fair values of the Company's cash and cash equivalents, accounts and other receivables, accounts payable and accrued liabilities, and due to related parties approximate carrying values recorded on the consolidated statements of financial position due to their short-term nature.

The Convertible Loan is classified as Level 2 and measured at amortized cost using the discounted cash flow valuation technique which approximates its fair value.

The Convertible Loan derivative liability which was separated from the host convertible loan contract, is a financial instrument measured at fair value through profit and loss using Level 3 inputs as there is no observable market data available. The significant assumptions used in the valuation were the discount rate and the probability of repayment and conversion and extension. The valuation was prepared by management under the direct oversight of the Interim Chief Financial Officer, and the valuation process and results are reviewed with the Audit Committee on a quarterly basis.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Canadian dollars, except for share and per share amounts)

12. Financial Risk Management

a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents and accounts and other receivables. Management believes that the credit risk with respect to these instruments is minimal as they primarily consist of amounts on deposit with a major financial institution.

b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation (Note 1). At September 30, 2025 the maturity of accounts payable and the due to related parties balances are under one year. The Company's contractual obligations related to the Convertible Loan and interest are disclosed in Note 8.

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash in savings accounts and GIC's carried at fixed interest rates, invested with major Canadian and Czech banks.

Foreign currency risk

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency rates. The Company's financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the functional currency of the entity that holds them. Exchange gains and losses in these situations impact earnings. A 1% increase of the value of the Canadian dollar relative to the U.S. dollar as at September 30, 2025 would result in an additional \$305 foreign exchange gain (loss) reported in the Company's consolidated statement of loss and comprehensive loss for the year ended September 30, 2025 (year ended September 30, 2024 - \$200). A 1% increase of the value of the Canadian dollar relative to the CZK as at September 30, 2024 would result in an additional \$2 foreign exchange gain (loss) reported in the Company's consolidated statement of loss and comprehensive loss for the year ended September 30, 2025 (year ended September 30, 2024 - \$205). A 1% increase of the value of the Canadian dollar relative to the Australian dollar as at September 30, 2024 would result in an additional \$25 foreign exchange gain (loss) reported in the Company's consolidated statement of loss and comprehensive loss for the year ended September 30, 2025 (year ended September 30, 2024 - \$nil).

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

13. Segmented Information

The Company defines its major operating segments as Mangan, EPCS, and corporate. The Chief Operating Decision Maker (“CODM”) is the Company’s CEO. For the Mangan operating segment the CODM reviews key categories of operating expenses including Chvaletice Project evaluation expenses, corporate and administration expenses, and finance expense. For the EPCS operating segment the CODM’s review consists of revenue, cost of sales, gross profit and corporate and administrative expenses. The Corporate segment does not conduct exploration or income generating activities and its results are reviewed for cost management.

A summary of the Company’s segmented operational activity and balances for the year ended September 30, 2025 is as follows:

	Mangan	EPCS	Corporate	Total
Revenue	-	4,387	-	4,387
Cost of sales	-	(5,126)	-	(5,126)
Gross profit	-	(739)	-	(739)
Operating expenses				
Chvaletice Project evaluation	(6,772)	-	(38)	(6,810)
Other evaluation	-	-	(8)	(8)
Corporate and administrative	(24)	41	(3,731)	(3,714)
Foreign exchange gain (loss)	(1,747)	(19)	1,031	(735)
Operating loss	(8,543)	(717)	(2,746)	(12,006)
Gain on derivative instruments	1,008	-	-	1,008
Modification loss on convertible loan facility	(2,347)	-	-	(2,347)
Interest income	95	30	36	161
Finance expense	(4,257)	-	-	(4,257)
Loss before income tax	(14,044)	(687)	(2,710)	(17,441)
Income tax expense	-	(145)	-	(145)
Loss for the period	(14,044)	(832)	(2,710)	(17,586)
Financial position as at September 30, 2025				
Assets	19,470	3,154	14,154	36,778
Liabilities	33,064	311	555	33,930

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

13. Segmented Information (continued)

A summary of the Company's segmented operational activity and balances for the year ended September 30, 2024 is as follows:

	Mangan	EPCS	Corporate	Total
Revenue	-	3,217	-	3,217
Cost of sales	-	(3,776)	-	(3,776)
Gross profit	-	(559)	-	(559)
Operating expenses				
Chvaletice Project evaluation	(8,340)	-	-	(8,340)
Other evaluation	-	-	(95)	(95)
Corporate and administrative	(66)	(63)	(6,107)	(6,236)
Loss on disposal of property, plant and equipment	-	(4)	-	(4)
Foreign exchange gain (loss)	(53)	(2)	(79)	(134)
Operating loss	(8,459)	(628)	(6,281)	(15,368)
Gain on derivative instruments	316	-	-	316
Interest income	290	4	126	420
Finance expense	(3,605)	-	-	(3,605)
Loss before income tax	(11,458)	(624)	(6,155)	(18,237)
Income tax expense	-	(90)	-	(90)
Loss for the period	(11,458)	(714)	(6,155)	(18,327)
Financial position as at September 30, 2024				
Assets	29,130	2,644	8,694	40,468
Liabilities	29,966	131	556	30,653

Entity-wide disclosures

All revenue for the years ended September 30, 2025 and 2024 were earned in the Czech Republic.

Mangan and EPCS asset are geographically located in the Czech Republic and corporate assets are located in Canada.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

14. Commitments

At September 30, 2025, the Company was committed to make the minimum annual cash payments as follows:

	Less than one year	Total
	\$	\$
Minimum rent payments	110	110
Operating expenditure commitments	147	147
Total contractual obligations	257	257

Pursuant to the ČEZ Lease Agreement, land access has been granted for the life of the Project and during the subsequent period in which reclamation and revitalization of the premises is to take place, in return for a royalty on the Project's gross sales. During the period in which Project is expected to have project finance debt (the "Debt Period"), estimated to be seven years, the royalty will operate on a sliding scale from 0.2% to 1.8%, depending on the average prices received for the Project's high-purity manganese products. Post the Debt Period, the royalty will be 1.8% of gross sales. Additionally, the ČEZ Lease Agreement also requires the Company to pay, commencing in 2027, a minimum rent of CZK 625 (\$42) per calendar quarter, adjusted annually commencing in 2028, based on inflation during the immediately preceding year.

The Company agreed to acquire a right-of-way for a period of 30 years having an annual rental of CZK 60 (\$4).

The Company and the Municipality of Chvaletice, being the land owners, signed a land access agreement via rental of a parcel of land that underlies the tailings to the Company until the earlier of a 40-year period or upon remediation of the land. The agreement grants the Company access to a portion of the tailings surface area. The annual rental is CZK 9,500 (\$638), adjusted for inflation based on the average annual Czech consumer price index for the 12 months of the previous calendar year. The land rental agreement is effective as of July 1, 2022.

15. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to pursue suitable business opportunities and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the evaluation stage and has not achieved commercial operations from its projects, its principal source of funds is from the issuance of common shares, the Convertible Loan Facility and the operations at EPCS. Further information related to liquidity risk is disclosed in Note 1 and 12.

In the management of capital, the Company includes the components of equity. The Company manages and adjusts its capital structure considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain and adjust the capital structure, the Company may attempt to issue new shares, enter joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary, depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board.

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

15. Management of Capital (continued)

The Company's investment policy is to invest its cash in high-quality, highly liquid short-term interest-bearing investments with maturities of one year or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company is uncertain as to whether its current capital resources will be sufficient to carry on its evaluation and development plans and operations through its current operating period and, accordingly, management is reviewing the timing and scope of current evaluation plans and is also pursuing other financing alternatives to fund the Company's operations. The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management in the period.

16. Income Taxes

A reconciliation of the income tax expense at the statutory tax rate of 27% (2024 - 27%) is as follows:

	2025	September 30, 2024
	\$	\$
Loss for the year	(17,441)	(18,237)
Expected income tax recovery	(4,709)	(4,948)
Non-deductible expenses and other	(447)	568
Effect of foreign tax rates and tax rate changes	1,681	1,405
Effect of deductible temporary difference not recognized	3,620	3,065
Income tax expense	145	90

The Company has not recognized any deferred tax assets as realization is not probable. The significant components of the Company's deferred tax assets are as follows:

	2025	September 30, 2024
	\$	\$
Equipment	-	48
Exploration and evaluation costs	9,917	6,140
Share issuance costs	276	1,276
Tax operating losses	16,191	7,240
	26,384	14,704
Unrecognized deferred income tax assets	(26,384)	(14,704)
Deferred income tax assets	-	-

At September 30, 2025, the Company had the following estimated tax operating losses available to reduce future taxable income, including losses for which deferred tax assets are not recognized as listed in the table above. Losses expire at various dates and amounts between 2026 and 2045.

At September 30, 2025	\$
Canada	36,890
Czech Republic	23,076
Tax operating losses	59,966

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

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17. Cost of Goods Sold

The components of cost of goods sold are as follows:

	Year ended September 30,	
	2025	2024
	\$	\$
Materials	2,748	1,849
Labour costs	909	690
Depreciation	1,469	1,237
	5,126	3,776

18. Chvaletice Project Evaluation

The components Chvaletice project evaluation expenses are as follows:

	Year ended September 30,	
	2025	2024
	\$	\$
Engineering	654	2,333
Remuneration	2,107	1,228
Share-based compensation	208	70
Travel	19	70
Legal and professional fees	311	900
Marketing activities	62	1,190
Supplies and rentals	1,140	1,314
Depreciation	2,309	1,235
	6,810	8,340

Notes to the Consolidated Financial Statements

Euro Manganese Inc.

(Expressed in thousands of Canadian dollars, except for share and per share amounts)

19. Corporate and Administrative

The components corporate and administrative expenses are as follows:

	Year ended September 30,	
	2025	2024
	\$	\$
Remuneration	2,842	2,842
Share-based compensation	(1,131)	938
Legal and professional fees	990	976
Travel	46	252
Filing and compliance fees	222	275
Office and administration	135	193
Insurance	167	250
Conferences	64	28
Investor relations	255	325
Product sales and marketing	-	31
Depreciation	124	126
	3,714	6,236