

Euro Manganese Makes Significant Progress on its Bécancour Facility to Supply Battery Grade Manganese in North America

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VANCOUVER, Aug. 09, 2023 - [Euro Manganese Inc.](#) (TSX-V and ASX: EMN; OTCQX: EUMNF; Frankfurt: E06) (the "Company" or "EMN") is pleased to announce key developments on its Bécancour Plant, which provide an opportunity to accelerate the Company's plans to produce high-purity manganese products in Canada for the North American electric vehicle ("EV") market.

Highlights

- A Scoping Study was completed evaluating the development of a Dissolution Plant in Bécancour, Québec capable of producing 48,500 tonnes per annum ("tpa") of battery grade manganese sulphate ("HPMSM"). The Scoping Study delivered strong preliminary project economics with a post-tax Net Present Value ("NPV") of C\$190 million and a post-tax Internal Rate of Return ("IRR") of 26%.
- The Company has selected WSP Canada Inc. to complete a Feasibility Study for the Plant, which will further refine Plant design, costs, economics, and customer off-take opportunities.
- In addition, the Company has signed a Memorandum of Understanding ("MoU") with MMC, a South African producer of high-purity electrolytic manganese metal ("HPEMM"), to supply the Bécancour Dissolution Plant with battery-grade, selenium-free, 99.9% HPEMM feedstock. HPEMM is an already refined metal product that requires further processing to produce battery grade manganese sulphate.
- The MoU is strategically significant for the Company as it enables the potential acceleration of the Plant to supply the North American market, possibly as early as mid-2026, thus bringing forward cash flows for the Company.
- The Company has signed a Cooperation Agreement with the Grand Conseil de la Nation Waban-Aki (the "W8banaki") a tribal council of the Abenaki communities, on whose ancestral territory the Bécancour Project would be situated.
- Bécancour is fast becoming a leading battery materials hub within Canada and the Company's site is strategically located adjacent to a cluster of planned cathode active material manufacturing plants.
- The Bécancour Plant could produce up to 20% of projected North American 2027 demand for HPMSM. CPM Group forecasts demand for North American HPMSM to rise to approximately 250,000 tpa in 2027 and over 800,000 tpa by 2031. American EV tax credits from the Inflation Reduction Act have stimulated growth of the North American EV vehicle market and the upstream supply chain. However, there remains no current processing capacity or production of battery-grade manganese in North America.

Bécancour Scoping Study

Ausenco Vancouver completed a positive Scoping Study which evaluated the development of a high-purity manganese metal Dissolution Plant in Bécancour, Québec capable of producing 48,500 tpa of HPMSM based on sufficient supply of HPEMM feedstock. The Plant site is a 15-hectare land parcel within the Bécancour industrial park on which the Company has an option agreement to purchase. The Company has also completed site due diligence.

The Scoping Study delivered strong preliminary project economics with a post-tax NPV of C\$190 million using an 8% discount rate, a post-tax IRR of 26%, and a payback period of approximately 4 years. The economic analysis was run on a constant dollar basis with no inflation, no government grants, and was unlevered.

Initial capital was estimated at C\$110.8 million, including contingencies of C\$15.1 million. A key aspect of the Plant is a short build time; the Study estimated an approximate 2-year engineering/construction duration.

The Plant design allows for production of both high-purity manganese sulphate monohydrate crystals

("HPMSM") and high-purity manganese sulphate solution ("HPMSS"), which provides customer offtake flexibility. The Plant design leverages extensive process development and engineering work already completed for the Company's Chvaletice Manganese Project ("CMP") in the Czech Republic.

Producing HPMSS provides both cost and environmental benefits. An HPMSS product could be pumped as a solution to nearby precursor cathode active materials ("pCAM") manufacturers, which eliminates the need to crystallize, dry and package an HPMSM product. As HPMSM is ultimately dissolved in water by pCAM plants, delivering a solution saves costs and reduces water consumption and CO₂ emissions.

Minimal infrastructure improvements are required to build the Plant. Offsite infrastructure is limited to a powerline connection from the main Bécancour power distribution network and the potential construction of a railway spur from the Bécancour site railway line. Onsite infrastructure includes roads, plant and administrative buildings, power distribution and storage buildings for HPEMM feedstock and HPMSS/HPMSM products.

Feedstock optionality via a third-party metal supply was modeled, which may facilitate operation of the Bécancour Plant as early as mid-2026, ahead of the CMP. This would potentially enable the Company to be first to market in North America and bring projected cash flows for the Company forward by at least a year. This projected timeline and feedstock mix will be assessed as key outputs of the Feasibility Study, which is expected to be complete in mid-2024, subject to financing.

The Company has selected WSP Canada Inc. to complete a Feasibility Study for the Plant, which will further refine Plant design, costs, economics, and customer off-take opportunities. Permitting is expected to advance in parallel with the Feasibility Study.

Bécancour is fast becoming a leading battery materials hub within Canada due to the excellent regional infrastructure, the green and competitively priced energy, a very supportive government with grant programs, and with a qualified local work force. The Company's site is strategically located adjacent to a cluster of planned cathode active material manufacturing plants, including GM/Posco and BASF.

Key Study Inputs & Assumptions

A number of general assumptions were used in the Scoping Study to assess the economics of constructing and operating the Bécancour Dissolution Plant. As such, the outcomes and economic metrics have a margin of error of -30%/+50%. Metal prices were based on market analyst long-term forecasts. An exchange rate of US\$0.77 per C\$1 was used. Forward escalation and contingencies for scope changes and associated costs were not considered. Cost estimates are based on Q4 2022 pricing without allowances for inflation.

Euro Manganese cautions that the Study does not constitute a scoping study within the definition used by the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"), as it relates to a standalone industrial project and does not concern a mineral project of the Company. As a result, disclosure standards prescribed by National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI-43-101") are not applicable to the scientific and technical disclosure in the Study. Any references to Scoping Study or Feasibility Study by Euro Manganese in relation to the Bécancour Plant are not the same as terms defined by the CIM Definition Standards and used in NI 43-101.

MoU with MMC

The Company has signed an MoU with MMC, a South African producer of HPEMM, to supply the Bécancour Dissolution Plant with battery-grade, selenium-free, 99.9% HPEMM feedstock.

The MoU provides feedstock optionality for the Bécancour Plant, allowing it to be fed with HPEMM from MMC and/or with HPEMM from the Company's Chvaletice Manganese Project. The MoU allows for flexibility on the supply of HPEMM depending on market demand, MMC product availability, and CMP metal sales.

The MoU is strategically significant for the Company as this third-party metal supply enables the potential

acceleration of the Plant to supply the North American market possibly as early as mid-2026, thus potentially enabling the Company to be first to market and to bring cash flows forward for the Company.

MMC has provided HPEMM samples to the Company for test work as part of the Bécancour Plant Feasibility Study and both Parties intend to work together in good faith to conclude a definitive agreement.

Cooperation Agreement with the W8banaki

The Company has signed a Cooperation Agreement (the "Agreement") with the Grand Conseil de la Nation Waban-Aki, a tribal council consisting of the Abenaki communities of Odanak and Wôlinak, on whose ancestral territory the Bécancour Project would be situated.

The Agreement defines how the Company and the W8banaki intend to communicate openly and regularly, and to work together for the mutually acceptable development of the Bécancour Project, especially during the evaluation and planning phases.

Dr. Matthew James, President & CEO of Euro Manganese, commented:

"Our growth plans to supply the North American lithium-ion battery market with high-purity manganese are advancing. Completion of the Bécancour Plant Scoping Study, preparing for the Feasibility Study, and signing the MoU with MMC lays the foundations to deliver significant additional value for our stakeholders. The MoU provides us with feedstock flexibility and enables us to potentially operate Bécancour as a stand-alone project. More importantly, it outlines a potential pathway to bring Company production and cash-flow forward by at least a year, in advance of our Chvaletice Manganese Project in the Czech Republic.

Equally, the Cooperation Agreement with the W8banaki Nation demonstrates our commitment to working with our partners from the beginning to develop the Bécancour Project in a mutually beneficial way with the ancestral and local community. I look forward to deepening this partnership as the Project advances.

While our flagship Chvaletice Project remains at the heart of our focus, the Bécancour Project advances our vision of building a leading, multi-asset high-purity manganese business to supply the rapidly growing EV market. We look forward to partnering with MMC, the only current western provider of high-purity manganese metal, to develop a strong strategic relationship."

Mr. Louis Nel, CEO of Manganese Metal Company, commented:

"The energy transition primarily focuses on critical materials and advanced technology. As the leading global manufacturer of high-purity Electrolytic Manganese Metal (EMM), a critical metal for battery production, MMC employs a unique process technology that delivers 99.9% pure metal without needing selenium. Therefore, MMC is an obvious choice to supply additional units for the Bécancour Dissolution Plant.

MMC, the only supplier of high-purity EMM outside of China, servicing a variety of industries, is eager to expand its role in the battery market as the industry takes root beyond Asia. We have substantial existing supply of metal-for-dissolution into the ex-China production of precursor for cathode active material (pCAM). With our long-recognised reputation as a responsible producer, complete traceability, forward-thinking ESG (Environmental, Social, and Governance) practices, and a strategic location in South Africa - known for its vast manganese deposits - MMC is perfectly poised to aid the development of a sustainable North American battery and Electric Vehicle (EV) ecosystem. In this case, our agreement with Euro Manganese underlines our commitment."

About Euro Manganese

Euro Manganese is a battery materials company focused on becoming a leading producer of high-purity manganese for the electric vehicle industry. The Company is advancing development of the Chvaletice Manganese Project in the Czech Republic and pursuing the opportunity to produce battery-grade

manganese products in Bécancour, Québec.

The Chvaletice Project is a unique waste-to-value recycling and remediation opportunity involving reprocessing old tailings from a decommissioned mine. It is also the only sizable resource of manganese in the European Union, strategically positioning the Company to provide battery supply chains with critical raw materials to support the global shift to a circular, low-carbon economy.

Euro Manganese is dual listed on the TSX.V and the ASX, and is also traded on the OTCQX.

About Manganese Metal Company

The Manganese Metal Company is a South African producer and seller of manganese products and is the world's only non-China based producer of HPEMM. MMC operates the world's largest refinery of 99.9% pure, selenium-free HPEMM, uninterruptedly since 1974. The Company supplies various grades of EMM to a niche market of over 120 established customers in 20 countries. Their systems, equipment, safe operating philosophy, and excellent business practices provide customers with peace of mind, first-class quality, and reliable supply. MMC is 100% owned by Manganese Metals Holdings (Pty) Ltd, a South African private investment company.

Authorized for release by the CEO of [Euro Manganese Inc.](https://www.euro-manganese.com)

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Inquiries

Dr. Matthew James
President & CEO
+44 (0)747 229 6688

Louise Burgess
Senior Director, Investor Relations & Communications
+1 (604) 312-7546
lburgess@mn25.ca

Company Address: #709 -700 West Pender St., Vancouver, British Columbia, Canada, V6C 1G8
Website: www.mn25.ca

Forward-Looking Statements

Certain statements in this news release constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws. Such statements and information involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, the Bécancour Plant, its Chvaletice project or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict" and other similar terminology, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

These forward-looking statements include, but are not limited to, statements concerning our plans for advancing the Bécancour Plant. Results of the Scoping Study constitute forward-looking information or statements, including but not limited to, estimates of internal rates of return, net present values, and estimates of costs. Such forward-looking information or statements also include, but are not limited to,

statements regarding the timing for completion of the Feasibility Study on the Bécancour Plant, the Company's ability to exercise the option to acquire the Bécancour land parcel, the Company's ability to convert the MoU with MMC into a definitive agreement, the Company's estimated engineering/construction timelines to build the Plant and ability to arrange necessary infrastructure, the Company's ability to provide supplemental HPEMM feedstock to the Bécancour Plant from the Chvaletice Project and source other feedstock, the technical capability of the Bécancour Plant and the Company's ability to operate the Bécancour Plant and produce both HPMSS and HPMSM and any associated cash flow and timelines for cash flow, the projected growth of the North American demand for high-purity manganese products, any benefits of proposed legislation, the economic and environmental benefits of producing HPMSS, the Company's ability to secure offtake from North American customers, the Company's ability to raise the necessary financing for the Feasibility Study and for the Bécancour Plant, and the timing of any permit application submissions and approvals and continuing successful cooperation with the W8banaki Nation.

Readers are cautioned not to place undue reliance on forward-looking information or statements. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company.

Factors that could cause actual results or events to differ materially from current expectations include, among other things: long term manganese prices assumed in Scoping Study not providing accurate over time and negatively affecting results, an inability to obtain financing, unanticipated operational difficulties including failure of the Bécancour Plant, failure of equipment or processes to operate in accordance with specifications or expectations, cost escalation for reagents, labour, power and other cost increases, inability to secure key reagents, a delay or inability to obtain or maintain necessary licenses or permits; the potential for unknown or unexpected events to cause contractual conditions to not be satisfied; unexpected results from the Feasibility Study; risks and uncertainties related to limited feedstock supply options; changes in Bécancour Plant parameters as plans continue to be refined; risks related to global epidemics or pandemics and other health crises; availability and productivity of skilled labour; risks and uncertainties related to interruptions in production; unforeseen technological and engineering problems; the adequacy of infrastructure; risks related to project working conditions, accidents or labour disputes; social unrest or war; the possibility that future results will not be consistent with the Company's expectations; developments in EV battery markets and chemistries; risks related to fluctuations in currency exchange rates, changes in laws or regulations; and regulation by various governmental agencies and changes or deterioration in general economic conditions. For a further discussion of risks relevant to the Company, see "Risk Factors" in the Company's annual information form for the year ended September 30, 2022, available on the Company's SEDAR profile at www.sedar.com.

All forward-looking statements are made based on the Company's current beliefs as well as various assumptions made by the Company and information currently available to the Company. Generally, these assumptions include, among others: the ability of the Company obtain any required environmental and other permits; successful completion and positive outcome of the Feasibility Study, currency exchange rates; high-purity manganese sales prices; growth in the manganese market; and the availability of acceptable financing. Statements regarding future production are based on numerous assumptions regarding operating matters and on assumptions that demand for products develops as anticipated, that customers and other counterparties perform their contractual obligations, that operating and capital plans will not be disrupted by issues like lack of availability of personnel, machinery, equipment and there are no material variations in costs.

Although the forward-looking statements contained in this news release are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this news release and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this news release.

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