



**MANAGEMENT DISCUSSION AND
ANALYSIS**

For the Six Months Ended August 31, 2022

As at October 27, 2022

**NEO BATTERY MATERIALS LTD.
MANAGEMENT'S DISCUSSION & ANALYSIS
Six Months Ended August 31, 2022**

INTRODUCTION

The following annual management's discussion and analysis (MD&A) of the Company has been prepared as of October 27, 2022. This MD&A should be read in conjunction with the condensed consolidated interim financial statements of NEO Battery Materials Ltd. ("NEO" or the "Company") and the notes thereto for the six months ended August 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable. Additional information on NEO Battery Materials is available by accessing the Company's profile on SEDAR at www.sedar.com and on the Company's website: www.neobatterymaterials.com. Readers of this MD&A are cautioned that information and statements derived from the Company's financial statements do not necessarily reflect the future financial performance of the Company. Statements in this MD&A that are not historical based facts are forward looking statements which are made subject to cautionary language on page 10 and involve known and unknown risks and uncertainties. Actual results could vary considerably from these statements. Readers are again cautioned not to put undue reliance on forward looking statements.

CORPORATE HIGHLIGHTS

Highlights of the Company's activities during the six months ended August 31, 2022, and up to the date of this report:

- In March 2022, 20,000 stock options were exercised at a price of \$0.20 for total proceeds of \$4,000.
- In March and April 2022, 333,332 warrants were exercised at a price of \$0.16 for total proceeds of \$53,333.
- In April 2022, 40,000 stock options were cancelled due to the death of the optionee.
- In April 2022, the Company submitted a change of business application to TSX Venture Exchange to address its focus on becoming a battery materials developer.
- On June 14, 2022, the Company entered a Collaboration Agreement with ("CA") with Applied Carbon Nano Technology Ltd ("ACN"). The Company and ACN will cooperate in research and development of carbon nanotube coating technology for silicon anode materials.
- On June 15, 2022, the Company appointed Dr. Dae Yeol Lee and Dr. Suk Min Moon to the Scientific Board.
- On July 1, 2022, NBM Battery Materials Korea Co, the subsidiary of the Company, issued shares to Automobile & PCB Inc for total aggregate proceeds of \$2,978,822, representing 40% ownership of NBM Korea Co.
- In August 2022, the Company has filed the key silicon anode technology patent to the World Intellectual Property Organization ("WIPO") to bolster NEO's international patent portfolio.

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OUTLOOK

On April 13, 2022, the Company commenced a COB application with Exchange. In the past, the Company was a Vancouver-based junior resources company in North America. The Company deems that a classification to a Tier 2 Technology issuer on the Exchange instead of junior Mineral Exploration and Mining issuer, will reflect the Company's long-term goal and serve its shareholders the best interests. As a result, the transition is still in process and subject to Exchange acceptance as of the date of the report. The application of COB is currently under the review by the Exchange as of the date of this report.

COLLABORATIVE DEVELOPMENT – YONSEI UNIVERSITY

The Company entered into a Collaborative Development Agreement (the "CDA") with Yonsei University ("Yonsei") for a 3-year term, starting May 2021, to conduct its research and development in its laboratory located in Yonsei, South Korea. Under the terms of the CDA, the Company and Yonsei will jointly develop nanocoating technology to enhance performance and durability of silicon anodes materials in lithium-ion batteries (LiBs). The Company is required to spend a total amount of KRW300 million during the 3-year term (or KRW 100 million per year). Any potential IP rights developed from the collaboration will be wholly owned by the Company. On August 13, 2021, the Company entered into an Addendum to the CDA to include an additional budget of KRW47 million.

INDUSTRIAL ADVICE AGREEMENT – YONSEI UNIVERSITY

On August 23, 2022, Korea Co entered the Industrial Advice Agreement ("Advice Agreement") with Yonsei to replace the CDA signed between the Company and Yonsei on May 10, 2021. The 2nd Agreement has a term from August 1, 2022 to May 31, 2023. Under the term, Yonsei will provide technical support (technical guidance, management guidance, and design guidance, etc.). The NEO Korea Co will be responsible for research and development costs of approximately \$125,970 (KRW130 million) (paid).

LICENSING AGREEMENTS – YONSEI UNIVERSITY

On February 8, 2021, the Company entered into an Exclusive License Agreement with Yonsei (the "First Agreement") to obtain exclusive rights to use the three patents owned by Yonsei. The patents include "negative electrode active material for lithium secondary battery, method of preparing the same, and lithium secondary battery comprising the same", three-phase Titanium dioxide nanoparticles and method of manufacturing the same", and "silicon/polymer composite nanoparticles, anode for lithium secondary battery comprising the same, and method for manufacturing the silicon/polymer composite nanoparticles." Under the term of the First Agreement, the Company has to pay an initial license fee of \$35,030 (paid), and the remaining license fee of \$267,887 will be due upon the first sale of the product produced on use of the patents.

On July 22, 2021, the Company entered into a second Exclusive License Agreement with Yonsei (the "Second Agreement") to obtain exclusive rights to use a separate patent owned by Yonsei. The patent is called "silicon composite for lithium secondary battery and manufacturing method thereof." Under the terms of the Second Agreement, the Company has to pay an initial license fee of \$10,000 (paid), and the remaining license fee of \$40,000 will be due upon the first sale of the product produced based on the use of the patent.

NBMSiDE PRODUCTS

On December 6, 2021, the Company launched its product named NBMSiDE, which is manufactured based on the use of the Company's proprietary nanocoating technology. The technology is a single-step, one-pot nanocoating process that will enable the Company to economically manufacture silicon anode active materials that will be used in production of electric vehicles.

The Company aims to improve flexibility and specific capacity of the respective anode active material, increasing energy density and life span of LiBs in electric vehicle, consumer electronics, and energy storage applications. Utilizing lean and efficient process steps, the Company's unique single-stop process will enable cost effective and scalable production

NBMSiDE™ SAMPLE EVALUATION PROGRESS

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NEO is continuously undertaking NBMSiDE™ sample evaluation and product optimization with global battery cell manufacturers under NDAs. As different nanocoating materials, performance requirements, and silicon loadings are required, the silicon anode products are being finetuned with specifications requested from each cell manufacturer, creating lead times between delivery and performance testing. NEO Korea Co is progressing through sending optimized products for evaluation.

SITE FOR COMMERCIAL PLANT – OSEONG FOREIGN INVESTMENTS ZONE

On January 26, 2022, through its Korean subsidiary, the Company received an approval from Gyeonggi-do, the largest Economic Province in South Korea, to build its commercial plant on a 10-year lease term. The site is located in Oseong Foreign Investment Zone in Gyeonggi-do and approximately 106,700 square feet (or 2.5 acres). The Company is currently looking for a reliable partner to jointly build its commercial plant on the site to produce silicon anode of 240 metric tons per year.

NEO BATTERY MATERIALS KOREA CO - SHARE ISSUANCE TO AUTOMOBILE & PCB INC ("A&P")

On July 1, 2022, NEO Korea Co, a subsidiary of the Company entered the Investment Agreement with A&P. Under the term of investment, Korea Co issued 517,657 common shares at a price of 5,796 (South Korea Won ("KRW")) per common share to A&P for aggregate gross proceeds of 2,999,820,383 KRW (equivalent CAD2,978,822). With the closing of the agreement, A&P represents 40% of the issued shares in Korea Co, and the Company effectively reduces its ownership of Korea Co to 60%. Prior to July 1, 2022, the Korea Co issued 776,485 common shares at a price of 1,000 KRW per common share to the Company.

Under the term of the agreement, the investment funds shall use for facility investment and operating and shall not lend funds to a third party or purchase a third part's stock. A&P may conduct due diligence over the use of the investment funds by NBM Korea Co and such finds shall be deposited into and managed from a separate account of NBM Korea; NBM Korea cannot transfer or collateralize any of its assets without the consent of A&P; NBM Korean cannot acquire an interest in another entity and cannot increase or decrease its capital or grant stock options; and A&P is required to be consulted on the appointment or dismissal of the NBM Korea CEO.

EXPLORATION PROPERTIES INTEREST

In January 2021, the Company staked a few mining claims in Golden BC comprising a total of 467 hectares, along a strike with a quartzite bed, targeting silica in the quartzites. To conduct exploration work related to these claims, the Company entered a consulting service agreement with a private entity controlled by a director of the Company. The exploration work involved geological mapping and sampling to analyze purity of silica.

In July 2021, the first phase of geological mapping has located a quartzite boulder field within a sedimentary package of calcareous sandstones and mudstone. The field is interpreted to be derived from a quartzite unit covered by topsoil and vegetation. The boulder field is a cleared area for pasture (500mx500m). The underlying quartzite unit is interpreted to continue under the covered areas along strike. The quartzites are quite pure with absolute silica values ranging from 97% to 99% SiO₂. NEO intends to seek synergies and cost reductions made within the value chain of mine to silicon anode materials and manufacturing. The area will require further exploration starting with excavator trenching to locate the quartzite outcrop.

Following is a table of the results of the quartzites.

Sample #	Silica Assays	
	Description	% SiO ₂
40707	grey and black MS with narrow 5 cm Qtz bands - cherty in places - bedding 290/50N	98.7
40708	Fence line of quartzite boulders (1 meter in size)	98.6
40709	quartzite boulders in creek and built up as road protection	99.03

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40710	Quartzite float	96.91
40711	Quartzite float	99.15

RESULTS OF OPERATIONS

For the three-month ended August 31, 2022

The net loss for the three-month period ended August 31, 2022 was \$519,321 as compared to the net loss of \$848,703 for the three-month period ended August 31, 2021. Operating expenses for the three-month period ended August 31, 2022 totaled \$536,077 compared to \$908,805 for the three-month period ended August 31, 2021.

Significant items that contributed to the net loss and comprehensive loss for the 2nd quarter ended August 31, 2022 and August 31, 2021 were as follows:

- Advertising and marketing of \$5,815 (August 31, 2021 - \$32,788) decreased by \$26,793. In last fiscal quarter in 2021, the Company involved more marketing activities (social media, webinar, and articles) to increase its market awareness in the industry.
- Consulting & management fees of \$194,253 (August 31, 2021 - \$109,967) increased by \$84,286 as more consultants in South Korea were hired in the current quarter.
- Investor relation of \$8,669 (August 31, 2021 - \$25,580) decreased by \$16,911. In last fiscal quarter in 2021, the Company involved more investor relation activities.
- Professional fees of \$52,085 (August 31, 2021 - \$32,312) increased by \$19,773 as the Company hired legal counsel and an accountant in South Korea in the current fiscal year.
- Payroll of \$122,371 (August 31, 2021 - \$Nil) increased by 122,317 as the Company hired employees in NEO Korea Co starting in September 2021.
- Research and development of \$70,309 (August 31, 2021 - \$29,989) increased by \$40,320 as the Company is committed more funding in conducting R&D activities in South Korea.
- Stock-based compensation of \$Nil (August 31, 2021 - \$604,224) decreased by \$604,224 as the Company did not grant any stock options in the current quarter.

For the six-month ended August 31, 2022

The net loss for the six-month period ended August 31, 2022 was \$984,703 as compared to the net loss of \$1,343,135 for the six-month period ended August 31, 2021. Operating expenses for the six-month period ended August 31, 2022 totaled \$979,385 compared to \$1,328,249 for the six-month period ended August 31, 2021.

Significant items that contributed to the net loss and comprehensive loss for the six months ended August 31, 2022 and August 31, 2021 were as follows:

- Advertising and marketing of \$29,479 (August 31, 2021 - \$82,122) decreased by \$52,643. In comparable quarters in 2021, the Company involved more marketing activities (social media, webinar, and articles) to increase its market awareness in the industry.

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- Consulting & management fees of \$283,899 (August 31, 2021 - \$232,867) increased by \$51,032 as some consultants in South Korea became employees.
- Corporate listing and filing fees of \$25,963 (August 31, 2021 - \$83,164) decreased by \$57,201. In comparable quarters in 2021, the Company pursued an OTCQB listing, private placement, incurred AGM costs, and incurred a name change from Pan Andean Minerals Ltd to NEO Battery Materials Ltd.
- Investor relation of \$22,341 (August 31, 2021 - \$48,808) decreased by \$26,467.
- Professional fees of \$100,328 (August 31, 2021 - \$76,610) increased by \$23,718 as the Company hired legal counsel and an accountant in South Korea in the current fiscal year.
- Payroll of \$209,803 (August 31, 2021 - \$Nil) increased by \$209,803 as the Company hired the employees for its subsidiary in South Korea starting in September 2021.
- Rent of \$65,357 (August 31, 2021 - \$36,061) increased by \$29,296 as the Company paid rent for some office spaces and land in South Korea.
- Interest of the short-term loans of \$Nil (August 31, 2021 - \$68,810) decreased by \$68,810 as the Company fully paid the outstanding balances of principal and interest in comparable quarters in 2021.
- Research and development of \$151,626 (August 31, 2021 - \$33,265) increased by \$118,361 as more funding is committed in conducting R&D activities in South Korea.
- Stock-based compensation of \$Nil (August 31, 2021 - \$683,248) decreased by \$683,248 as the Company did not grant any stock options during the first quarter of this fiscal year.

LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2022, the Company's cash balance was \$2,356,391 (February 28, 2022 - \$1,247,750).

As at August 31, 2022, the Company had a working capital of \$2,325,572 (February 28, 2022 – working capital of \$1,260,662).

Management believes that its ability to continue as a going concern is highly dependent upon its ability to raise equity financings. The Company's operation is highly included by capital market environment, supply chain, inflation, geographic stability and global business environment in general. Given volatility in equity markets, global uncertainty in economic conditions, cost pressures and intensity in international business environment, management constantly reviews emerging technologies and equity markets to ensure that the Company maintain enough liquidity to support its growth strategy.

Liquidity Outlook

At present, the Company does not have any sources of generating revenues and its financial success is highly dependent on management's ability to develop its new nanocoating technology and raise capital through equity financing.

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Many factors influence the Company's ability to raise funds, including health of the financial market, the Company's track record, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a few factors, including the nanocoating technology's application. Management believes it will be able to raise equity capital and/or debt as required in the long term but understands that there will be risks involved which may be beyond its control.

This outlook is based on the Company's current financial position and is subject to change if new business opportunities become available.

Going Concern

The audited consolidated financial statements have been prepared based on the going-concern assumption, which means that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company continues to incur operating losses, has limited financial resources, has no sources of generating income, and there is no assurance that sufficient funding will be available to continue its R&D activities. These material uncertainties may cast a significant doubt on the validity of this assumption. The Company's ability to continue as a going concern is dependent upon its ability to obtain capital through equity market. As at August 31, 2022, the Company had an accumulated deficit of \$27,649,040 (February 28, 2022 - \$28,394,609), had a net loss of \$984,703 (February 28, 2022 - \$2,079,374).

If the going concern assumption was not appropriate, then financial statement adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the statement of financial position classifications used. Such adjustments could be material.

Strategy and Risk Management

Further business activities are dependent on the Company obtaining financing for any research and development, and construction of its 1st commercial plant for 2022 and beyond. Management believes that it will be able to raise additional capital in order to fund its R&D activities and its administrative expenditures. Although management has been successful in the past raising additional financing, there can be no assurance they will be successful in the future.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected financial data reported by the Company for the last eight quarters in Canadian dollars:

	31-Aug-22	31-May-22	28-Feb-22	30-Nov-21	31-Aug-21	31-May-21	28-Feb-21	30-Nov-20
	\$	\$	\$	\$	\$	\$	\$	\$
Net loss and Comprehensive loss	519,321	465,382	393,329	342,910	848,703	494,432	981,958	173,848
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)
Total assets	3,701,513	1,310,710	1,674,592	2,038,750	1,098,775	1,088,962	746,367	1,001,212
Exploration and evaluation assets	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1
Revenues	-	-	-	-	-	-	-	-
Equity (deficiency)	3,547,758	1,088,257	1,496,306	1,900,669	954,579	782,058	(834,533)	(542,575)

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Basic and diluted loss per share above is the same, as the effect of potential shares issuances under stock options or warrant agreements would be anti-dilutive.

RISKS FACTORS

The Company is engaged in the business of researching and developing silicon anode active materials and nanocoating technology. All of the products (NBMSiDE) have never been sold in a mass volume and there is no assurance that the Company's products will result in massive commercialization, nor can there be any assurance of commercialization. The numerous risks and uncertainties, associated with the product's application and timing of the sales and production, have impact on when the Company becomes profitable. As a consequence, any forward-looking information is subject to known and unknown risks and uncertainties as follows, but not limited thereto:

- Many competitors are in the business, some of which have greater financial, technical and other resources than the Company.
- Lack of assurance that: the Company will be able to obtain all necessary funding, permits and approvals to conduct its commercialization of the products or that future tax, or other legislation will not cause additional expenses, delays or postponements.
- The technologies and patents may become obsolete and unmarketable if the Company is unable to respond adequately rapidly changing technology and customer demands.
- The Company's ability to attract and retain key personnel, effectively manage growth, and successfully integrate newly developed businesses or technologies.
- The Company is dependent on the services of several key individuals, the loss of which could significantly affect operations.
- There is potential for officers and directors of the Company to have conflicts of interest with other entities.
- World prices for silicon can be unstable and unpredictable and may materially affect the Company's operations, as well as economic conditions which may change the demand for minerals.
- The securities markets worldwide can experience high price and volume volatility.
- Changes in accounting policies and methods may affect how the financial condition of the Company is reported.

RELATED PARTY TRANSACTIONS

Related parties include the Company's key management personnel with authority and responsibility for planning, directing and controlling activities of the Company. The Company has determined that its key management personnel is comprised of the Company's Board of Directors and officers and the entities controlled by its key management personnel or directors of the Company.

As at August 31, 2022 and February 28, 2022, there were no amounts due to related parties.

During the six months ended August 31, 2022 and 2021, the Company paid the following amount to the officers and directors of the Company and an entity controlled by the CEO:

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	August 31, 2022	August 31, 2021
Management fees	\$ 159,277	\$ 51,600
Professional fees	48,810	13,500
	\$ 208,087	\$ 65,100

All amounts paid to related parties for their services have been recorded at fair value.

OUTSTANDING SHARE DATA

The Company's authorized share capital consists of an unlimited number of common voting shares without par value.

As at the date of this report there are:

- 97,878,979 common shares issued and outstanding;
- 7,205,000 stock options outstanding and exercisable; and
- 8,308,335 warrants outstanding and exercisable.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the unaudited condensed interim financial statements for the six months ended August 31, 2022.

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The Company has reviewed the accounting standards or amendments to existing accounting standards that have been issued but have future effective dates and determined that these are either not applicable or are not expected to have a significant impact on the Company's financial statements.

PRONCEMENTS AFFECTING FINANCIAL STATEMENTS PRESENTATION OR DISCLOSURE

The Company has reviewed the accounting standards or amendments to existing accounting standards that have been issued but have future effective dates and determined that these are either not applicable or are not expected to have a significant impact on the Company's financial statements.

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk and market price risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, short-term investments, other receivables, and the short-term debt NEO deposits its cash and cash equivalents with high credit quality major Canadian financial institutions as determined by ratings agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its current obligations as they come due. The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash outflows to ensure that there is sufficient capital in order to

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meet short-term obligations. As of August 31, 2022, the Company had a working capital of \$2,325,572 (February 28, 2022 - working capital of \$1,260,662). Further information relating to liquidity risk is disclosed in Note 12 of the Company's condensed consolidated interim financial statements for the six months ended August 31, 2022.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risks.

MANAGEMENT OF CAPITAL

In the management of capital, the Company considers cash, working capital and shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support exploration and development of mineral properties and investigating other business opportunities. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The Company's objectives when managing capital are:

- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal.
- Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.
- The Company may issue new equity, incur additional debt, for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends.
- The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.
- There were no changes in the Company's approach to capital management for the six months ended August 31, 2022 compared to the years ended February 28, 2022. The Company is not subject to externally imposed capital requirements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management is responsible for the information provided in the MD&A and the condensed consolidated interim financial statements for the six months ended August 31, 2022.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's reporting standards.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning Neo Battery's general and administrative expenses and research and development costs is provided in the Company's six months ended August 31, 2022, statement of operations contained in its condensed consolidated interim financial statements for the six months ended August 31, 2020. These statements are available on its SEDAR Page Site accessed through www.sedar.com.

DIVIDENDS

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of the Company and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of the Company deem relevant.

NATURE OF THE SECURITIES

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

PROPOSED TRANSACTIONS

At the present time, there are no other proposed transactions that are required to be disclosed.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

APPROVAL

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and

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related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the audited consolidated financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

CAUTION REGARDING FORWARD LOOKING INFORMATION

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking" statements"). These statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, permitting risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labor disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual financial statements which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

ADDITIONAL INFORMATION

Additional Information relating to NEO Battery Materials can be found on the Company website www.neobatterymaterials.com and on SEDAR at www.sedar.com or by contacting the Company at Suite 700 – 838 West Hastings Street, Vancouver, BC Canada, V6C 0A6, Tel: (604) 355-6463.