



**MANAGEMENT DISCUSSION AND
ANALYSIS**

For the Year Ended February 28, 2022

As at June 28, 2022

**NEO BATTERY MATERIALS LTD.
MANAGEMENT'S DISCUSSION & ANALYSIS
Year Ended February 28, 2022**

INTRODUCTION

The following annual management's discussion and analysis (MD&A) of the Company has been prepared as of June 28, 2022. This MD&A should be read in conjunction with the consolidated financial statements of NEO Battery Materials Ltd. ("NEO" or the "Company") and the notes thereto for the year ended February 28, 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 13 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 year ended February 28, 2022, and up to the date of this report:

- In March 2021, the TSX Venture Exchange has approved the Company's name change from Pan Andean Minerals Ltd to NEO Battery Materials Ltd. The new stock symbol "NBM" replaced "PAD", and new CUSIP number is 62908A100.
- In March 2021, the Company repaid a short-term loan of \$100,000 plus \$4,208 of interest accrued on the loan.
- In May 2021, the Company completed a non-brokered private placement of 17,141,667 units at a price of \$0.12 per unit for gross proceeds of \$2,057,000. Each unit consisted of one common share and one common share warrant, exercisable at a price of \$0.16 per common share for a period of 36 months from the closing date of the private placement.
- In May 2021, the Company repaid a short-term loan of \$1,143,511 plus \$111,450 of interest accrued on the loan.
- In May 2021, the Company entered into a Collaborative Development Agreement (or "Collaboration") with Yonsei University (or "Yonsei") for a period of 3 years from May 10, 2021 to May 2024 for a total amount of KRW300 million (or KRW100 million per year). The objective of the Collaboration is to conduct research and forward development and commercialization of the proprietary ion-conductive polymer nanocoating technology for silicon anode applications. On August 13, 2021, Company entered into an Addendum to Collaborative Development Agreement (or "Addendum") with Yonsei University to increase the budget by KRW47 million.
- In July 2021, the first phase of mapping program was conducted in Golden BC and samples were sent to the lab to analyze the purity of silica. In March 2022, the Company received the quality control report from the lab indicating that the quartzites has a high purity with absolute silica values ranging from 97% to 99% SiO₂.
- In July 2021, the Company entered into a second Exclusive License Agreement with Yonsei to obtain exclusive rights to use a separate patent owned by Yonsei.

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- In August 2021, the Company filed a new patent in regard to the Company's proprietary process of manufacturing silicon anode active materials.
- In September 2021, the Company started trading on the OTCQB Venture Market ("OTCQB") under the symbol "NBMFF".
- In December 2021, the Company launched three types of silicon anode active materials, NBMSiDE-P100, NBMSiDE-P200, and NBMSiDE-C100.
- In January 2022, the Company received a final site approval through NEO Battery Materials Korea Co., its wholly-owned subsidiary, from the Province of Gyeonggi to construct its commercial plant facility to produce the Company's patented silicon anode materials – NBMSiDE. The land is located in an industrial complex, known as Oseong International (Foreign) Investment Zone, with approximately an area of 106,700 square feet (2.5 acres).
- During the year ended February 28, 2022, 600,000 stock options were exercised at a price of \$0.06 and 50,000 stock options were exercised at a price of \$0.20 for total proceeds of \$46,000. 90,000 stock options were cancelled as certain optionees ceased working with the Company under the terms of Company's Stock Option Plan.
- During the year ended February 28, 2022, the Company granted stock options as follows:
 - 520,000 stock options with an exercise price of \$0.20 and a five-year term
 - 80,000 stock options with an exercise price of \$0.33 and a five-year term
 - 750,000 stock options with an exercise price of \$1.00 with a five-year term.
- During the year ended February 28, 2022, 1,000,000 warrants were exercised at a price of \$0.30 and 8,500,000 warrants were exercised at a price of \$0.16 for total proceeds of \$1,660,000. 3,500,000 warrants expired unexercised.
- 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 May 2022, the Company submitted a change of business application to TSX Venture Exchange to address its focus on becoming a battery materials developer.

OUTLOOK

As of February 28, 2022, the Company is Vancouver-based junior resource company focused on battery metals exploration in North America. Starting on April 13, 2022, the Company has been proceeding with "Change of Business" (the "COB") application with TSX Venture Exchange (the "Exchange"). The Company deems that a classification to a Tier 2 Industrial, Technology, or Life Sciences 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 Company is currently focusing on developing three types of silicon anode active materials with a functional nanocoating layers that functionalize the long-term cycle life of silicon anode in Li-ion batteries.

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

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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 also 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. 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.

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 paid an initial license fee of \$35,030 during the year ended February 28, 2022. 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 paid an initial license fee of \$10,000 during the year ended February 28, 2022. 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.

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 land a site 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.

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 (500m x 500m). 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.

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Following is a table of the results of the quartzites.

| Silica Assays | | |
|---------------|--|--------------------|
| Sample # | 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 |
| 40710 | Quartzite float | 96.91 |
| 40711 | Quartzite float | 99.15 |

SELECTED ANNUAL INFORMATION

The following financial data is derived from the Company's audited financial statements years ended February 28, 2022, February 28, 2021, and February 29, 2020.

| | February 28, 2022 | February 28, 2021 | February 29, 2020 |
|----------------------------------|-------------------|-------------------|-------------------|
| Expenses | \$ 2,051,788 | \$ 1,491,635 | \$ 1,068,604 |
| Other expenses | 27,586 | 165,560 | 20,768 |
| Net loss and comprehensive loss | 2,079,374 | 1,657,195 | 1,089,372 |
| Basic and diluted loss per share | 0.02 | 0.02 | 0.02 |
| Total current assets | 1,438,948 | 662,693 | 247,021 |
| Total assets | 1,674,592 | 746,367 | 389,123 |
| Total current liabilities | 178,286 | 1,568,733 | 223,368 |
| Total liabilities | 178,286 | 1,580,900 | 306,461 |

RESULTS OF OPERATIONS

For the three-month ended February 28, 2022

The net loss for the three-month period ended February 28, 2022 was \$393,329 as compared to the net loss of \$981,958 for the three-month period ended February 28, 2021. Operating expenses for the three-month period ended February 28, 2022 totaled \$380,235 compared to \$962,651 for the three-month period ended February 28, 2021.

Significant items that contributed to the net loss and comprehensive loss for the fourth quarter ended February 28, 2022 and February 28, 2021 were as follows:

- Consulting & management fees of \$77,070 (February 28, 2021 - \$98,028) decreased by \$20,958.
- Investor relation of \$19,101 (February 28, 2021 - \$5,504) increased by \$13,597 as the Company engaged more with external consultants for investor relation services.

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- Advertising and marketing of \$30,444 (February 28, 2021 - \$Nil) increased by \$30,444 since the Company involved marketing activities (social media, webinar, and articles) to increase its market awareness in the industry.
- Professional fees of \$63,112 (February 28, 2021 - \$47,751) increased by \$15,361 in relation to the civil claim filed by a former director of the Company and incorporating a subsidiary in South Korea.
- Rent of \$53,914 (February 28, 2021 - \$9,839) increased by \$34,236 as the Company paid rent for some office spaces and land in South Korea.
- Interest of the short-term loans of \$Nil (February 28, 2021 - \$19,600) decreased by \$19,600 as the Company fully paid the outstanding balances of principal and interest in the first quarter.
- Research and development of \$47,577 (February 28, 2021 - \$Nil) increased by \$47,577 as the Company entered into multiple agreements to conduct R&D activities with Yonsei University in South Korea in the current year.
- Stock-based compensation of \$Nil (February 28, 2021 - \$740,000) decreased by \$740,000 as the Company did not grant any stock options during the fourth quarter.

For the year ended February 28, 2022

The net loss for the year ended February 28, 2022 was \$2,079,374 as compared to the net loss of \$1,657,195 for the year ended February 28, 2021. Operating expenses for the year ended February 28, 2022 totaled \$2,051,788 compared to \$1,491,635 for the year ended February 28, 2021.

Significant items that contributed to the net loss and comprehensive loss for the year ended February 28, 2022 and February 28, 2021 were as follows:

- Consulting & management fees of \$439,400 (February 28, 2021 - \$428,892) increased by \$10,508.
- Corporate listing and filing fees of \$91,227 (February 28, 2021 - \$14,976) increased by \$76,251 in relation to filing an application to change business name and preparing OTCQB listing application.
- Investor relation of \$92,895 (February 28, 2021 - \$7,254) increased by \$85,641 as the Company outsourced investor relation services from external parties to increase its market awareness.
- Advertising and marketing of \$127,502 (February 28, 2021 - \$Nil) increased by \$127,502 as the Company spent more to advertise its engagement in developing a battery materials
- Professional fees of \$187,187 (February 28, 2021 - \$165,757) increase by \$21,430 due to increased legal fees in relation to the civil claim filed by a former director of the Company and incorporating a Korean subsidiary in South Korea.
- Rent of \$118,167 (February 28, 2021 - \$57,668) increased by \$60,499 as the Company obtained additional office spaces and entered a rental agreement to rent a site for its future commercial plant in South Korea.
- Interest of the short-term loans of \$68,810 (February 28, 2021 - \$54,013) increased by \$14,797 as the interest term for one of the loans changed from 4% per annum to 4% per month.

- Research and development of \$132,713 (February 28, 2021 - \$Nil) increased by \$132,713 in relation to the Company's R&D activities with Yonsei University in South Korea.
- Stock-based compensation of \$683,248 (February 28, 2021 - \$740,000) decreased by \$56,752 as the Company granted less stock options compared to the prior year.
- Travel costs of \$40,105 (February 28, 2021- \$24,810) increased by \$15,295 due to increased business activities in a foreign country (South Korea).

LIQUIDITY AND CAPITAL RESOURCES

As at February 28, 2022, the Company's cash balance was \$1,247,750 (February 28, 2021 - \$625,876).

As at February 28, 2022, the Company had a working capital of \$1,260,662 (February 28, 2021 – working capital deficiency of \$906,040). Cash used in operating activities was \$1,947,533 for the year ended February 28, 2022. Cash used in investing activities totaled \$177,463 (February 28, 2021 – \$1,343). Cash raised from financing activities totaled \$2,296,870 (February 28, 2021 - \$1,184,756).

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.

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

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obtain capital through equity market. As at February 28, 2022, the Company had an accumulated deficit of \$28,394,609 (February 28, 2021 - \$26,315,235), had a net loss of \$2,079,374 (February 28, 2021 - \$1,657,195).

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:

| | 28-Feb-22 | 30-Nov-21 | 31-Aug-21 | 31-May-21 | 28-Feb-21 | 30-Nov-20 | 31-Aug-20 | 31-May-20 |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Net loss and Comprehensive loss | 393,329 | 342,910 | 848,703 | 494,432 | 981,958 | 173,848 | 199,797 | 301,592 |
| Basic and diluted loss per share | (0.00) | (0.00) | (0.01) | (0.01) | (0.01) | (0.00) | (0.00) | (0.00) |
| Total assets | 1,674,592 | 2,038,750 | 1,098,775 | 1,088,962 | 746,367 | 1,001,212 | 1,168,756 | 1,330,671 |
| Exploration and evaluation assets | 1,344 | 1,344 | 1,344 | 1,344 | 1,344 | 1 | 1 | 1 |
| Revenues | - | - | - | - | - | - | - | - |
| Equity (deficiency) | 1,496,306 | 1,900,669 | 954,579 | 782,058 | (834,533) | (542,575) | (368,727) | (218,930) |

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.

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- 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 February 28, 2022 and 2021, there were no amounts due to related parties.

In relation to the private placement completed on May 4, 2021, certain key management personnel and directors of the Company subscribed 2,150,000 units for total proceeds of \$258,000.

During the years ended February 28, 2022 and 2021, the Company paid the following amount to the officers and directors of the Company and an entity controlled by the CEO:

| | February 28, 2022 | February 28, 2021 |
|---------------------------------|-------------------|-------------------|
| Project related expenditure (d) | \$ 12,690 | \$ - |
| Management fees (a & b) | 197,900 | 313,200 |
| Professional fees (c) | 62,405 | 54,952 |
| Stock based compensation (e) | 448,753 | 622,560 |
| | \$ 721,748 | \$ 990,712 |

Management fees includes:

- a. Chief Executive Officer - \$150,000 (February 28, 2021 - \$144,000)
- b. Consulting fees paid to certain director - \$47,900 (February 28, 2021 - \$101,700)

Professional fees

- c. Chief Financial Officer - \$62,405 (February 28, 2021 - \$54,952)

Project related expenditures

- d. Paid to a director for his exploration work done for Golden Property, BC - \$12,690 (February 28, 2021 -

\$Nil)

Stock options

- e. On July 30, 2021, the Company granted 750,000 options to a director and consultants of the Company at an exercise price of \$1.00 per option with a five-year term. The fair value of these options was calculated at \$560,941 based on the Black-Scholes option pricing model. Of total 750,000 options, 600,000 stock options were granted to a director of the Company, valued at \$448,753.

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 June 28, 2022 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 audited financial statements for the year ended February 28, 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.

PRONOUNCEMENTS 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 meet short-term obligations. As of February 28, 2022, the Company had a working capital of \$1,260,662 (February 28, 2021 - working capital deficiency of \$906,040). Further information relating to liquidity risk is disclosed in Note 11 of the Company's consolidated financial statements for the year ended February 28, 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 year ended February 28, 2022 compared to the years ended February 28, 2021. 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 consolidated financial statements for the year ended February 28, 2022.

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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 year ended February 28, 2022, statement of operations contained in its consolidated financial statements for the year ended February 28, 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 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 520 – 800 West Pender Street, Vancouver, BC Canada, V6C 2V6, Tel: (604) 697-2408.