



**MANAGEMENT DISCUSSION AND  
ANALYSIS**

**For the Three Months Ended May 31, 2023**

**As at July 18, 2023**

**NEO BATTERY MATERIALS LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Three Months Ended May 31, 2023**

---

## **INTRODUCTION**

The following annual management's discussion and analysis (MD&A) of the Company has been prepared as of July 18, 2023. 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 three months ended May 31, 2023, 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 in the MD&A is complete and reliable. Additional information of the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on its website at [www.neobatterymaterials.com](http://www.neobatterymaterials.com). Readers of the MD&A should be 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 the MD&A that are not historical based facts are forward-looking statements which are made subject to cautionary language on pages 11-12 and involve known and unknown risks and uncertainties. Actual results could vary considerably from these statements. Readers should be cautioned not to put undue reliance on forward looking statements.

## **CORPORATE HIGHLIGHTS**

Highlights of the Company's activities during the three months ended May 31, 2023, and up to the date of the MD&A:

### *Corporate Updates*

- On March 13, 2023, the Company incorporated its first subsidiary in US, NEO Battery Materials America, LLC, in compliance with the provisions and requirement in the State of Delaware, as part of for its US business expansion.
- From March 17-19, 2023, the Company actively participated InterBattery 2023, where it engaged in multiple meetings with local and international battery-related manufacturing and materials companies.
- On March 17, 2023, the Company made an announcement regarding the participation at its CEO, Spencer Huh, and Corporate Development Manager, Danny Huh, in the Electric Vehicle & Auto Tech Virtual Conference. The conference, presented by Maxim Group and hosted by M-Vest, was scheduled to take place on March 30, 2023.
- On April 11, 2023, the Company announced the successful completion of Request for Quote process for construction of its commercial plant.
- On May 11, 2023, the Company announced its plans to conduct additional optimized evaluations with global battery manufacturers and EV automakers.
- On May 19, 2023, the Company designated a preferred contractor for its commercial plant located in South Korea. The completion of plant is expected in the first half of 2024.
- On July 4, 2023, the Company entered Generation IACP Inc to provide market-making services. According to the term of agreement, Generation will receive \$7,500 per month, plus applicable taxes. The initial term of the agreement is 6-month and it will be automatically renewed for subsequent 6-month period.

**NEO BATTERY MATERIALS LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Three Months Ended May 31, 2023**

---

- On July 5, 2023, the Company has entered into a binding agreement with a preferred contractor for the construction of its commercial plant in South Korea. The construction is expected to commence in August 2023.
- On July 13, 2023, the Company appointed Dr. Luc C. Duchesne, Ph. D., as VP of Government Relations to initiate Canada expansion strategy funded by Federal and Provincial grant and non-dilutive financing programs.

*Change of Business (the "COB")*

- On March 16, 2023, the Company was granted an extension till April 20, 2023 on the basis of a minimum financing for gross proceeds of \$3,900,000.
- On April 27, 2023, the Company was granted an extension till June 19, 2023 on the condition that the Company must continue to control NBM Korea posting-financing with a minimum of 51% interest.
- On June 30, 2023, the Company announced its intention to raise a minimum of \$3.9 million in financing in connection with COB into an Industrial, Technology, or Life Sciences Tier 2 Issuer. The specific terms, nature and price of each unit of the financing are yet to be finalized. The net proceeds of the financing will primarily be allocated towards groundwork for the South Korean silicon anode commercial plant, material and equipment, expansion of North American R&D efforts, and general working capital purpose.

*Financing*

- 166,667 stock options were exercised at a price of \$0.06 per option for total proceeds of \$10,000.
- 200,000 warrants were exercised at a price of \$0.16 per warrant for total proceeds of \$32,000.

**OUTLOOK**

On April 13, 2022, the Company initiated a change of business application with TSX Venture Exchange (the "Exchange"). In the past, the Company operated as a junior resources company based in Vancouver, BC, Canada. Recognizing its long-term goals and the best interests of its shareholders, the Company seeks a classification as a Tier 2 Technology issuer on the Exchange, moving away from its previous junior Mineral Exploration and Mining issuer. As the date of the MD&A, the transition is still in progress and contingent upon the Exchange's acceptance. The change of business application is presently under review by the Exchange. On November 21, 2022, the Company received conditional approval from Exchange for its proposed COB into an Industrial, Technology, or Life Sciences Tier 2 Issuer. Subsequently, on April 28, 2023, the Company obtained an extension until June 19, 2023, to complete the COB. The extension required the Company to secure a minimum financing of \$3,900,000 and maintain a controlling interest of at least 51% in NBM Korea. On June 30, 2023, the Company announced its intention to raise a minimum of \$3.9 million in financing as part of COB into Tier 2 Issuer. The specific terms, nature and price of each financing unit are yet to be determined.

**NBMSiDE PRODUCTS**

On December 6, 2021, the Company launched its product called NBMSiDE. This product is developed using the Company's proprietary nanocoating technology, which involves a single-step, one-pot nanocoating process. The application of this technology allows the Company to economically manufacture silicon anode active materials that are crucial in the production of electric vehicles.

**NEO BATTERY MATERIALS LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Three Months Ended May 31, 2023**

---

The primary objective of NBMSiDE is to enhance the flexibility and specific capacity of the anode active materials, ultimately leading to increased energy density and life span of Lithium-ion battery ("LiBs") in electric vehicles, consumer electronics, and energy storage applications. The Company has employed lean and efficient process steps in the development of this unique product, ensuring cost-effectiveness and scalability in production.

#### **NBMSiDE™ SAMPLE EVALUATION PROGRESS**

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. Most recently, an initial coin cell test was completed with a non-Asia-based cell manufacturer that NEO has been engaged with for over 9 months since the NDA. Both companies have mutually agreed to advance to pouch cell testing, which is larger in capacity and format, and NEO will accordingly provide optimized silicon anode products to the manufacturer for further 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.

The Production Building and the Research Office Building are in the late stages of architectural design, and the associated permits will be accordingly submitted to the relevant city in December 2022. The use of the Production Building will entail the installation of future NBMSiDE™ mass production lines and utility facilities, and the Research Office Building will house the current equipment, testing facilities, and personnel of the NBM Korea Scale-Up Centre located at Yonsei University.

#### **COMMERCIAL PLANT – CONSTRUCTION**

The Company has submitted the plant's construction permit application to the City of Pyeongtaek through its South Korean subsidiary, NBM Korea. In the late 2022, NEO's management and commercialization engineering team had discussed with the city's construction and relevant departments and performing the necessary due diligence and regulatory work to gain permit approval. Upon the approval of the construction permit, the initial construction process from site clearance to basic civil engineering work will be carried out sequentially.

On January 17, 2023, the Company received approval of a construction permit for Silicon Anode Commercial Plant in Oseong Foreign Investment Zone, Pyeongtaek City. In early 2023, the Company were in discussion with three contractors for request for quotation process for South Korean Commercial Plant and will select contractors based on critical procurement factors. In April 2023, the Company announced completion of Request for Quote process for its commercial plant construction. On May 19, 2023, the Company designated preferred contractor for its commercial plant located in South Korea. The plant is expected the completion by the first half of 2024. On July 5, 2023, the Company has entered into a binding agreement with a preferred contractor and expects the construction of commercial plant located in South Korea to initiate starting in August 2023.

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

On July 1, 2022, NBM Korea, a wholly owned subsidiary of the Company entered the Investment Agreement with A&P. Pursuant to the terms of the agreement, NBM Korea issued 517,657 common shares at a price of KRW5,796 per common share to A&P for gross proceeds of 2,999,820,383 KRW (equivalent to CAD2,978,822). As a result, A&P represents 40% of the issued and outstanding shares of NBM Korea.

**NEO BATTERY MATERIALS LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Three Months Ended May 31, 2023**

---

According to the agreement, the proceeds shall be used for operations of NBM Korea and shall not be lent to a third party or shall not be used to purchase shares of any third party. A&P may conduct due diligence over the use of the proceeds by NBM Korea and the proceeds shall be deposited into and managed from a separate bank account of NBM Korea. Further, NBM Korea cannot transfer or collateralize any of these funds without the consent by A&P. NBM Korea cannot acquire an interest in another entity and cannot increase or decrease its capital or grant stock options to other parties. A&P is required to be consulted on the appointment or dismissal of the NBM Korea CEO.

## **RESULTS OF OPERATIONS**

### *For the three-month ended May 31, 2023*

Significant items that contributed to the net loss and comprehensive loss for the period ended May 31, 2023 and May 31, 2022 were as follows:

- Advertising and marketing of \$13,688 (May 31, 2022- \$23,664)
- Consulting and management fees of \$120,435 (May 31, 2022- \$89,646)
- Corporate listing and filing fees \$5,290 (May 31, 2022 - \$15,132)
- Investor relation of \$11,202 (May 31, 2022- \$13,672)
- Office and general \$22,902 (May 31, 2022 - \$13,123)
- Professional fees of \$71,042 (May 31, 2022- \$48,243)
- Payroll expenses of \$206,129 (May 31, 2022- \$87,432)
- Research and development costs of \$61,621 (May 31, 2022- \$81,317)
- Rent \$20,774 (May 31, 2022 - \$43,383)
- Travel \$41,159 (May 31, 2022 - \$9,931)

During the three-month period ended May 31, 2023, the Company incurred a net loss of \$620,120, compared to a net loss of \$465,382 for the same period in 2022. For the three-month period ended May 31, 2023, operating expenses increased to \$609,910 from \$443,308 incurred in the same period in 2022.

The increase in operating expenses can be primarily attributed to higher payroll expenses, which increased by \$118,697. Additionally, consulting and management fees, as well as professional fees increased by \$30,789 and \$22,799, respectively. These cost escalations were mainly driven by an increase in the number of employees hired and inflation-related increase in labor cost. The Company incurred higher travel expenses of \$31,228 during the current quarter due to increased activities towards the final stage of closing COB.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at May 31, 2023, the Company's cash balance was \$1,090,765 (February 28, 2023 - \$1,626,408).

As at May 31, 2023, the Company had a working capital of \$941,007 (February 28, 2023 - \$1,572,482).

Management believes that its ability to continue as a going concern is highly dependent upon its ability to raise equity financing. 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**

**NEO BATTERY MATERIALS LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Three Months Ended May 31, 2023**

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 the 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 condensed consolidated interim financial statements for the three months ended May 31, 2023 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 operations. These material uncertainties may cast a significant doubt on the validity of the going concern assumption. The Company's ability to continue as a going concern is dependent upon its ability to obtain capital through the equity market. As at May 31, 2023, the Company had an accumulated deficit of \$28,782,270 (February 28, 2023 - \$28,339,456) and had a net loss of \$620,120 (February 28, 2023 - \$465,382).

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 2023 and beyond. Management believes that it will be able to raise additional capital in order to fund its R&D activities and its administrative expenditure. 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 previous eight quarters in Canadian dollars:

	31-May -23	28-Feb-23	30-Nov-22	31-Aug-22	31-May-22	28-Feb-22	30-Nov-21	31-Aug-21
	\$	\$	\$	\$	\$	\$	\$	\$
Net loss and Comprehensive loss	620,120	558,789	321,176	569,875	465,382	393,329	342,910	848,703
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)
Total assets	2,571,797	3,127,852	3,380,676	3,700,169	1,310,710	1,674,592	2,038,750	1,098,775
Equity (deficiency)	2,338,496	2,948,616	3,268,738	3,546,414	1,088,257	1,496,306	1,900,669	954,579

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. However, none of the Company's products (NBMSiDE) have been sold in a large quantity and is no guarantee that they will lead to significant commercialization. The timing and success of product sales and production are subject to various risks and uncertainties, which may affect the Company's profitability. Therefore, any forward-looking information is subject to known and unknown risks and uncertainties, including, but not limited to:

- Strong competition from other companies with more extensive financial, technical, and other resources.
- Uncertainty regarding the Company's ability to obtain the necessary funding, permits, and approvals for its product commercialization, as well as potential future tax or legislative changes that could cause delays or additional expenses.
- Uncertainty regarding the Company's ability to protect its patents, technology, and other important information for the development of its business.
- Risk of its product NBMSiDE, nanocoating technology and patents becoming obsolete or unmarketable if the Company fails to adapt to changing technology and customer demands.
- Risk of confidentiality breaches despite confidentiality agreements signed with third parties, which could harm the Company's competitive position.
- Potential instability and unpredictability of world silicon prices and economic conditions, which could significantly impact the Company's operations.
- Risk of high price due to the inflation and volume volatility in Canadian and global securities markets.
- Risk of changes in accounting policies and methods affecting the Company's financial reporting.
- Risk of inadequate internal controls or failure to implement new or improved controls, which could harm the Company's results of operations or cause it to fail to meet its reporting obligations.
- Dependence on talented professionals, the ability to attract and retain key personnel, manage growth effectively, and integrate newly developed businesses or technologies.
- Dependency on the services of several key individuals, the loss of whom could significantly affect operations.
- Potential for conflicts of interest among officers and directors of the Company.
- Failure of obtaining the final approval from Exchange in Change of Business application.

## **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 May 31, 2023, there was \$24,100 (February 28, 2023 - \$Nil) due to related parties.

**NEO BATTERY MATERIALS LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Three Months Ended May 31, 2023**

---

For the three months ended May 31, 2023 and 2022, the Company paid/accrued the following amount to the officers and directors of the Company:

		May 31, 2023		May 31, 2022
Management fees	\$	51,400	\$	54,600
Professional fees		22,500		22,500
	\$	73,900	\$	77,100

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 the MD&A, there are:

- 101,170,646 common shares issued and outstanding;
- 6,230,000 stock options outstanding and 4,930,000 stock options exercisable; and
- 7,041,668 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 condensed unaudited interim financial statements for three months ended May 31, 2023.

#### **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 May 31, 2023, the Company had a working capital of \$941,007 (February 28, 2023 - working capital of \$1,572,482). Further information relating to liquidity risk is disclosed in Note 8 of the Company's condensed consolidated interim financial statements for the three months ended May 31, 2023.

#### 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 the development of silicon anode materials for lithium-ion batteries. The Board of Directors has not established quantitative capital structure and 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 three months ended May 31, 2023 compared to the years ended February 28, 2023. 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 unaudited consolidated interim financial statements for the three months ended May 31, 2023.

**NEO BATTERY MATERIALS LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Three Months Ended May 31, 2023**

---

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 three months ended May 31, 2023, statement of operations contained in its condensed consolidated interim financial statements for the three months ended May 31, 2023. These statements are available on its SEDAR Page Site accessed through [www.sedar.com](http://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**

**NEO BATTERY MATERIALS LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Three Months Ended May 31, 2023**

---

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 includes "forward-looking information" or "forward-looking statements" as defined by applicable securities laws. The purpose of including forward-looking statements is to provide information about the current expectations and plans of management, enabling investors and others to gain a better understanding of the Company's business plans, financial performance, and condition.

All statements in this MD&A, except for statements of historical fact, pertaining to the Company's strategy, future operations, financial position, prospects, plans, and management's objectives, are considered forward-looking statements. These statements are typically identified by words such as "plan," "expect," "estimate," "intend," "anticipate," "target," "believe," or variations thereof, as well as statements indicating that certain actions, events, or results "may," "could," "would," "might," or "will" be taken, occur, or be achieved. Specifically, this MD&A contains forward-looking statements related to the Company's intentions concerning its business and operations, its expectations regarding capital raising and business growth, its growth strategy and opportunities, anticipated industry trends and challenges, the perceived value and potential of the Company's patents, trademark, permit, preliminary feasibility studies and other development study results, budgets, strategic plans, market price for silicon anode materials, permitting and other timelines, as well as government regulations and relations.

Forward-looking information is based on certain assumptions and other important factors that, if untrue, could significantly impact the Company's actual results, performance, or achievements in comparison to future results, performance, or achievements expressed or implied by such information or statements. There is no guarantee that such information or statements will prove to be accurate. Key assumptions underlying the Company's forward-looking information include its ability to raise additional financing when needed and on reasonable terms, achieve current development, and other objectives regarding its nanocoating technology, and demand for NBMSiDE and other products, obtain necessary licenses and governmental approvals, attract and retain key personnel, as well as general business and economic conditions, including competitive conditions in the Company's market.

Readers are cautioned that the above list does not cover all factors and assumptions that may have been utilized. Additionally, forward-looking statements are subject to various risks and uncertainties that could have a significant adverse effect on the Company's business, financial condition, results of operations, and growth prospects. Some of the risks and uncertainties that could cause actual results to differ materially from the expressed forward-looking statements include revenue generation and future capital requirements, short or medium-term profitability, risks related to mineral resource estimation, exploration, development, and operating costs, the Company's dependence on the success of the anode commercial plant in South Korea, challenges in funding and construction the plant, obtaining resources from governmental authorities, compliance with environmental and safety regulations, access to equipment, maintenance, reliance on key personnel and business relationships, growth strategy, obtaining insurance, occupational health and safety risks, adverse publicity, third-party risks, disruptions to business operations, reliance on technology and information systems, litigation risks, tax risks, unforeseen expenses, public health crises, climate change, general economic conditions, commodity prices and exchange rate risks, lithium demand, share price volatility, public company obligations, competition risk, dividend policy, policies and legislation, force majeure, and technological changes.

While the Company believes that its expectations are based on reasonable assumptions and has made efforts 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 result in actions, events, or results not meeting the anticipated, estimated, or intended outcomes. Therefore, these risks should be carefully considered, although they are not exhaustive. If any of these risks or uncertainties materialize, actual results may vary materially from those anticipated in the forward-looking statements provided

**NEO BATTERY MATERIALS LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Three Months Ended May 31, 2023**

---

herein. Due to the inherent risks, uncertainties, and assumptions associated with forward-looking statements, readers should exercise caution and avoid undue reliance on them.

The forward-looking statements in this document are presented to assist investors in understanding the Company's expected financial and operational performance and results as of the periods covered in the Company's plans and objectives. They may not be suitable for other purposes. The assumptions mentioned above and described in greater detail in the "Risk Factors" section of this MD&A should be carefully considered by readers.

The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable law. The Company qualifies all of its forward-looking statements with these cautionary statements.

**ADDITIONAL INFORMATION**

Additional Information relating to NEO Battery Materials can be found on the Company website [www.neobatterymaterials.com](http://www.neobatterymaterials.com) and on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting the Company at 10th Floor – 4711 Yonge Street, Vancouver, Toronto, Ontario, Canada, M2N 6K8, Tel: (604) 355-6463.