



**MANAGEMENT DISCUSSION AND
ANALYSIS**

For the Nine Months Ended November 30, 2023

As at January 29, 2024

INTRODUCTION

The following management's discussion and analysis (MD&A) of the Company has been prepared as of January 29, 2024. 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 nine months ended November 30, 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.sedarplus.ca and on its website at 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 15-16 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 nine months ended November 30, 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.
- 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.
- 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.
- On July 17, 2023, the Company announced it will upsize the R&D Scale-up Centre in Yonsei Engineering Research Park to accommodate the increased material evaluation pipeline with global battery cell manufacturers and EV automakers; and has hired five Ph.D. engineering professionals with expertise in lithium-ion batteries manufacturing

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and materials industry. The Company has applied to Gyeonggi Technopark for additional R&D manufacturing space.

- On July 24, 2023, the Company announced it has initially applied for a federal-level grant focused on EV Battery Technology for funding of CAD1.5 million for its Canadian expansion strategy.
- On July 27, 2023, NBM Korea Co has been selected as a recipient of the Intellectual Property Support Program administered by the Korea Invention Promotion Association. Selected among 10 IP-based companies, NBM Korea Co will receive a grant and pro-bono technology consulting to strengthen market competitiveness by implementing new R&D directions and securing indisputable patents.
- On August 16, 2023, the Company has registered the trademark NBMSiDE® at Korean Intellectual Property Office under the classes of active negative polar substances for secondary cell batteries.
- On September 5, 2023, the Company received the 1st purchase order for 0.4 metric tons/400 kg of proprietary silicon anodes, NBMSiDE®, by an Asian Chemical Materials Company. The Company plans to supply over one-year timeline, delivering gradually optimized samples.
- On September 13, 2023, the Company announced that several EV industry players including battery & automotive companies have requested NBMSiDE® to conduct evaluations, and the Company is filling orders in 2-kg batches.
- On September 26, 2023, the Company announced that it is underway to form a trilateral research collaboration with a government-funded research institute and a prominent engineering university. The project will focus on a) expanding NBMSiDE® performance; b) developing new silicon anode products complementary to existing portfolio, and c) securing non-dilutive financing in Korea and Canada.
- On November 3, 2023, the Company appointed Dr. Jae Ha Woo as the new Chief Science Officer, a previous General Motors battery engineer and an expert in silicon anode materials and all-solid-state-batteries. The Company accepted Dr. Jong Hyeok Park's resignation as a director of the Company.
- On January 9, 2024, the CEO of the Company provided a letter to shareholders to outline the Company's silicon anode business strategy and outlook for year 2024.
- On January 19, 2024, the Company granted stock options to its directors, officers, employees, and consultants to acquire 5,760,000 shares at a price of \$0.30 per share, with expiry date on January 19, 2029. The stock options will be vested after three months of date of grant.
- On January 29, 2024, the Company entered the share purchase agreement with A&P. The Company acquired 20% Korea Co's ownership from A&P with a purchase price of \$1,708,707. As a result, the Company owns 80% ownership of the South Korean subsidiary.

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.

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- 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.
- On September 26, 2023, trading in shares of the Company halted, pending receipt and review of acceptable documentation of COB pursuant to Policy 5.2.
- On October 10, 2023, the Company announced a non-broker private placement to issue a minimum of 12,187,500 units for gross proceeds of \$3,900,000 up to a maximum of \$5,000,000. One unit consists of one common share of the Company and one non-transferable common share warrant, with an exercise price of \$0.75 per share for a period of 24 months after the closing date of financing. The offering is expected to be completed by the end of October and will satisfy the COB minimum financing requirement by TSX Venture Exchange.
- On December 27, the Company filed the Filing Statement for COB that prepared in accordance with Policy 5.2, and on January 9, 2024, Exchange accepted the documentation of COB filing application.
- Effective on January 11, 2024, the Company's common shares resumed trading.

Financings during fiscal 2024

- 816,667 and 100,000 stock options were exercised at a price of \$0.06 and \$0.20 per option, respectively, for total proceeds of \$69,000.
- 1,700,000 warrants were exercised at a price of \$0.16 per warrant for total proceeds of \$272,000.
- The Company completed a non-brokered private placement of 11,386,860 units at a price of \$0.32 per unit for gross proceeds of \$3,643,795. Each unit consisted of one common share and one common share warrant, with each warrant entitling the holder to purchase one common share at a price of \$0.75 per common share for 24 months from the closing date of the private placement. In connection with the private placement, the Company paid cash commissions of \$9,352 and issued 29,225 finder's warrants entitling the holder to purchase one common share at a price of \$0.75 per common share until November 24, 2025.

DESCRIPTION OF THE BUSINESS

The Company is a Canadian battery materials technology company focused on developing silicon anode materials for lithium-ion batteries in electric vehicles, electronics, and energy storage systems. With a patent-protected, low-cost manufacturing process, the Company enables longer-running and ultra-fast charging batteries compared to existing state-of-the-art technologies. The Company aims to be a globally leading producer of silicon anode materials for the electric vehicle and energy storage industries. For more information, please visit the Company's website at: <https://www.neobatterymaterials.com/>.

2024 STRATEGY & OUTLOOK: AN EFFICIENT ROUTE-TO-COMMERCIALIZATION

Over the forthcoming 12 months, the Company has configured the commercialization strategy to emphasize prudent operational execution, capital efficiency and conservation, and business risk mitigation: the Company will prioritize optimizing NBMSiDE® electrochemical performance and cost competitiveness to establish advanced commercial agreements (i.e., joint

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development agreement or collaboration agreement) with testing partners in the global EV battery supply chain. 2024 strategy will be executed through a 5-pillared approach.

Pillar 1: Fulfilling Growing Silicon Anode Need by Expanding Supply Chain Network

In 2023, the Company executed a record number of non-disclosure agreements (NDA) with global battery cell manufacturers, EV original equipment manufacturers (OEM), and chemical material companies. Technological breakthroughs primarily drove battery supply chain interest and demand for NEO's silicon anode materials. The Company has developed a proprietary, energy-efficient manufacturing process, enabling low-cost silicon anode production. Compared to competing silicon anodes, NEO realizes substantial cost reductions with increased specific capacity for longer driving ranges. Delivering battery cost reductions and performance improvements, the Company aims to supply NBMSiDE® to all EV lithium-ion batteries to accelerate global EV adoption efforts. To become one of the top 10 silicon anode producers, the Company will continue to secure new battery supply chain relationships to expand material evaluations and commercialization opportunities.

Pillar 2: Advancing Silicon Anode Evaluations with Battery Supply Chain Partners

The Company is currently engaged in various material evaluations at different stages – late, intermediate, and initial – with small-to-medium enterprises (SME) and global companies in the battery, EV, and electronics supply chain. These evaluations are systematically conducted wherein progressively performance improved NBMSiDE® are delivered over multiple phases. The Company will focus on further developing these late-stage relationships with downstream companies to convert them into advanced agreements that can be publicly disclosed. Along with downstream relationships, NEO will commit to expanding collaborations with SMEs and global chemical material companies in the upstream supply chain including horizontal partners. Reinforcing silicon input precursors, nanocoating materials, binders, and performance-enhancing processes will predictably improve NBMSiDE® cycle life, capacity, and mechanical durability.

Pillar 3: Silicon Anode Material Research & Development Direction

From past years to the present, NEO's research and development (R&D) focused on optimizing the electrochemical performance of a pure 100% silicon-based anode. Demonstrating the feasibility of a pure 100% NBMSiDE® anode without graphite for 300 charging cycles was essential in progressing to later-stage evaluations. Material stability, cycle life replicability, and other key performance indicators (KPI) at the 300-charging cycle level will heavily contribute to establishing the advanced agreements.

In the upcoming 2024 year, the Company will initiate testing with graphite anode materials to replicate actual lithium-ion battery anode compositions. The Company has also been active in integrating NBMSiDE® materials for solid-state batteries (SSB). NEO is completing material evaluations with SSB companies to develop compatible product lines for sulfide-based and polymer-based SSBs.

Pillar 4: Mass Production Plans & Inclination Towards Canadian Operations

For the best interest of the Company and its shareholders, the management has judged that pursuing advanced commercial agreements will create a capital-efficient and risk-mitigated route-to-commercialization. The following factors have also influenced the decision-making process.

Aggressive Canadian Government Effort to Fund EV-Related Projects

With Canada's mandate for 100% zero-emission vehicle sales by 2035, various policies, programs, and funding opportunities were presented to the Company for investment attraction and mass production initiation in Canada. The Company prioritizes minimizing dilution and risk to shareholders during the commercialization process. Canada's aggressive support measures, such as non-dilutive funding for EV-related projects, interest-free or low-interest debt financing for real estate and capital expenditures, refundable investment tax credits (ITC) for clean technology manufacturing equipment, beneficial land lease

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rates, and newly established Crown funds like the Canada Innovation Corp., have prompted management and the engineering team to logically consider situating the first commercial plant in Canada.

Potential Strategic Investment Opportunities

NEO's emphasis on advanced commercial agreements also stems from the potential of receiving strategic investments. We are currently balancing the scales and determining the most advantageous location to initiate our commercial plant construction. Concurrently, as communicated, we will concentrate our focus on securing governmental funding opportunities and strategic investments to finance our route-to-commercialization in a less dilutive manner.

Pillar 5: Expanding Battery Technology Portfolio with Value-Added Projects

Management is currently conducting late-stage discussions with Asian and European companies regarding collaborations on value-added project developments. Project details will be disclosed through news releases shortly.

COMPLETION OF CHANGE OF BUSINESS APPLICATION ("COB")

On April 13, 2022, the Company commenced a COB application with the Exchange. In the past, the Company was a Vancouver-based junior resource company with exploration in North America. The Company deems that a classification to a Tier 2 Technology issuer on the Exchange instead of a junior Mineral Exploration and Mining issuer will better reflect the Company's long-term goal and serve its shareholders' best interests. On November 21, 2022, the Company received conditional approval from Exchange for the proposed COB into an Industrial, Technology, or Life Sciences Tier 2 Issuer. On April 28, 2023, the Company was granted an extension, up to June 19, 2023, to complete the COB upon a minimum financing for gross proceeds of \$3,900,000 and the continued control of at least 51% of NBM Korea. On November 24, 2023, the Company completed a non-brokered private placement of 11,386,860 units at a price of \$0.32 per unit for gross proceeds of \$3,643,795. On December 27, 2023, the Company filed the Filing Statement for COB that prepared in accordance with Exchange's policy 5.2. On January 9, 2024, the Exchange accepted COB filing application; and effective on January 11, 2024, the common shares of the Company resumed trading on Exchange.

NBMSiDE® PRODUCTS AND PURCHASE ORDER

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.

The primary objective of NBMSiDE® is to enhance the rate capability (charging speed) and specific capacity of the anode active materials, ultimately leading to increased energy density and life span for lithium-ion batteries ("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.

In September 2023, the Company received the 1st purchase order for 0.4 metric tons/400 kg of proprietary silicon anodes, NBMSiDE®, by an Asian Chemical Materials company. The Company plans to supply over a one-year timeline, delivering gradually optimized samples.

NBMSiDE® SAMPLE EVALUATION PROGRESS

The Company 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.

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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. Several EV industry players including battery & automotive companies have requested NBMSiDE® to conduct evaluations, and the Company is filling orders in 2-kg batches.

SITE FOR COMMERCIAL PLANT – OSEONG FOREIGN INVESTMENTS ZONE

On January 26, 2022, through its Korean subsidiary, the Company received approval from the Province of Gyeonggi, the largest economic province in South Korea, to build its commercial plant on a 10-year lease term. The site is situated in Oseong Foreign Investment Zone and is approximately 106,700 square feet (or 2.5 acres).

The Production Building and the Research Office Building are in the late stages of architectural design, and the associated permits will be submitted accordingly 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.

In September 2023, the Company initiated the relocation of its R&D Scale-Up Center to Gyeonggi Technopark and completed the relocation as of January 2024. Including an increased headcount of battery research engineers, the augmented workspace accommodates expanded manufacturing and testing equipment to increase overall optimization productivity. NEO prioritizes moving forward late-stage testing relationships into advanced commercial contracts like joint development and/or collaboration agreements. The revised strategy will mitigate operational and financial risk and reduce the capital requirements for mass production commercialization.

COMMERCIAL PLANT – CONSTRUCTION PERMIT

The Company has submitted the plant's construction permit application to the City of Pyeongtaek through its South Korean subsidiary, NBM Korea. In 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 is expected to 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 entered into a binding agreement with the preferred contractor.

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.

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

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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.

On January 29, 2024, the Company entered into the share purchase agreement with A&P. The Company acquired 20% Korea Co's ownership from A&P with a purchase price of \$1,708,707. The Company currently owns 80% ownership of Korea Co after the completion of the transaction as of the date of this report. Considering recent silicon anode technological advancements, acquiring ownership was deemed necessary to realize increased proportions of economic benefit, value creation, and future cash flows for NEO and its shareholders.

RESULTS OF OPERATIONS

For the three-month ended November 30, 2023

Significant items that contributed to the net loss and comprehensive loss for the periods ended November 30, 2023 and November 30, 2022 were as follows:

- Advertising and marketing of \$89,251 (November 30, 2022- \$1,174)
- Consulting and management fees of \$163,525 (November 30, 2022- \$87,643)
- Corporate listing and filing fees \$10,046 (November 30, 2022 - \$5,805)
- Investor relation of \$38,993 (November 30, 2022- \$4,797)
- Office and general \$30,622 (November 30, 2022 - \$6,544)
- Professional fees of \$89,447 (November 30, 2022- \$60,775)
- Payroll expenses of \$214,937 (November 30, 2022- \$128,387)
- Research and development costs of \$24,137 (November 30, 2022- \$62,967)
- Rent \$20,261 (November 30, 2022 - \$18,092)
- Travel \$16,473 (November 30, 2022 - \$10,904)

During the three-month period ended November 30, 2023, the Company reported a net loss of \$746,769, compared to a net loss of \$321,176 for the same period in 2022. The rise in operating expenses went up to \$749,671 from \$416,207 in the prior year's quarter.

The increase in operating expenses can be attributed primarily to higher payroll expenses, consulting and management fees, and professional fees, which increased by \$86,550, \$75,882, and \$28,672, respectively. These increased costs were mainly driven by hiring additional employees, and the cost associated with closing financing. Additionally, the Company incurred more in advertising/marketing costs of \$88,077, and investor relation expenses of \$34,196, in the current quarter due to enhanced marketing awareness programs. Those increased costs were partially offset by a reduction in research and development expenses of \$38,830 in the current quarter.

For the nine-month ended November 30, 2023

Significant items that contributed to the net loss and comprehensive loss for the periods ended November 30, 2023, and November 30, 2022 were as follows:

- Advertising and marketing of \$103,592 (November 30, 2022- \$30,653)
- Consulting and management fees of \$478,186 (November 30, 2022- \$371,542)
- Corporate listing and filing fees \$69,129 (November 30, 2022 - \$31,768)
- Investor relation of \$71,855 (November 30, 2022- \$27,138)
- Office and general \$59,851 (November 30, 2022 - \$31,227)
- Professional fees of \$205,799 (November 30, 2022- \$161,103)
- Payroll expenses of \$624,501 (November 30, 2022- \$338,190)

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- Research and development costs of \$111,100 (November 30, 2022 - \$214,593)
- Rent \$63,515 (November 30, 2022 - \$83,449)
- Travel \$104,517 (November 30, 2022 - \$32,208)

During the nine-month period ended November 30, 2023, the Company incurred a net loss of \$2,029,364, compared to a net loss of \$1,356,433 for the same period in 2022. The operating expenses went up to \$2,021,169 from \$1,392,653 in the previous period in 2022.

The increase in operating expenses can be attributed primarily to higher payroll expenses, consulting and management fees, and professional fees, which increased by \$286,311, \$106,644, and \$44,696, respectively. These increased costs were mainly driven by hiring additional employees, and the cost associated with closing financing. Additionally, the Company incurred more in advertising/marketing costs of \$72,939, and investor relation expenses of \$44,717 in the current period due to enhanced marketing awareness. The Company also incurred higher travel expenses of \$72,309 when compared to the previous period in 2022. Those increased costs were partially offset by a reduction in research and development expenses of \$103,493 in the first three quarters.

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2023, the Company's cash balance was \$3,531,111 (February 28, 2023 - \$1,626,408).

As at November 30, 2023, the Company had a working capital of \$3,118,675 (February 28, 2023 - \$1,572,482).

Management believes that its ability to continue as a going concern is highly dependent upon its capacity to secure equity financing. The Company's operations are significantly influenced by factors such as capital market environment, supply chain, inflation, geographic stability, and overall global business environment. Due to volatile nature of equity markets, ongoing global economic uncertainty, cost pressures and competitive international business landscape, management continually evaluates emerging technologies and equity markets to maintain sufficient liquidity for supporting the company's growth strategy.

Liquidity Outlook

At present, the Company does not have any sources of generating revenues and its financial success is primarily contingent on management's capacity to advance its new nanocoating technology and secure capital through equity financing.

Several factors impact the Company's fund-raising capabilities, encompassing the overall financial market's condition, the Company's historical performance, and the experience and competence of its management team. The actual funding needs might deviate from the initial plans, primarily due to potential variations in application of the nanocoating technology. Management maintains confidence in its ability to secure the necessary equity capital and/or debt over the long term, through it acknowledges the existence of uncontrollable risks in this endeavor.

Going Concern

The condensed consolidated interim financial statements for the nine months ended November 30, 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 November 30, 2023, the Company had an accumulated deficit of \$29,846,084 (February 28, 2023 - \$28,339,456) and had a net loss of \$1,506,628 (November 30, 2022 - \$1,135,281).

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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

The continuity of the Company's operations hinges on securing its necessary financing for research and development, as well as construction of its 1st commercial plant for 2024 and beyond. Management remains confident in its ability to secure additional capital for funding both its R&D and its administrative expenses. Although the management has successfully raised capital in the past, there is no guarantee of continued success 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:

	30-Nov -23	31-Aug -23	31-May -23	28-Feb-23	30-Nov-22	31-Aug-22	31-May-22	28-Feb-22
	\$	\$	\$	\$	\$	\$	\$	\$
Net loss and Comprehensive loss	746,769	662,475	620,120	558,789	321,176	569,875	465,382	393,329
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)
Total assets	5,189,752	2,113,968	2,571,797	3,127,852	3,380,676	3,700,169	1,310,710	1,674,592
Equity	4,621,224	1,708,021	2,338,496	2,948,616	3,268,738	3,546,414	1,088,257	1,496,306

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 pioneering field of silicon anode active materials and nanocoating technology for lithium-ion batteries. Our product, NBMSiDE, is in the developmental stage and has yet to be sold on a large commercial scale. The future commercial success of our products is uncertain and subject to a variety of risks and uncertainties that could affect our profitability. Forward-looking statements related to our business are inherently uncertain and subject to both known and unknown risks, including but not limited to:

- **Technological and Market Risks:** The Company is at the forefront of developing silicon anode active materials and nanocoating technologies for lithium-ion batteries, with our flagship product, NBMSiDE, yet to be commercially validated on a large scale. The success of our technologies is uncertain, as they undergo continuous evaluation and testing within the electric vehicle (EV) battery supply chain. Our innovations face the risk of not meeting commercial or market expectations, potentially being overshadowed by newer advancements. The lack of early market validation poses a significant risk of developing a product with limited demand, amidst fierce competition from established companies with more substantial financial and technical resources.
- **Operational and Commercialization Challenges:** Our journey towards commercialization is fraught with uncertainties, including securing necessary funding, permits, and navigating through potential legislative and regulatory changes that could introduce delays or incur additional expenses. The ability to protect our intellectual property, adapt to changing technology, and consumer demands is crucial for maintaining our

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competitive edge. However, there's an inherent risk of our technologies becoming obsolete or not being marketable if we fail to innovate and keep pace with industry advancements.

- **Financial and Economic Considerations:** The volatile nature of global economic conditions and silicon prices, along with inflation and market volatility in Canadian and global securities markets, poses significant risks to our operations. Our financial health is also contingent upon our ability to maintain robust accounting practices and internal controls. Any inadequacies or failures in these areas could harm our operational results and compliance with reporting obligations.
- **Strategic and Human Resource Dependencies:** Our strategic approach involves forming partnerships with key industry players in future, including battery manufacturers and EV automakers. The failure to establish these partnerships as anticipated could significantly impact our market penetration and commercialization efforts. Furthermore, our success heavily relies on the expertise and dedication of our team. The loss of key personnel, the challenge of managing growth effectively, and the integration of new businesses or technologies are critical risks that could affect our operational continuity.
- **Regulatory and Environmental Risks:** Our goal for production to meet the demands of approximately 3 million EVs annually is ambitious and subject to a myriad of factors, including construction delays and operational efficiencies. Moreover, our operations are under the scrutiny of stringent regulatory and environmental standards, which could evolve and impose additional burdens in terms of compliance costs or restrictions on our operational capabilities.
- **Intellectual Property and Confidentiality Concerns:** The protection of our patents, technology, and proprietary information is paramount for our business development. Despite having confidentiality agreements in place, the risk of information breaches remains, which could undermine our competitive position. Additionally, the potential for conflicts of interest among our officers and directors could impact decision-making and strategic directions, further complicating our path to commercial success.

RELATED PARTY TRANSACTIONS

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

As at November 30, 2023, there was \$16,000 (February 28, 2023 - \$Nil) due to related parties.

For the nine months ended November 30, 2023 and 2022, the Company paid/accrued the following amount to the officers, family members of officers and directors of the Company:

On January 19, 2024, the Company granted 5,760,000 stock options at a price of \$0.30 to its directors, officers, employees and consultants. Out of these, 2,400,000 stock options were granted to related parties.

		November 30, 2023		November 30, 2022
Management fees	\$	341,032	\$	233,027
Professional fees		67,500		71,310
	\$	408,532	\$	304,337

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Nine Months Ended November 30, 2023

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:

- 114,807,506 common shares issued and outstanding;
- 3,470,000 stock options outstanding, of which 2,970,000 of these stock options are exercisable;
- 16,928,528 warrants outstanding and exercisable; and
- 29,225 finder's 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 consolidated interim financial statements for nine months ended November 30, 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 November 30, 2023, the Company had a working capital of \$3,118,675 (February 28, 2023 - working capital of

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\$1,572,482). Further information relating to liquidity risk is disclosed in Note 10 of the Company's condensed consolidated interim financial statements for the nine months ended November 30, 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 nine months ended November 30, 2023 compared to the year 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 consolidated interim financial statements for the nine months ended November 30, 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:

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- 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 nine months ended November 30, 2023, statement of operations contained in its condensed consolidated interim financial statements for the nine months ended November 30, 2023. These statements are available on its SEDAR PLUS Page Site accessed through www.sedarplus.ca.

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 require 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 condensed consolidated interim 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 no revenue generated in the past, risks related to nano coating technology development progress, market acceptance, commercialization hurdles, and operating costs, the Company's dependence on the success of the commercial plant, challenges in funding and constructing 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 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.

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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 and on SEDARPLUS at www.sedarplus.ca or by contacting the Company at 10th Floor - 4711 Yonge Street, Vancouver, Toronto, Ontario, Canada, M2N 6K8, Tel: (437) 451-7677.