



**MANAGEMENT DISCUSSION AND
ANALYSIS**

For the Three Months Ended May 31, 2024

As at July 30, 2024

INTRODUCTION

The following management's discussion and analysis (MD&A) of the Company has been prepared as of July 30, 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, 2024, 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 19-20 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.

Description Of the Business

NEO Battery Materials Ltd. (the "Company" or "NEO Battery") is a publicly listed company incorporated under the Business Corporations Act of British Columbia on February 10, 2006 as 0748496 B.C. Ltd. On March 1, 2006, the Company changed its name to BCGold Corp, and on March 16, 2017 to Pan Andean Minerals Ltd, and again on March 2, 2021, to NEO Battery Materials Ltd. 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 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/>.

CORPORATE HIGHLIGHTS

Highlights of the Company's activities during the three months ended May 31, 2024, and up to the date of the MD&A:

Corporate Updates

- On March 14, 2024, the Company achieved pilot-scale capacity expansion to 4,000 kilograms per year without additional equipment or process changes.
- In early March 2024, the Company participated in two global lithium-ion battery conferences: Battery Japan in Tokyo and InterBattery 2024 in Seoul, South Korea.
- On March 14, 2024, the Company appointed Mr. Daniel Lim as the new Chief Financial Officer (the "CFO") to replace Ms. Nancy Zhao, the former CFO.
- On March 19, 2024, the Company appointed MNP LLP as the new auditor of the Company to replace De Visser Gray LLP.

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- On April 3, 2024, the Company appointed Mr. Dongmok Whang to join the Board of Directors, and accepted Mr. Sung Rock Hwang resignation from the Board of Directors.
- On April 16, 2024, the Company appointed Mr. Ricky Lee as a managerial advisor.
- On May 4, 2024, 5,341,668 warrants expired without exercising.
- On June 11, 2024, the Company entered into a collaboration agreement with INNOX eco-M, a major South Korean chemical material company.
- On July 26, 2024, the Company established a collaboration agreement with Lotus Energy Recycling, an Australia-based Solar PV Recycler.

Financing

- On May 7, 2024, 200,000 warrants were exercised at a price of \$0.16 per warrant for total proceeds of \$32,000.

Calendar Year 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 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

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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 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.

RESULTS OF OPERATIONS

For the three-month ended May 31, 2024

Significant items that contributed to the net loss and comprehensive loss for the periods ended May 31, 2024 and May 31, 2023 were as follows:

- Advertising and marketing of \$25,932 (May 31, 2023- \$13,688)
- Consulting and management fees of \$142,445 (May 31, 2023- \$120,435)
- Corporate listing and filing fees \$5,540 (May 31, 2023 - \$5,290)
- Investor relation of \$28,028 (May 31, 2023- \$11,202)
- Office and general \$17,718 (May 31, 2023 - \$22,902)

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- Professional fees of \$77,068 (May 31, 2023- \$71,042)
- Payroll expenses of \$109,811 (May 31, 2023- \$206,129)
- Research and development costs of \$20,704(May 31, 2023- \$61,621)
- Rent \$19,726 (May 31, 2023 - \$20,774)
- Travel \$14,351(May 31, 2023 - \$41,159)
- Stock-based compensation \$626,256 (May 31, 2023 - \$Nil)

During the three-month period ended May 31, 2024, the Company incurred a net loss of \$1,163,773, compared to a net loss of \$620,120 for the same period in 2023. For the three-month period ended May 31, 2023, operating expenses increased to \$1,156,768 from \$609,910 incurred in the same period in 2023.

The increase in operating expenses can be primarily attributed to stock-based compensation, which increased by \$612,568. In this quarter, stock-based compensation amounted to \$626,256, a cost not incurred in the same quarter of the previous year. The Company granted 5,760,000 stock options to its directors, officers, and consultants during the three months ended February 29, 2024, compared to 1,300,000 stock options actually granted in the same quarter in 2023.

The increased costs were partially offset by a reduction in payroll expenses, research and development expenses, and travel expense of \$96,318, \$40,917, and \$26,808, respectively, in the current quarter. The decrease in payroll expense and research and development activities was due to disruption caused by the relocation of R&D Center from Yonsei University to Gyeonggi Technopark in the previous quarter.

LIQUIDITY AND CAPITAL RESOURCES

	May 31, 2024	February 29, 2024
Cash and cash equivalent	\$ 443,670	\$ 941,976
Current assets	583,672	1,120,288
Non-current assets	1,726,758	1,833,520
Total assets	2,310,430	2,953,808
Current liabilities	475,959	558,356
Non-current liabilities	159,687	167,071
Shareholders' equity	1,674,784	2,228,381
Working capital	107,713	561,932

Total assets are comprised of cash, GST/VAT receivable, prepaids expenses, right-of-use assets, and tangible assets, as at the date of this report. Further, tangible assets have increased due to acquisition of lab equipment, furniture and fixture.

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

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

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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, 2024 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. For the three months ended May 31, 2024, the Company had an accumulated deficit of \$33,880,400 (February 29, 2024 - \$32,949,382) and had a net loss of \$1,163,773 (February 29, 2024 - \$1,478,616).

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 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:

	31-May-24	29-Feb-24	30-Nov-23	31-Aug-23	31-May-23	28-Feb-23	30-Nov-22	31-Aug-22
	\$	\$	\$	\$	\$	\$	\$	\$
Net loss and Comprehensive loss	1,211,853	1,478,616	746,769	662,475	620,120	568,618	321,176	569,875
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)
Total assets	2,310,430	2,953,808	5,189,752	2,113,968	2,571,797	3,295,753	3,380,676	3,700,169
Equity	1,674,784	2,228,381	4,621,224	1,708,021	2,338,496	2,938,654	3,268,738	3,546,414

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

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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 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:** Till the date of this report, the Company have filed 9 patents. 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.
- **Non-Compliance with Securities Law:** As a company listed on the TSXV, we are subject to strict regulatory requirements. Failure to comply with applicable securities laws and regulations can lead to sanctions, fines,

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or other penalties imposed by regulatory bodies such as the Ontario Securities Commission (OSC). These penalties could adversely affect our financial condition and our ability to continue operations. Non-compliance with securities laws increases the risk of legal challenges from shareholders and other stakeholders. Litigation can be costly and time-consuming, and adverse outcomes can have a substantial financial impact on our business.

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 May 31, 2024 and February 29, 2024, there were no balances due to related parties.

For the three months ended May 31, 2024 and 2023, the Company paid/accrued the following amount to the officers and directors of the Company:

	May 31, 2024		May 31, 2023
Management fees	\$ 124,278	\$	51,400
Professional fees	36,222		22,500
	\$ 160,499	\$	73,900

Management fees include the fees paid to a Company, that is owned by CEO, the Vice President, and a former director who was terminated on April 3, 2024. Professional fees include the fees paid to the former CFO and the CFO.

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:

- 115,657,506 common shares issued and outstanding;
- 8,430,000 stock options outstanding and 8,220,000 stock options exercisable; and
- 11,416,085 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, 2024.

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, 2024, the Company had a working capital of \$107,713 (February 29, 2024 - working capital of \$561,932). Further information relating to liquidity risk is disclosed in Note 10 of the Company's condensed consolidated interim financial statements for the three months ended May 31, 2024.

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, 2024 compared to the years ended February 29, 2024. 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, 2024.

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, 2024, statement of operations contained in its condensed consolidated interim financial statements for the three months ended May 31, 2024. 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

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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 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,

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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 nano coating technology development, construction of plant, 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 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 and on SEDAR at www.sedar.com or by contacting the Company at 10th Floor – 4711 Yonge Street, Toronto, Ontario, Canada, M2N 6K8, Tel: (437) 451-7678.