

Slovakia Manganese

Why we pivoted, what we own, and what the next 12–24 months look like.

From: Derrick Dao, CEO **For:** Prospective investors **Date:** May 2026

To prospective investors:

I am writing this memo because Union Power Metals has just made the largest strategic pivot in our company's history. We moved from a uranium-exploration thesis in Africa — anchored on the small-modular-reactor demand cycle and the post-2030 nuclear renaissance — to a battery-manganese acquisition in central and eastern Slovakia, through our Slovak subsidiary Manganese One SRO. Pivots of this size are uncommon, they are uncomfortable for investors who originally backed a different bet, and they deserve a careful explanation. This memo is that explanation.

I want to be direct about what the pivot is and what it is not. The African uranium thesis was built on a real and durable demand story — the SMR build-out, AI-driven electricity demand, the policy reversal on nuclear across Europe and Japan — and on a project-specific view that we could secure economic uranium resources at attractive cost. None of that is wrong, and we are not abandoning the uranium asset. We continue to hold it as principal developer, we continue to view it as upside optionality on the multi-year nuclear renaissance, and we have not impaired its carrying value. The right path is to hold it as a strategic option against the SMR demand cycle and, when the consolidation environment in the uranium space matures, to contribute it into a larger consolidated package of uranium assets in the hands of a strategic counterparty for whom the consolidated portfolio makes more sense than the standalone asset does for us. The asset is still in our hands, still on our balance sheet, still working in our favour as the nuclear cycle plays out. What we have decided is to put the company's principal forward capital and attention onto a different opportunity, which is what the rest of this memo is about.

In late 2025 and early 2026 we identified the Michalova and Svabovce manganese deposits in Slovakia, and the more time we have spent with the data the more convinced we have become that they are the right place for the next five to ten years of Union Power Metals' principal capital. They are materially better than what we had on the dimensions investor capital should care about: jurisdiction, time-to-cash-flow, technology risk, regulatory tailwind, and the asymmetric upside that exists when a market is being structurally rebuilt rather than incrementally grown. The four conditions I am about to walk through — two physically separate but geologically related sedimentary manganese-carbonate deposits with substantial historical resources at industrially-relevant grades, a deep base of operational geological and metallurgical work going back to the early 20th century, the densest EV manufacturing cluster per capita on Earth at 90 to 130 kilometres from the deposits, and an EU regulatory framework (the Critical Raw Materials Act, in force from April 2024) designed specifically to support non-Chinese battery materials supply — do not all show up at the same project at the same moment in commodity markets very often. They are showing up here, now, and we believe the right move is to capture them with the company's full focus.

What I am asking you to do in this memo is read past the pivot. Pivots are noisy events, and the right question is not "did Union Power Metals change direction" but "is the new direction the right one for the next five to ten years of investor capital."

1. The convergence

There is a moment in any commodity cycle where the resource, the technology, the market, and the regulatory framework converge on a specific geography at a specific time. For European battery manganese, that moment is now, and it is happening 90 to 130 kilometres from where the next decade of EU lithium-ion cell production will be decided.

The resource is two physically separate but geologically related sedimentary manganese-carbonate deposits in central and eastern Slovakia, with substantial historical resources at industrially-relevant grades under Czechoslovak and Slovak resource categories. The technology is hydrometallurgical processing to high-purity manganese sulphate monohydrate, the cathode-precursor product that lithium-iron-phosphate and the next-generation lithium-manganese-iron-phosphate chemistries actually need. The market is the EV battery cluster that has emerged in Slovakia and the surrounding EU manufacturing belt over the last 24 months. The regulatory framework is the European Union's Critical Raw Materials Act, which for the first time gives non-Chinese manganese projects an accelerated permitting pathway and priority financing access if they meet the Strategic Project criteria.

What is unusual about Slovakia is that all four conditions are present in the same geography at the same time, and that they have aligned in this particular configuration only in the last 18 months. Five years ago there was no Volvo Košice plant. Three years ago there was no CRMA. Two years ago there was no Volvo-Northvolt Bratislava gigafactory plan. One year ago we did not have the modern license award. The convergence is real, and it is recent, and it is the foundation of why we believe this is the right capital allocation moment for these specific deposits.

II. The market

Manganese is the unsexy battery metal. It does not have lithium's price volatility, cobalt's ESG controversy, or nickel's geopolitical drama. What it has is a structural supply problem that the EV industry is just now coming to terms with: China produces approximately 95% of global high-purity manganese sulphate, and the European OEMs cannot meet their Scope-3 emission targets or their basic supply-security requirements while remaining dependent on Chinese supply. The EV battery cathode chemistries are also shifting in a direction that increases manganese intensity: the move from NMC to LFP reduced Mn-per-kWh in the early 2020s, but the move now underway from LFP to LMFP (lithium-manganese-iron-phosphate) reverses that trend by approximately 15-20%, because LMFP achieves better energy density through manganese substitution while preserving LFP's safety and cost advantages. Every major Chinese cathode maker has an LMFP commercialisation program, and every major Western cathode maker is responding.

The European Union has noticed. The Critical Raw Materials Act added manganese to the strategic raw materials list and committed the EU to specific 2030 capacity benchmarks: 10% of demand from EU extraction, 40% from EU processing, 25% from recycling. Designated Strategic Projects under CRMA receive an accelerated permitting ceiling for extraction projects and priority access to European Investment Bank, European Investment Fund, and Innovation Fund financing. The CRMA is not a subsidy program. It is a market-shaping instrument designed to make non-Chinese supply economically viable at scale, and the projects that qualify for Strategic Project status will be the projects that get built.

The geographic clustering of demand has happened in parallel. Slovakia has become the densest EV manufacturing concentration per capita anywhere in the world during 2023-2025. Volvo Cars commences EV production at Košice in 2026-2027 — 130 kilometres from our Michalova license, 90 kilometres from our Svabovce license. The Volvo-Northvolt 50 GWh battery gigafactory near Bratislava is in planning. Gotion-InoBat Batteries at Šurany targets 2027 production. The established Porsche-VW Bratislava, Kia Žilina, and Stellantis Trnava complexes are already scaling. Adjacent EU clusters at LG Chem Wrocław, Samsung SDI Budapest, and Daimler Kamenz reinforce the regional pull.

The closest EU manganese project peer — Euro Manganese's Chvaletice tailings reprocessing in the Czech Republic — sits approximately 850 kilometres by road from the Slovak EV cluster. We are 90 to 200 kilometres from the same cluster. For a product like HPMSM, where landed cost per tonne is sensitive to logistics and where European OEMs are actively scoring suppliers on Scope-3 emissions and certified non-Chinese provenance, that distance differential is not a rounding error. It is a structural cost-and-compliance advantage that does not exist for any other EU manganese project.

III. What we own at Michalova

The Michalova deposit sits in the Brezno district of central Slovakia, held by Manganese One SRO under a four-year exploration license awarded in 2024. The deposit was never put into commercial production, and the historical Slovak resource booking is approximately 10 million tonnes at an average grade around 9 to 10 percent Mn. That figure has been in the Slovak state mineral inventory for thirty years, carried forward from the 1955 final report without re-drilling or re-sampling. We believe it understates the deposit, and I want to be precise about why.

The historical grade is most likely understated by methodology, not by geology. The 1954 reserves report for Michalova explicitly identifies a correction factor between the drill-core samples used for the resource estimate and the channel samples cut directly from the wall of the underground exploration drift on the same orebody position. The Czechoslovak geologists who ran the campaign noted in writing that the difference should be applied as a correction; the correction was not applied in any of the subsequent reserves reports through to the 1993-94 ministerial reclassification. The most likely mechanism is recovery bias in the historical drilling itself — drill core in friable manganese-carbonate ore is mechanically weaker than the marly shale matrix and recovers poorly, and the lost core is preferentially the high-grade Mn-bearing material rather than the host rock. Channel samples cut from a fully-exposed underground wall do not have the same recovery loss. This kind of bias does not average out with more holes, because every hole has the same recovery problem and underestimates true in-situ grade by approximately the same factor. A modern twin-hole verification program — drilling a new hole immediately adjacent to a historical hole, with disciplined modern QAQC and independent laboratory assay — is the standard way to resolve this question, and it is at the top of the Stage 1 work plan. If the verification confirms a meaningful correction, the deposit's true in-situ grade is materially higher than the booked figure. If it does not, we will know, and we will adjust accordingly. Modern surface sampling at the project has returned grades materially higher than the historical drill-core average, which is consistent with the historical drilling under-reporting in some form.

There is also Mn below the booked envelope that the historical campaign did not chemically analyse. When we cross-checked the modern digitised drill database against the 1993 reassessment lithology summaries, we found that one of the deeper holes from the 1950s campaign carries multiple discrete manganese-carbonate intercepts at depths between 168 and 200 metres, including a 1.0 metre carbonate bed that is logged as a real bed rather than as thin interbeds. None of these deeper-package intercepts were chemically analysed during the 1950s work. None are captured in the booked resource estimate. The implication is that the prospective vertical thickness of the Mn-bearing system at Michalova is materially greater than the historical estimate assumed, and the booked tonnage is therefore a lower bound rather than a point estimate. Twin-hole drilling of this hole with modern sampling is part of the Stage 1 work plan, and it will convert the deeper package from "mineralogically observed" to "chemically confirmed" or it will not. We do not yet know which way it lands. We do know that the prior estimates did not address the question.

The deposit is open-pit-amenable. The 1993 reassessment recommended underground extraction on the basis of horizon depth, but that recommendation was made under 1990s strip-ratio limits and operating-cost benchmarks calibrated to Czechoslovak iron-and-steel-industry economics. Under modern strip-ratio benchmarks the geometry tells a different story. The principal Mn seams sit at 49 to 76 metres depth in the deepest historical hole, the dip is gentle, and the structural overprint is mild. The implied strip ratio is well within the open-pit envelope. Open-pit extraction reduces first-tonne capex, shortens the production ramp, and reduces dilution risk versus the 1990s underground-only base case. The PFS will run the open-pit-versus-underground decision formally, but the geometry says open-pit is the realistic answer.

The within-license lateral upside is real, and the regional optionality sits behind additional license applications. The Mn-bearing sedimentary horizon outcrops along the southern Brezno sub-basin rim from approximately Tisovec through Michalová to Pohorelá — roughly 25 kilometres of strike on the regional state geological prognosis map. Inside our current 15-square-kilometre exploration license, the three defined resource blocks (Michalová 1, 2, 3) are only a portion of the prospective ground; lateral extensions of those blocks to the northwest and southeast within the license boundary are untested by modern drilling, and the MS-3 hole intercept provides direct evidence that the seam continues northwest. Stage 2 of our program tests both within-license lateral extensions plus a deeper basin-axis target that the 1970s state uranium drilling reached but did not consolidate; recovery of the 1970s data from the Slovak state archive is part of Stage 1. The broader regional strike beyond our current license boundary is not part of the current program — capturing it would require applying for additional Slovak exploration licenses, which is a separate work stream we will evaluate based on what the within-license drilling delivers and what the regional archive recovery shows.

iv. What we own at Svabovce

The Svabovce deposit sits in the Poprad district of eastern Slovakia, held by Manganese One SRO under a four-year exploration license awarded in 2024. The deposit comprises five subdeposits along approximately 12 kilometres of strike, with a historical Slovak resource booking of approximately 14 million tonnes at an average grade around 14 to 15 percent Mn weighted across the five subdeposits. Within-license tonnage is approximately 12 million tonnes after subtracting the four westernmost blocks that sit outside the modern license boundary. Svabovce is structurally a different investment thesis from Michalova, and it is important not to lump them together.

The deposit has a substantial 20th-century mining history. The Kišovce-Švábovce deposit complex was discovered in 1840 and brought into open-cut production at Švábovce in the 1850s. Mining proceeded in several distinct operating eras through the 20th century: small-scale Hungarian Kingdom mining, Czech industrial-ownership operations during the First Czechoslovak Republic, peak war-time production in the early 1940s, state-enterprise consolidation under Manganové bane n.p. Poprad after 1948, and gradual production decline through the 1960s before the 1971 closure. Total deposit-life production was approximately 4.9 million tonnes of Mn ore. Mining was concentrated principally in the central Švábovce and Kišovce subdeposits, where approximately 65 percent of the originally-developed reserves at those two operating sites were consumed before closure. The other three subdeposits in the cluster — Prímovce, Hôrka-Levočské pohorie, and Levočské pohorie — were lightly developed or never put into commercial production at all, and they contribute the bulk of the modern booked figure. The 1971 closure was driven not by resource exhaustion or technical failure but by import economics: imported 30%-Mn Brazilian and Soviet ore became progressively cheaper than domestic 14-15% Mn underground production through the 1960s, and Czechoslovak central planning could no longer justify domestic operations against the import cost.

This matters because it changes the question we are asking. At Michalova, the question is whether the deposit can be mined economically. At Svabovce, parts of the deposit have been mined economically across multiple operating eras, and the question is how the remaining tonnage should be developed under modern technical and commercial conditions. The mining geology, the ore variability, the hydrogeology, the rock-mass quality, and the surface and underground infrastructure footprint were characterised at production scale, not at exploration scale. This is fundamentally different from a greenfield discovery, and the implications for capex risk, for permitting timeline, and for community engagement are concrete.

The grade is materially higher and the geometry is tighter than Michalova. 14 to 15 percent Mn weighted average across the five subdeposits is approximately 50 percent higher than Michalova's booked grade. The deposit is a continuous stratiform main seam trackable along the full 12 kilometres of strike, against Michalova's discontinuous multi-stack lens system. A continuous main seam is fundamentally easier to define under modern resource modelling codes than a stack of laterally-discontinuous lenses. The Hôrka subdeposit specifically carries pedigree from the historical state-enterprise mining registry, the highest-confidence inventory category in the late-Czechoslovak regulatory system, and the Hôrka tonnage and grade have been independently verified through both the geological-survey and the state-mining registry systems. That dual-registry pedigree is one of the reasons the booked aggregate figure has held up across three decades of regulatory transitions.

The 1956-57 Czechoslovak metallurgical archive is on this exact ore. This is the most distinctive technical feature of Svabovce. In 1956 and 1957, the Czechoslovak state-funded metallurgical research programs at the Ore-Dressing Research Institutes in Prague and Bratislava, supplemented by the Research Institute for Ferrous Metallurgy, ran systematic hydrometallurgical testwork on Kišovce-Švábovce ore that had been pulled directly from the operating mine. Sulphuric-acid leach achieved over 90 percent Mn recovery into a sulphate-soluble form. Sulphurous-acid leach on roasted ore achieved comparable extraction. A nitric-acid leach via the Noosen process produced near-quantitative Mn extraction. A pilot-scale operation at the Holešovice works in Prague combined sulphuric-acid leach with downstream electrowinning and produced electrolytic manganese metal directly from Slovak feed at sub-pilot to pilot scale, prior to 1957.

What this archive means for a 2026 investor: it materially de-risks the technology selection for the modern PFS. It does not mean we can skip the modern metallurgical workstream — bench-scale, locked-cycle, and pilot-scale testwork at internationally-accredited laboratories on representative bulk samples from the modern license is required regardless. What the archive does is establish on the exact ore that the hydrometallurgical route works at greater than 90% Mn recovery and that the technology selection for the modern PFS is narrowed to one of three documented hydrometallurgical routes, with strong operational precedent for the sulphuric route. The archive is technology-selection insurance. It is not a substitute for modern testwork.

I want to be specific about one thing: this archive is on Kišovce-Švábovce ore, not on Michalova ore. The mineralogical character at Michalova was independently characterised in 1955 — manganocalcite-dominant rather than rhodochrosite-dominant, but otherwise a similar carbonate-plus-quartz intergrowth that should respond similarly to acid leach — but there is no equivalent of the Holešovice pilot for Michalova ore specifically. Modern testwork on Michalova bulk samples is therefore more first-principles for Michalova than for Svabovce, and the metallurgical workstream is sized to reflect that.

Underground re-entry is informed, not greenfield. Existing mine voids from the 20th-century operations sit at known geometries through the principal sub-blocks of the deposit. The geotechnical, hydrogeological, and engineering knowledge of these underground works is preserved in the historical mining records, and direct underground access to the orebody can support a phased open-pit-plus-underground development plan that is well-informed rather than speculative.

v. The metallurgical foundation, in plain terms

I want to step back from the project-specific cases and explain the metallurgical foundation in a way that does not require a chemistry background.

Manganese in our deposits is hosted in a carbonate form where Mn is bonded with carbonate (manganocalcite or rhodochrosite, structurally similar to limestone with Mn substituting for calcium). To turn this into the battery-grade product the EV battery cluster needs (high-purity manganese sulphate monohydrate at 99.95% purity, sub-ppm trace metals), we need to dissolve the manganese into solution, separate it from impurities, and crystallise it as $\text{MnSO}_4 \cdot \text{H}_2\text{O}$.

The dissolution step works. Sulphuric-acid leach dissolves manganese-carbonate at room temperature within minutes, and the silicate gangue (the quartz that the manganese is intergrown with) does not dissolve, so the leach naturally separates the manganese from the host rock. This is what the 1956-57 testwork demonstrated at sub-pilot to pilot scale, and it is the technology selection that the modern PFS will confirm.

The principal characteristic of our ore that drives opex in a hydrometallurgical circuit is the gangue-mineral acid demand. The $\text{CaO} + \text{MgO} + \text{FeO}$ content consumes sulphuric acid stoichiometrically and sets the lower bound on reagent cost per tonne of feed. The two ore sources have different gangue chemistries, which is why the central-refinery blend matters: the optimal blend ratio between Michalova and Svabovce ore minimises total reagent cost per tonne of recovered Mn while maintaining downstream impurity tolerances. Other parameters that affect bulk handling and reagent recovery — the silicate-gangue content, the trace-element profile, the ore-specific kinetics — are within the envelope the modern bench-scale and pilot-scale testwork is sized to quantify.

Sulphur in our ore is low — typically a fraction of a percent by mass, hosted in fine pyrite and marcasite disseminations within the marly shale matrix of diagenetic origin. This is favourable for sulphuric-acid leach, because the sulphate generated by pyrite oxidation reports to the desired product stream rather than to a waste stream. The trace base metals associated with the pyrite — cobalt, copper, nickel, lead, zinc — are present at low levels and would report to solution during leach and require dedicated impurity-removal stages downstream, which is standard battery-grade hydrometallurgical practice. Modern ICP-MS quantification on representative bulk samples is part of the metallurgical workstream.

The metallurgical foundation, in short: the route is hydrometallurgical, the technology is established, the modern testwork has to confirm the parameters at PFS-stage precision, and the integrated central-refinery configuration is designed to capture the ore-blending benefits across both deposits.

VI. The portfolio thesis

Each deposit stands on its own. There is, however, a separate set of arguments that exist only when both projects move together as an integrated portfolio.

A single central refinery in Slovakia processes blended feed from both deposits. The blend ratio optimises sulphuric-acid consumption between the higher-CaO Michalova ore and the moderate-CaO Svabovce ore, reduces total reagent cost per tonne of recovered Mn, and gives the operator process flexibility for ore-supply and customer-quality variations. The optimal siting is a PFS deliverable — candidates include the Košice industrial corridor (existing heavy-industry infrastructure, rail and road access, established industrial labour pool) and sites closer to the geometric midpoint between the two deposits in the upper Hron or upper Poprad valleys. One refinery serving two deposits is more capital-efficient than two refineries; concentrated metallurgical expertise is more operationally efficient. HPMSM long-term reference prices in the EU non-China market are currently being established through Strategic Project offtake contracts in 2025-2027 and are materially above the China spot benchmark, reflecting the supply premium for compliant non-Chinese material.

The CRMA Strategic Project application is materially stronger for the joint case. The Critical Raw Materials Act framework prioritises Strategic Projects that contribute to processing capacity benchmarks, not just extraction capacity. A single integrated Slovak Mn project with two upstream feeds and one central refinery directly serves the EU's processing benchmark in a way that two independent extraction-only projects do not. Strategic Project status carries the accelerated permitting ceiling, priority financing access through EIB and Innovation Fund, and direct support in offtake-counterparty negotiations through the EU Critical Raw Materials Board.

The Slovak grid carbon intensity gives a measurable, monetisable advantage. The Slovak grid runs at approximately 90 grams CO₂-equivalent per kilowatt-hour, dominated by 55% nuclear generation. The EU average is approximately 230 g/kWh; the China average is approximately 580 g/kWh. The implied Scope-2 footprint advantage for HPMSM produced in Slovakia is several tonnes of CO₂-equivalent per tonne of product against the China-route benchmark. Under EU CBAM (Carbon Border Adjustment Mechanism) carbon pricing, that gap is a real, durable, measurable advantage that will flow through directly to offtake negotiation.

The capital-efficient bridge to a confirmed resource and process route leverages the portfolio. The integrated program budget is materially lower than the sum of two independent single-deposit programs would be, because the QP engagement, drilling contractor mobilisation, metallurgical laboratory engagement, hydrogeological monitoring, and Strategic Project application are all shared across both deposits.

VII. What we believe and what we do not know

I want to be specific about confidence levels, because the alternative is the kind of memo that sounds confident and turns out to be exactly as confident about the parts that were wrong as about the parts that were right.

Three things we are confident about. First, the European Union has committed to building a non-Chinese battery materials supply chain at scale, the regulatory framework to support it is in place, and the geographic clustering of demand has happened. The thesis that European OEMs will procure non-Chinese manganese at premium prices over the 2026-2035 horizon is, in our view, about as close to a structural certainty as commodity markets offer. Second, the geological foundation of both deposits is established. The historical resource numbers may shift up at Michalova or hold steady at Svabovce, but neither deposit is going to disappear. Third, the metallurgical technology is established for the Svabovce ore type and bridgeable to Michalova through the integrated refinery configuration. The hydrometallurgical route works.

Three things we are less confident about. The historical sampling-and-assay correction factor at Michalova is a hypothesis until twin-hole verification confirms it. If it confirms, the in-situ grade is materially higher than the booked figure. If it does not, the Michalova-specific case is reduced but not eliminated — the deposit still carries the deeper-package upside, the open-pit amenability, the within-license lateral extensions to the northwest and southeast, and the regional strike-length optionality that sits behind future license applications. The deeper Mn-carbonate package not previously analysed may be economic-grade or sub-economic-grade — modern XRD-Rietveld and ICP-MS work on the twin-hole interval is the verification path. The HPMSM long-term price scenario sits above the current spot benchmark but below the EU non-China price discovery benchmark being established now; the offtake contracts in 2026-2028 will determine where the realisation actually lands.

Three things that are real risks worth naming. The metallurgical parameters at Michalova specifically have not yet been confirmed at modern bench-scale on representative material, and the Stage 1 hydrometallurgical testwork is the resolution path; we expect the principal opex sensitivities to fall within the envelope the 1956-57 archive established on Svabovce ore, but the modern numbers have to be produced before they can be relied on. Permitting timelines in Slovakia for industrial-scale projects carry residual political and procedural risk that is real even within the CRMA accelerated framework. The Slovak Mn projects are competing for offtake and capital against Euro Manganese (further along on metallurgy, EU-domiciled) and Element 25 (already in commercial production in Australia), and both peers carry their own risks but represent real competitive constraints on offtake price and capital availability.

VIII. The capital plan

The path forward is a multi-stage exploration-and-development program designed to take both deposits from their current PÚ-licensed state through to a modernised resource statement, a confirmed process route, and an EU CRMA Strategic Project application.

Stage 1 is confirmatory work. We will run twin-hole drilling on selected historical drillholes at both deposits, with modern QAQC and accredited laboratory assay, to verify the historical grade record and to test the deeper Mn-carbonate package documented in one of the key historical Michalova holes. We will obtain modern core for metallurgical testwork and begin bench-scale hydrometallurgical work on representative material from both deposits, building the front end of the process flowsheet. We will start internal economic scoping work on the integrated configuration. The principal Stage 1 deliverable is an NI 43-101-compliant Inferred Mineral Resource estimate — converting the historical Czechoslovak and Slovak resource categories into a modern public-disclosure-compliant figure under the Canadian reporting standard that applies to Union Power Metals.

Stage 2 is resource expansion drilling. With the confirmatory results in hand, we will run lateral exploration drilling at both deposits — northwest and southeast extensions at Michalova, infill at the principal Svabovce subdeposits, and a northern step-out testing the historical drillhole corridor 40 kilometres north of the Svabovce license boundary. The objective is to expand the resource footprint and to convert a portion of the resource from Inferred to Indicated category.

By month 12 we expect to be in active conversation with the European Commission's Critical Raw Materials Board on the EU CRMA Strategic Project application, supported by at least a scoping study. Strategic Project status is the regulatory and financing keystone of the development pathway, and the timing of the application matters: the projects designated in the first tranches of CRMA Strategic Project status will set the precedent for how the framework operates, and we want to be in that group.

In parallel, the metallurgical workstream progresses through bench-scale, locked-cycle, and pilot-scale testwork over the program window. Hydrogeological baseline monitoring runs across a full one-year cycle. Geotechnical drilling supports the open-pit-versus-underground decision. EIA scoping work begins early and scales with the resource picture. The end state of the program is a Pre-Feasibility Study trigger condition on the integrated portfolio — confirmed NI 43-101 resources, confirmed process route, Strategic Project status filed or granted, and the technical foundation for the next development phase.

The program is sized to leverage the portfolio: shared QP engagement, shared drilling contractor mobilisation, shared metallurgical laboratory engagement, shared hydrogeological monitoring, and shared Strategic Project application. The integrated budget is materially lower than the sum of two independent single-deposit programs would be.

IX. The futures we are preserving

The program is designed to preserve strategic optionality through to PFS-readiness without committing to any single development path prematurely.

A sale to a strategic — a battery materials company, a major mining house seeking EU jurisdictional exposure, or a sovereign-wealth-backed investor prioritising EU strategic raw materials — becomes available at PFS completion with a confirmed resource and process route, and at higher valuation again at BFS completion with offtake commitments in hand.

A joint venture with a downstream battery cathode player or with an EV OEM directly is the natural structure if the company chooses to share the capex intensity of the BFS and construction phases while preserving operational control and equity in the deposits.

A Manganese One SRO-led PFS-through-construction path retains full equity in the project. This option becomes realistic if we access CRMA Strategic Project priority financing, which can cover a substantial portion of construction capex through EIB and Innovation Fund structures.

The optionality is not a hedge against execution risk. It is a function of the asset profile being attractive to a defined set of buyers and partners that did not exist in this geography ten years ago. The right choice will be made based on what the program produces, the broader EU battery-Mn market environment, and the company's broader portfolio strategy.

x. What I am asking

The next 12 to 24 months will produce a series of concrete deliverables: confirmatory drilling results, the modernised resource estimate, the metallurgical testwork outputs, the Strategic Project application status. Each one is a check on whether the conviction in this memo is borne out by what we find on the ground. The work that converts a deep historical inheritance — two physically separate sedimentary manganese deposits, a long base of 20th-century operational geological knowledge, a 1957 Czechoslovak metallurgical archive, modern license decisions, and a regulatory framework that did not exist five years ago — into a modernised, NI 43-101-compliant resource statement, a confirmed process route, and an EU CRMA Strategic Project status, is the work that the multi-stage program above is designed to do.

What I am asking is that you follow the story. The 200-year arc of Slovak manganese — from the 1840 Kišovce-Švábovce discovery, through several distinct phases of 20th-century operating mines, through 30 years of dormancy and ministerial reclassification, to the 2024 modern license awards — converges on the present moment as the maximum-leverage point in the deposits' history. The geological foundation is in place. The metallurgical foundation is in place. The strategic positioning is in place. The regulatory framework is in place. The community context is in place. What remains is the modernisation work.

I think this is a once-in-a-generation entry point for European battery manganese, and I think Manganese One SRO and Union Power Metals are the right vehicle for it. I am willing to be wrong about the specifics — the correction factor outcome, the deeper-package economics, the open-pit-versus-underground decision — but I am not wrong about the direction. The European battery materials supply chain is being rebuilt right now. There is a finite window in which the Strategic Project status is meaningfully scarce. There is a finite window in which the Slovak EV cluster is selecting upstream suppliers. There is a finite window in which the European Investment Bank and the Innovation Fund are deploying critical raw materials capital ahead of demand. We are inside that window today. We may not be inside it in 36 months.

I would rather have you watching at this stage than not.

— *Derrick Dao*

CEO, Union Power Metals

APPENDIX A

The uranium asset (UA92, Botswana)

I committed in the opening of this memo to telling you what we own and what I believe is happening in the markets we operate in. I have spent the body of the memo on the manganese deposits, because that is where Union Power Metals' principal forward capital and attention is going. But we continue to hold our uranium position — UA92 in Botswana — as principal developer, and I want to be specific about what it is, why we are still in it, and how we expect to extract value from it.

Where the uranium market is going

Three things are happening at once in uranium, and they are not going to un-happen.

The first is structural under-supply. Western utility consensus is that primary supply needs to add 40 to 60 million pounds of U_3O_8 per year for the next decade just to match the reactors that are already running plus the ones that are already announced. That is not a forecast. That is arithmetic.

The second is permanent removal of legacy supply. Niger took roughly 680 million dollars of book value off the table in eighteen months — Somair nationalised, Cominak closed, Imouraren revoked. Kazakh ISR is constrained. Cameco and Kazatomprom run flat-out. The bench is empty.

The third is a new buyer set. Hyperscaler procurement, sovereign wealth, and specialist uranium vehicles have widened the pool well past traditional utilities. Microsoft restarted Three Mile Island. Amazon bought a Talen Energy campus. Meta is allocating to small modular reactors. These are not 2010 buyers.

You can argue about how long this takes. You cannot, looking honestly at the supply math, argue that it does not happen.

Why Africa, and why Botswana

Africa supplies about a fifth of primary U_3O_8 today and holds the bulk of the Western-aligned undeveloped Tier-1 inventory. Within Africa, Botswana ranks fourth globally on the 2023 Fraser Institute Investment Attractiveness Index — ahead of South Australia, ahead of Saskatchewan, and first on the continent. The royalty is three percent. The state equity option is paid-for, not free-carry. There is no uranium export prohibition. The IAEA Safeguards Agreement and Additional Protocol have been in force since 2006.

The most important fact about Botswana is that the regulatory pathway from prospecting licence to mining licence has been walked once for uranium — by A-Cap (now Lotus) at Letlhakane, granted ML 2016/16L in September 2016. We are not the test case for whether Botswana grants uranium mining licences. That test case has been resolved. We are walking a documented path.

What we believe about UA92

I want to walk through six things we believe about UA92, in the same plain terms I have used through the rest of this memo.

It is the same rocks as Lotus's Letlhakane. UA92 sits on the Central Kalahari Karoo Sub-Basin, the same sedimentary compartment that hosts Lotus's 113.7-million-pound Letlhakane deposit. Same Mea Arkose and Tlapana host rocks within the Lower Ecca Group. Same carbonaceous-mudstone reductant. Same redox mechanism. The deposit model does not need to be invented for our ground; it needs to be re-deployed along-strike. This is not "uranium in Africa." It is the same stratigraphy that Lotus is taking through PFS, one basin door along.

The target is already proven present beneath our ground. This is the part that most pre-resource uranium juniors cannot say. Three independent legacy drill datasets, none of them ours, none of them looking for uranium, all of them penetrating the target horizon for other reasons: De Beers holes X569/H01 and X240/H1 bottomed in upper Tlapana / upper Ecca on UA92 ground; Kubu Energy Hole 5 on the PL143 footprint intersected the upper Ecca coal-bearing target horizon, which is the direct uranium target stratigraphy; and Anglo American ORA008 drilled to 369 metres on PL148, confirming the full Karoo section. The Ecca target sits 220 to 400 metres below ground beneath UA92, drillable by RC for under 2,800 Canadian dollars a metre. The geological risk on this project is therefore not "is the target there." That question is answered. The risk is grade and continuity, and we will start answering that in September.

The land position is material and curated. 2,141 square kilometres across five active second-term renewed PLs, expanding to approximately 2,954 if PL143 and PL220 re-grant at the Q2-Q3 2026 MME determination. This is comparable in scale to Lotus's entire Letlhakane tenement package. We have already passed the 50 percent Section 17 first-renewal relinquishment gate, which means we kept the ground we wanted and surrendered the ground we did not. What you are looking at is a curated portfolio, not a raw stake.

There are multiple ways for the first hole to work. Letlhakane carries three stacked uranium styles — primary stratabound mudstone at 200 to 500 ppm, primary tabular fine-sandstone peaking at 2,844 ppm, and secondary calcrete supergene near surface. We test all three within a single drill program. A single make-or-break geometry is fragile. Three independent ways to deliver an economic intercept is robust.

The cheapest path-to-production in uranium is locked to us in this country. The Ecca target sits below the Lebung aquifer and Inter-Karoo aquitard, the partially-confined configuration that defines an in-situ-recovery (ISR) amenable system. ISR is the lowest-capex and lowest-opex incremental supply route in uranium today. We hold the exclusive Eden Geopower ISR-technology licence for Botswana. No other party in this country can deploy the cheapest production technology without coming through us.

The infrastructure is already there. Morupule B coal-fired station, 600 megawatts, is 30 kilometres from the project. The Lebung aquifer that supplies the Orapa and Letlhakane diamond mines is characterised. There are 120 water-wells inventoried near our ground. The paved A1 and A30 are within 75 kilometres. The mining workforce in Orapa, Letlhakane, and Francistown is established. Future development capex is not loaded with greenfield infrastructure build.

The pathway

September 2026 we drill. Endeavour Scientific is contracted for drone-borne radiometrics. Loci Environmental is on the EIA. MSA Group via Ukwazi is engaged on ground target generation.

I want to be specific about the value walk on this asset, because I want you to see what we believe is being created. African Karoo uranium re-rates at well-documented in-the-ground multiples at successive technical milestones. Pre-resource ground trades at 0.30 to 0.70 Canadian dollars per pound. Maiden Inferred resource trades at 1.35 to 4.10. Scoping or PEA stage trades at 2.05 to 6.15. PFS or DFS trades at 4.10 to 9.50. Near-construction trades at 6.15 to 16.35.

Today, on a notional 25-million-pound pre-resource inventory, that is 7 to 17 million Canadian dollars of asset value. After airborne and soil targeting later this year, 17 to 34 million. Maiden Inferred late next year at 20 to 40 million pounds, 27 to 108 million. Maiden M&I in 2028-29 at 50 million pounds, 103 to 205 million. Scoping or PEA in 2029-30 at 50 to 70 million pounds, 135 to 430 million.

A three-to-fifteen-times re-rate sits inside an eighteen-to-thirty-month window from the first hole. That is the asymmetry on UA92. These figures are not forecasts of UPM-specific market value at any future date; they are the in-the-ground multiples at which the African Karoo uranium peer group has been trading across the recent cycle, applied to the technical milestones we expect to clear.

The consolidation pathway

The most realistic monetisation path for UA92 in the near term is consolidation into another African uranium junior — a mid-tier explorer or developer building scale across the same basin trend, for whom UA92's curated 2,141-square-kilometre Karoo position alongside Lotus's Letlhakane is materially additive to a multi-asset platform. We believe a transaction of that kind is plausible on a shorter horizon than a Tier-1 strategic acquisition would be — potentially within the next six to nine months, depending on how the value walk delivers and where the consolidator's portfolio thesis sits when we get there.

At a longer horizon, the structural buyer set for an asset of this profile widens. The companies positioned to consolidate African Karoo uranium at scale, looking past the current cycle, include Lotus Resources as the same-basin neighbour, CGN through Swakop Uranium (which operates Husab, the world's second-largest uranium mine), CNNC (with stakes in Rossing and LHM and an explicit state mandate), Orano (which lost Niger and has publicly named Botswana a priority greenfield), Deep Yellow (with a stated multi-asset platform mandate), and Paladin (which operates LHM and for whom a Botswana asset would be a logical third leg alongside Namibia and Canada). We are not in active dialogue with any of these parties today. They are the structural buyer set that any African Karoo uranium asset will eventually face once it reaches the technical milestones that move it into Tier-1 acquisition territory.

This is the consolidation environment I referenced in the opening of this memo. UA92 is held as a working asset on a near-term monetisation path through the African-junior consolidation channel, with a Tier-1 outcome preserved as a longer-horizon possibility but not committed to. The September 2026 drill program is the next step on the value walk; the right monetisation moment will be the moment when the consolidator's offer reflects the value the program has created up to that point.

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