Union Power Metals

WEEKLY BATTERY METALS INTELLIGENCE

The Manganese Signal

Issue 02 | Week of May 18, 2026

Manganese for Europe

THIS WEEK'S SIGNAL

From "narrowing surplus" to "slight shortage"

Shanghai Metals Market formally calls the structural pivot. Three independent data points published since Issue 01 quantify why.

SMM's May 2026 outlook declared that the HPMSM market in 2026 will undergo "a critical shift from 'narrowing surplus' to 'slight shortage', maintaining an overall tight balance" with prices likely to "remain within a high range." That is a structural balance call from the dominant Chinese pricing agency — not a freight-stack call.

+7%	147 kt	−11%
2026 MN DEMAND UPLIFT IF BYD BLADE 2.0 = LMFP (BENCHMARK)	INCREMENTAL MN BY 2030 FROM LMFP ALONE (CRU)	ERAMET COMILOG Q1 PRODUCTION YOY (APRIL 23 RELEASE)

Q1 China rally has cooled — Fastmarkets' April 20 print of 5,500–6,000 CNY/t is below Issue 01's 5,900–6,200. But European-delivered DDP has held at ~$2,500/t; the cost stack (freight, CBAM, ESG premium) has not eased. **China ex-works and DDP Europe are decoupling.** That decoupling is the trade.

MACRO LENS

What the producers *actually* said: Eramet, South32, and Jupiter's Q1 disclosures

Issue 01 went to press before any of the major listed producers had reported Q1 2026 (calendar) results. The five weeks since have delivered three of the most informative operational updates in the manganese complex — and they tell a consistent story. The three largest seaborne suppliers

are running below their own expectations and well below sell-side consensus, while the lowest-cost producer is widening its margin advantage.

Eramet Comilog (Gabon): production −11% YoY, guidance held

Eramet's April 23 trading update confirmed Comilog produced 1.6 Mt of manganese ore in Gabon in Q1 2026 — an 11% decrease versus Q1 2025. External sales nevertheless rose 10% YoY to 1.4 Mt as Setrag rail volumes (1.6 Mt, +16% YoY) cleared the port bottleneck that had constrained Q1 2025. FOB cash cost averaged $2.50/dmtu, up 5% YoY on currency headwinds. Eramet held FY26 transported-volume guidance at 6.4–6.8 Mt and cash cost guidance at $2.4–2.6/dmtu, but explicitly flagged that "manganese alloys selling prices are still expected to face high volatility in 2026" and that demand in China will remain under pressure even as India offsets.

South32: FY26 cut 6% on Cyclone Narelle

South32's April 21 quarterly was the more market-moving disclosure. Australia Manganese produced 589,000 wmt in the March quarter — recovering against the prior cyclone base but well below trajectory — and the company cut FY26 Australia Manganese guidance from 3.2 Mwmt to ~3.0 Mwmt after Cyclone Narelle disrupted GEMCO operations in March. South African manganese production rose modestly to 500,000 wmt. Total combined Q3 output of 1.09 Mwmt undershot Visible Alpha consensus of 1.25 Mwmt by ~13%. Management flagged Middle East shipping risk as an incremental headwind. South32 is the single largest variable in seaborne ore balance — a 6% cut from the world's largest producer is not a rounding error.

Jupiter Mines / Tshipi: $2.50/dmtu reported, $2.21 ex-FX

Jupiter Mines reported a solid March 2026 quarter at Tshipi — 849,772 t produced, 839,989 t sold — broadly in line with full-year targets and slightly ahead of prior year. The reported FOB cash cost was **$2.50/dmtu, up 12% YoY**, driven by a strengthening rand against the dollar; on constant-FX (PCP exchange rate) the figure would have been $2.21/dmtu. Tshipi's underlying operating cost remains the lowest in the listed Kalahari complex, but currency translation has compressed the reported margin to rough parity with Eramet's Comilog Q1 cost of $2.50/dmtu. EBITDA nevertheless rose 49% QoQ to A$32.2M as higher realised manganese prices offset surging freight and diesel costs linked to Middle East tensions.

> *Manganese ore consumption for Q1 2026 reached 5.1 Mt-Mn, up 2% year-on-year, reflecting rising demand from India.*
>
> — Eramet Q1 2026 trading update, April 23, 2026

The collective read

Two of the three largest producers ran below plan in Q1 (Eramet −11% YoY, South32 below consensus and FY guided down 6%). Tshipi held output flat but reported costs rose with the rand. Global Q1 consumption rose 2% YoY on Indian alloy demand even as Chinese steel softened. Net-net, the supply-demand balance tightened more than expected during Q1, costs across the producer complex are rising, and the producer messaging into Q2 is consistent with the SMM "narrowing surplus to slight shortage" pivot. The freight stack — Hormuz still operating at ~5% of pre-conflict transit volumes, Brent at $110–114, Capesize Atlantic peaks at $37/ton — overlays this picture rather than driving it.

MARKET DASHBOARD

What moved this week

METRIC	THIS WEEK	VS ISSUE 01	SOURCE
HPMSM (ex-works China, CNY/t) Battery-grade, 32% Mn min	5,500–6,000	−6.8% to −3.2%	Fastmarkets MB-MN-0008, Apr 20
HPMSM (ex-works China, USD/t) Fastmarkets USD conversion	~$797–870	−6% to −2%	Fastmarkets MB-MN-0008, Apr 20
HPMSM (CIF ARA Ports, USD/t) Chinese-origin, landed Europe	~$1,400	Flat	SC Insights est. (China softness offset by freight)
HPMSM (DDP Europe, USD/t) European-produced, non-Chinese supply	~$2,500	Firm	SC Insights / Market Eye
Mn ore, S.A. 37% (CIF Tianjin, $/dmtu) Semi-carbonate lump	~$5.00	+19%	Mysteel / SMM, May 2026
Eramet Comilog FOB cash cost ($/dmtu) Q1 2026 reported	$2.50	+5% YoY	Eramet Q1 trading update, Apr 23
Tshipi (Jupiter) FOB cost ($/dmtu) March qtr 2026 reported; $2.21 at constant FX	$2.50	+12% YoY	Jupiter Mines March qtr update
EMM 99.7% (FOB China, USD/t) Electrolytic manganese metal	$2,580–2,640	−2.3%	SMM May — "retreats from highs"
Li carbonate (battery grade, CNY/t) 99.5% Li2CO3 min, exw China	~191,000	+18% (peaked 200,500 May 13)	Trading Economics / SMM
Baltic Dry Index All-vessel composite	~3,054	+36% vs Apr 13	Baltic Exchange, May 13
Brent crude ($/bbl) ICE front-month	~$110	+13%	ICE / CNBC, May 7

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The decoupling trade. China ex-works softened ~5–7% from start-of-year highs. Mn ore CIF Tianjin rose ~19%. Producer FOB costs converged at ~$2.50/dmtu across Comilog and Tshipi as rand strength erased Tshipi's reported cost advantage. And the European-delivered DDP price has held firm at ~$2,500/t despite the China softening — because CBAM, freight, and the ESG-traceability premium all rose simultaneously. Three years ago a 7% drop in China ex-works would have pulled DDP Europe down ~$170/t. In May 2026, it did not.

DEEP DIVE

The LMFP demand signal is no longer a *forecast* — it's a number

Issue 01's deep dive on LMFP cited CATL's Gen 5 LFP ramp and characterised the chemistry as "no longer a future story." In the five weeks since, three independent forecasts have given the demand pivot a numerical spine. Each is meaningful on its own. Read together, they describe the same structural demand acceleration from different vantage points.

Benchmark: +7% to 2026 demand if BYD Blade 2.0 confirms LMFP

Benchmark Mineral Intelligence published a calculation in May 2026 stating that if BYD's Blade Battery 2.0 — unveiled in March 2026 — confirms LMFP chemistry, the result will be a **7% increase in 2026 battery-grade manganese demand**. BYD has not officially named the chemistry, but Benchmark notes three converging tells: BYD's patent activity in manganese-doped phosphate systems, the reported energy-density improvement (Blade 2.0 targets a 1000+ km real-world range pack), and the 3.8V operating voltage that matches LMFP's electrochemistry. A 7% lift on the 2026 base is the kind of single-year demand step normally associated with a step-change in EV penetration, not a chemistry shift inside an existing fleet.

CRU: +147 kt of contained manganese (≈460 kt HPMSM) by 2030 — LMFP alone

CRU Group's Manganese Sulphate Special Report — referenced in CRU's May 2026 commentary on cathode disruption — pegs the incremental manganese demand from LMFP adoption at **147 kt of contained manganese (≈460 kt of HPMSM) by 2030**. For context, current global HPMSM production is on the order of 250–300 kt/year. CRU's LMFP-only delta represents roughly 1.5× today's entire battery-grade manganese market, layered on top of NMC, LMR, and LNMO demand. CRU notes that CATL, BYD and SVOLT have all commercialised LMFP cells and are guiding to combined volumes of **200–400 GWh annually by 2028**.

SMM: structural pivot to "slight shortage"

Shanghai Metals Market's May 2026 outlook — the most important Chinese-side publication of the period — explicitly calls the supply-demand balance turning. The market in 2026 "will see a convergence of favourable factors, with the supply-demand pattern undergoing a critical shift from 'narrowing surplus' to 'slight shortage'." SMM's language matters because the agency tracks China's domestic HPMSM production utilisation rates (51–54% in December and January) and is wired directly into Chinese cathode and precursor procurement. When SMM uses the word "shortage" — even qualified by "slight" — Chinese mid-stream buyers reposition.

> *In 2026, the high-purity manganese sulphate market will see a convergence of favourable factors, with the supply-demand pattern undergoing a critical shift from "narrowing surplus" to "slight shortage", maintaining an overall tight balance. Prices are highly likely to remain within a high range.*
>
> — Shanghai Metals Market, May 2026 HPMSM outlook

What's underneath all three forecasts

The forecast convergence is not coincidence. BYD's Blade 2.0, CATL's Blade 2.0 (which Issue 01 noted moving from pilot to commercial across the Gen 5 LFP platform), and Tesla's adoption of CATL's M3P (an LMFP variant) in the Model 3 refresh, are all pulling production volumes through 2026. CRU's 200–400 GWh by 2028 number is not hypothetical — it is the publicly stated combined guidance from three Chinese cell manufacturers. The question for the manganese complex is not whether LMFP is real. It is how much HPMSM capacity gets built outside China to serve Western OEMs working under FEOC, CBAM and EU Battery Regulation constraints. Today the answer is: not enough, and not soon enough.

THE OTHER CALENDAR

Three regulatory deadlines that will *reprice* manganese

The freight calendar — ceasefires, blockades, naval missions — gets the headlines. The regulatory calendar is what reprices contracts. Three dates between now and end-2027 sit behind every term-sheet conversation in Western battery procurement.

Jan 1, 2026

CBAM — LIVE

Ferro-manganese (CN 7202 1) is now a covered CBAM precursor. Default carbon intensity of ~2.07 tCO_2/t at EU carbon price of ~€80/tCO_2 implies an **~€165/t adder** on Indian ferromanganese imports. Certificate purchases postponed to Feb 2027, but Jan 2026 imports onward count.

Nov 2026

TRUMP-XI EXPIRES

The October 31, 2025 Trump-Xi agreement suspended China's enhanced critical minerals export controls for **one year**. The suspension expires November 2026. China refines ~95% of global manganese. The controls remain on the books; expiration restores enforcement unless extended.

Jan 1, 2027

FEOC TRACING

The IRA 30D "impracticable-to-trace battery materials" transition expires end-2026. From 2027, manganese tracing back to extraction/processing source is required for the **$7,500 EV consumer credit**. FEOC-sourced manganese disqualifies a vehicle.

Stacked, the three deadlines move from a regulatory backdrop into a procurement cliff. The European chemical importer is paying CBAM on Indian alloys today. The Chinese export-control exposure peaks in November 2026 (six months out). The US FEOC-tracing requirement on manganese arrives January 2027 (seven months later). Procurement managers building 2027–2030 contracts now cannot rely on Chinese HPMSM for the US market and cannot fully absorb CBAM on the EU side. The **price separation** between China ex-works and DDP Europe — the $1,700–1,800/t gap the dashboard now reports — is the market's way of pricing this forward.

> **What flipped versus Issue 01.** Five weeks ago the Hormuz crisis dominated the analytical narrative — and rightly so. In the interim, the **regulatory and demand** stories have moved more material content into the market than the freight story has. The Hormuz disruption is real and ongoing (Project Freedom launched May 4, paused May 6, ~5% of pre-conflict transit volumes). But CBAM is in force, the Trump-Xi clock is running, and Benchmark, CRU and SMM have all published quantified demand calls. The structural story has overtaken the freight story.

ACROSS THE HPMSM LANDSCAPE

Five stories shaping the manganese supply chain

South Africa launches Ngqura 16 Mt manganese export terminal bid

Transnet announced in April 2026 that bid invitations for the Ngqura manganese export terminal will be issued through a public-private partnership structure. The terminal is sized at 16 million tonnes per annum of incremental export capacity in the Eastern Cape, atop South Africa's record 26.2 Mt of manganese exports in 2025. About 10 Mt of those 2025 exports still moved by road — a freight-cost anomaly Ngqura is designed to eliminate. The Manganese Producers Consortium (including African Rainbow Minerals via Assmang) has signalled intent to bid for the design-build-operate concession. If awarded and built on schedule, Ngqura adds the single largest piece of manganese logistics capacity since Saldanha — and resets South African producer netbacks materially.

CBAM live; EU caps Indian ferro-alloy imports for 2026

Two adjacent EU policies hit Indian manganese alloy producers simultaneously this year. The Carbon Border Adjustment Mechanism (CBAM) definitive period began January 1, 2026, with ferro-manganese (CN 7202 1) now a covered precursor requiring carbon-intensity reporting on every shipment. And the EU has capped Indian imports for 2026 at **126,800 t of silico-manganese** (price threshold €1,392/t) and **69,900 t of ferro-manganese** (price threshold €1,316/t) — roughly half of India's recent shipment levels into Europe. Argus Media projects landed costs +5–10% from CBAM defaults. For Indian smelters, the combined effect is a structural compression of EU access. For European steel and alloy buyers, it is a redirection of cost — which flows through into upstream ore demand.

Section 122 ruling and stay — US import cost uncertainty

On **May 7, 2026**, the US Court of International Trade ruled that the 10% Section 122 "temporary global tariff" was unlawful — a permanent injunction applying to the prevailing plaintiffs only. On **May 12, 2026**, the US Court of Appeals for the Federal Circuit issued an administrative stay pending appeal. Section 122 tariffs remain in force, but the legal foundation is now contested. For US importers of Chinese-origin manganese sulphate (still the dominant trade flow), the immediate effect is procurement uncertainty. Separately, the One Big Beautiful Bill Act (July 2025) allocates ~$2B to strengthen the National Defense Stockpile — manganese remains on the USGS critical list.

Eramet, South32 and Tshipi Q1 disclosures: the producer picture

The Macro Lens section above details the numbers; the strategic read is this: the three largest seaborne producers reported, and not one delivered an upside surprise. Eramet held FY26 guidance after a −11% Q1 production print, with cost guidance at $2.4–2.6/dmtu and explicit warning on alloy price volatility. South32 cut FY26 Australia guidance ~6% on Cyclone Narelle and flagged Middle East shipping risk. Jupiter Mines / Tshipi held output flat at 849,772 t but reported FOB cost rose 12% YoY to $2.50/dmtu on rand strength — its constant-FX cost of $2.21/dmtu still underlies the lowest underlying operating performance in the listed complex, but the reported margin has converged with Comilog. For the supply-side narrative, the read is that no one is over-producing into the SMM "slight shortage" call. Disciplined supply meets quantified incremental demand.

Union Power Metals: rebrand, leadership, Slovak corridor positioning

Effective **May 4, 2026**, Nuclear Vision Limited completed its name change to Union Power Metals Corporation; the new ticker (**CSE: UPPR**, with **FRA: UPR** and **OTCQB: UPERF** dual listings) began trading May 6. On **May 11**, the company strengthened its leadership team with critical-minerals appointments and granted performance-based security compensation. The corporate identity now aligns with the manganese-for-Europe thesis. The Slovak portfolio — Svabovce and Michalova, with combined historic resources of 24.3 Mt at 12%+ average Mn grade in carbonate form — sits inside the Central European battery corridor anchored by Gotion-InoBat Šurany (Slovakia, pilot 2026 / SOP Jan 2027), CATL Debrecen (Hungary, producing), and Volvo Košice (Slovakia, 250,000 EV/year from 2026). Confirmatory drilling at Michalova is planned for Q2 2026, targeting a NI 43-101 resource estimate by early 2027.

FORWARD LOOK

Three things to watch next week

→ **Fastmarkets MB-MN-0008 assessment (Thursday May 21):** whether the April 20 print of 5,500–6,000 CNY/t held into late May or recovered. SMM's "slight shortage" call needs to show up in the spot data within the next two prints. A break back above 6,000 CNY/t would validate the structural pivot. A continued drift toward 5,400 would suggest the seasonal softening is deeper than SMM has positioned.

→ **Euro Manganese Orion milestone (June 30, 2026):** six weeks away. As the EU's only primary-extraction Strategic Project for manganese, Chvaletice's financing event is the single most consequential supply-side milestone on the European calendar this year. A clear pass would reset expectations on EU HPMSM timing; a renegotiation pushes the bloc's only domestic primary feedstock deeper into the back half of the decade.

→ **South32 Hermosa Draft Record of Decision (early June 2026):** the US Forest Service is expected to publish the Draft ROD in early June, with federal authorization for full development targeted mid-2026. Hermosa is the only advanced battery-grade manganese deposit in the US under FAST-41. A clean ROD sets up a permitting endgame; any complication around the Reasonable and Prudent Measures attachment moves the timetable. Either outcome reshapes the Western-Hemisphere supply outlook.

DISCLOSURES

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⚠ **Historical estimates caveat.** References to historical mineral resource estimates at the Svabovce and Michalova projects use figures from the Slovak State Geological Institute classified under the GKZ system. A qualified person has not done sufficient work to classify these as current mineral resources or reserves under NI 43-101, and the Company is not treating them as such.

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