MKANGO RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended 30 September 2025

This Management's Discussion and Analysis (**"MD&A"**) provides an overview of the operational and financial performance of Mkango Resources Ltd. (**"Mkango"** or the **"Company"**). This MD&A has been prepared in accordance with the disclosure requirements of National Instrument 51-102 – Continuous Disclosure Obligations and should be read in conjunction with:

- the condensed unaudited interim consolidated financial statements for the three and nine months ended 30 September 2025; and
- the audited consolidated financial statements for the year ended 31 December 2024 (collectively, the **"Financial Statements"**).

The Financial Statements have been prepared in United States dollars (**"$"**), unless otherwise indicated, and in accordance with International Financial Reporting Standards (**"IFRS"**) as issued by the International Accounting Standards Board (**"IASB"**), together with interpretations issued by the International Financial Reporting Interpretations Committee (**"IFRIC"**) in effect as of 1 January 2025.

This MD&A is dated 30 November 2025.

The Board of Directors has reviewed and approved the information contained in this MD&A and in the Financial Statements.

Readers are cautioned that this MD&A contains forward-looking statements. Please refer to the section titled Forward-Looking Statements below.

Additional information related to Mkango is available on SEDARplus at: https://www.sedarplus.ca/landingpage/

(For clarity, this external website does not form part of this MD&A.)

Mkango's common shares trade on the TSX Venture Exchange (**"TSX-V"**) and on the AIM Market of the London Stock Exchange (**"AIM"**) under the symbol MKA.

FORWARD LOOKING STATEMENTS

Certain disclosures in this MD&A may constitute forward-looking statements regarding anticipated developments in the Company's operations and future plans. All statements herein that do not represent historical facts may be considered forward-looking statements. These statements are often, though not always, identified by words such as:

"targeted," "anticipate," "believes," "budget," "continue," "could," "estimate," "forecast," "intends," "may," "plan," "predicts," "projects," "should," "will," and similar expressions.

Forward-looking statements may include, but are not limited to:

- expectations regarding the commencement of equipment delivery and production;

- anticipated timelines for feasibility studies;
- exploration results and budgets;
- mineral resource estimates;
- capital and operating expenditure estimates;
- work programs and strategic plans; and
- market outlook for commodities.

These statements are based on reasonable assumptions made by the Company as of the date of this MD&A. However, forward-looking statements involve numerous risks and uncertainties, many of which are beyond the Company's control. Such risks include, without limitation:

- general economic and political conditions;
- availability of scrap and equipment for recycling and magnet-making operations;
- industry conditions and commodity price volatility;
- currency fluctuations;
- accuracy of drilling results, analytical data, and mineral resource estimates;
- environmental risks and regulatory changes, including tax and royalty regimes;
- risks associated with strategic metals exploration and development;
- title disputes and permitting risks—including obtaining future mining licence approvals or extensions;
- operational or technical challenges;
- labour relations and availability of qualified personnel;
- competition from other industry participants;
- access to equipment, infrastructure, and suitable capital; and
- stock market volatility and financing constraints.

Mineral resource estimates may also be materially impacted by environmental, permitting, legal, title, taxation, socio-political, marketing, or other considerations.

Readers are cautioned that the assumptions underlying forward-looking information, while considered reasonable at the time of preparation, may prove inaccurate. Consequently, undue reliance should not be placed on forward-looking statements. Actual results may differ materially from those expressed or implied.

Mkango disclaims any intention or obligation to update or revise forward-looking statements, except as required by applicable law.

Q3 2025 HIGHLIGHTS

- Loss after tax for the three months ended 30 September 2025 of $12,583,167 compared to $348,898 for the three months ended 30 September 2024 primarily due to a non-cash fair value adjustment relating to investor warrants of $9,752,337 and a non-cash flow fair value adjustment relating to the Business Combination Agreement (**"BCA"**) convertible loan note Mkango Rare Earths Limited ("**MKAR**") (formerly known as Lancaster Exploration BVI) of $444,116.
- Cash at 30 September 2025 of $1,997,182 with a $4 million (£3 million) successful raising in equity October 2025 post quarter end.
- Successful first production and commercial sales of recycled neodymium iron boron ("**NdFeB**") alloy powder from Tyseley Energy Park ("**TEP**") in the UK – equivalent to 3 tonnes of oxidized NdFeB alloy powder produced to date with first revenue to be reported in the year end results.
- HyProMag UK continues to target production of 2 tonnes per month of recycled NdFeB alloy powder and is evaluating phased expansion starting next year, initially to 100-350 tonnes per annum ("**tpa**") of NdFeB alloys and magnets and subsequently to 1,000 tpa.
- On 3 July 2025, MKAR and Crown PropTech Acquisitions ("**CPTK**") signed a BCA to create a geographically strategic pure-play global rare earth platform with the goal to provide a mined, refined and separated supply of rare earth oxides to supply chains across North America, Europe and Asia. The pro forma value of Mkango's shareholding in MKAR (which excludes Mkango's current recycling businesses) pursuant to the BCA is $400 million prior to transaction expenses and excluding any net proceeds from a Private Investment in Public Equity ("**PIPE**") financing and any amounts available from CPTK's trust account. Transaction proceeds will support MKAR's strategic growth plan, which includes development of the Songwe Hill Project ("**Songwe Hill**") and the Pulawy Separation Plant in Poland ("**Pulawy Project**").
- On 16 July 2025, 600,000 broker warrants were exercised at a price of £0.05 ($0.065) and 5,090,000 investor warrants were exercised at a price of £0.07 ($0.091) for proceeds of £386,300 ($500,703).
- On 24 July 2025, HyProMag USA, LLC (**"HyProMag USA"**) and Intelligent Lifecycle Solutions, LLC (**"ILS"**), a global electronics recycling company processing electronic waste, entered into a feedstock supply and pre-processing site share agreement. ILS will secure and store **NdFeB** feedstock from hard disk drives ("**HDD**") and other sources for HyProMag USA at the ILS pre-processing sites in Williston, South Carolina and Reno, Nevada in advance of the commissioning of HyProMag USA's advanced stage rare earth magnet recycling and manufacturing plant to be located at the Texas Hub. ILS will utilise the Inserma Anoia S.L ("**Inserma**") "3rd generation" HDD magnet separation system at its pre-processing sites. An exclusive agreement was signed between HyProMag Limited (**"HyProMag UK"**) and Inserma in September 2024, and the Inserma technology is being rolled out across multiple jurisdictions. The 3rd generation Inserma units provide fast, efficient magnet separation from HDDs for Hydrogen Processing of Magnet Scrap (**"HPMS"**) processing, together with clean separation of the Printed Circuit Board (**"PCB"**) for immediate resale to 3rd parties. HyProMag USA is, inter alia, targeting HDD recycling geared to the growth of hyperscale data centres, which is expected to accelerate significantly in coming years.
- On 15 August 2025, 3,250,000 investor warrants were exercised at a price of £0.07 ($0.091) for proceeds of £227,500 ($294,974).
- On 26 August 2025, ILS formally commenced its stockpiling of feedstock initiative pursuant to the feedstock supply and pre-processing site share agreement between HyProMag USA and ILS. Pre-processing of the feedstock is expected to commence prior to 31 December 2025.

  The stockpiling and pre-processing will take place at both the ILS sites in Williston, South Carolina and Reno, Nevada. ILS is a full-service IT asset disposition, electronics recycling and scrap purchasing company

and is fully compliant in ISO 14001:2015, ISO 45001:2018 and "Responsible Recycling R2v3 Recycler" at its USA locations. Through ILS, HyProMag USA will provide full traceability on its products to support the "closed loop" circular economy and critical mineral supply chains within the United States.

- On 4 September 2025, PegasusTSI and BBA were engaged to complete the HyProMag USA expansion concept study (**"Concept Study"**) for new Nevada and South Carolina rare earth permanent magnet recycling plants in collaboration with ILS. The expansions envisaged by the Concept Study would be completed concurrently with the phased expansion of the first HyProMag USA facility located at the Texas Hub to optimise the "hub and spoke" configuration for rare earth magnet production and production of HPMS recycled NdFeB alloy powder.

- On 15 September 2025, HyProMag USA provided an update on its engineering, procurement and construction management (**"EPCM"**) Detailed Design phase. U.S.-based PegasusTSI Inc. ("**PegasusTSI**") and Canada-based BBA USA Inc. (**"BBA"**) were engaged to complete the EPCM services for HyProMag USA's advanced stage rare earth magnet recycling and manufacturing project located in Dallas-Fort Worth, Texas (the **"Texas Hub"**). The EPCM Detailed Design will inform the notice to proceed (the **"NTP"**). The NTP for the project is expected in Q1 2026 with commissioning targeted for mid 2027.
- On 18 September 2025 Mkango conditionally raised gross proceeds of £3.0 million (approximately $4.03 million) through the issuance, on a private placement basis, of 10,000,000 Units of the Company at a price per Unit of 30 pence (approximately $0.40). A Unit comprises one common share of the Company and half of one warrant. Each whole warrant will entitle the holder to acquire one common share at a price of 45 pence (approximately $0.61) per common share for a period of 2 years following the closing of the subscription. Furthermore, the Company issued 500,000 broker warrants. Each broker warrant is exercisable for a period of three years with an exercise price of 30 pence (approximately $0.40) per broker warrant. This transaction was closed post the reporting date, on 6 October 2025.
- On 29 September 2025, MKAR entered into a Project Development Funding Agreement (the "**DFC Agreement**") with the U.S. International Development Finance Corporation (the "**DFC**"), the U.S. government's development finance institution, to secure $4.6 million in reimbursable funding (**"Project Development Funding"**) as part of the DFC's Project Development strategy for the Songwe Hill Project in Malawi. Receipt of the Project Development Funding is subject to satisfaction of certain conditions set out in the Agreement. The funds are expected to support Songwe Hill development activities in the form of Front-End Engineering Design (**"FEED"**) and value engineering studies. Project Development Funding is to be equally matched by MKAR contributions over the next 18 months. The funds will need to be repaid to the DFC only if, within ten years of the signing of the DFC Agreement, MKAR obtains financing sufficient to initiate construction, operations, or other material implementation of the Songwe Hill project. The DFC is also considering a direct loan of $100 million as per the DFC Agreement.
- On 30 September 2025, HyProMag USA purchased three skid-mounted Inserma magnet and PCB separation units. These Inserma units rapidly remove (at <2 seconds per HDD) the voice coil motor (**"VCM"**) containing the rare earth magnet, providing a highly concentrated feed for subsequent HPMS by HyProMag USA at the Texas facility. The technology package will further complete the separation and removal of the PCBs, which contain precious metals, for recycling and sale. The three units will be located and operated by ILS as it continues stockpiling of feedstock for the Fort Worth facility.

Events subsequent to the end of the quarter

First production runs of NdFeB magnet blocks completed at TEP following commissioning of the sintering furnace, with magnet manufacturing operations to be scaled up over coming months to support product marketing and commercial sales of recycled magnets in parallel with NdFeB alloy powder.

On 17 October 2025, 1,200,000 broker warrants were exercised at a price of £0.05 ($0.07) for proceeds of £60,000 ($80,613).

On 19 November 2025 Mkango provided an update that HyProMag USA had expanded its feedstock supply agreement with global electronics recycling company ILS. ILS is currently securing and storing NdFeB feedstock from HDDs at the ILS pre-processing sites in Williston, South Carolina and Reno, Nevada (the **"ILS pre-processing sites"**) in advance of the commissioning of HyProMag USA's advanced stage rare earth magnet recycling and manufacturing plant to be located in Fort Worth, Texas. In addition to HDDs, ILS will start to procure bulk NdFeB feedstock including rotors from electric motors, wind turbine magnets, speaker assemblies and MRIs. ILS and HyProMag USA have agreed to create a joint "Technical Procurement" team to accelerate all purchases and complete the onboarding of the Inserma "3rd generation" HDD magnet separation system at its sites. HyProMag USA is targeting delivery of the machines to the ILS pre-processing sites by the end of December 2025.

Mkango has appointed Hannam & Partners as Joint Broker and corporate sponsored research provider, effective 1 December 2025. Together with Joint Brokers, SP Angel and Alternative Resource Capital, Hannam & Partners will support Mkango's strong growth profile developing advanced stage projects across the rare earths supply chain.

Market Overview/Insights

The rare earths market has experienced unprecedented geopolitical tension, policy intervention, and supply chain restructuring recently. Key themes include:

1. Escalating trade controls and counter-measures between China and non-China aligned nations
2. Emergence of bilateral and multilateral partnerships to secure non-Chinese supply chains
3. Significant government financial commitments (billions of dollars) to support domestic production or nation state producers
4. Development of a two-tier pricing market with premiums for non-Chinese sources
5. Acceleration of recycling technologies and commercial-scale facilities

On 10 July 2025, the European Parliament passed a resolution condemning the imposition by China in April 2025 of controls on the export of certain rare earths and rare-earth compounds. The resolution described the action as "*unjustified*" and "*intended to be coercive given the country's quasi-monopolistic position*". The resolution criticised "*Chinese demands for export permit applicants to disclose sensitive data*" and demanded that the European Commission and member states accelerate the implementation of the Critical Raw Materials Act (**"CRMA"**), aimed to ensure that the EU has "*secure, diversified and sustainable access to raw materials*".

The resolution also referred to the need for the EU to activate mining projects and the need to assess the minimum level of strategic stocks of rare earths.

On the same day, the US government took a first strategic step to counter Chinese actions in the market. An initiative was announced for the US Department of Defense **("DOD")** to invest $400 million into MP Materials as a means of accelerating the build-out of its US rare-earth permanent-magnet facility. A key component of the initiative was the establishment of a price-floor commitment of $110 per kg for NdPr products stockpiled or sold, and that 100% of the magnets produced would be purchased by defence and commercial customers.

It was subsequently reported on 15 July 2025 that the DOD would expand the scope of its plans for a US-based rare-earth supply chain, to potentially include other US-based rare-earth supply-chain companies.

On 5 August 2025, Australian Resources Minister Madeleine King reportedly commented that the Australian government was also considering the setting of a price floor to support domestic critical-materials projects, include rare earths, via national offtake agreements. This further illustrated the escalation and attention being given to the rare-earth supply chain at governmental levels.

On 9 October 2025, the Chinese government made a sweeping set of additional announcements, imposing export controls on five more rare earths, including permanent-magnet materials containing said elements, regardless of where produced, if they contained rare earths originating from China.

The controls also covered rare-earth precursor ores, process reagents, and process equipment, technology, and know-how required at all nodes of the rare-earth supply chain, from beneficiation through to the production of magnets; the overseas production of these rare earths, using equipment that was originated in China, at all nodes of the rare-earth supply chain; and technologies and know-how for the assembly, commissioning, maintenance, repair, and upgrading of production lines associated with the supply chain.

On 20 October 2025, the USA and Australia announced a joint policy framework to secure the supply of rare earths and other critical materials. The partnership covered the full supply chain for rare earths. Key commitments included the deployments of at least $1 billion in financing in each country, the up-front identification of priority projects, streamlined permitting processes, mechanisms to deter unfair trade and asset sales, the establishment of a joint Critical Minerals Supply Security Response Group to identify vulnerabilities, and cooperative geological mapping and recycling efforts.

On 27 October 2025, the US government announced an additional joint policy framework, this time with Japan, to secure the supply of rare earths and other critical materials. Key commitments within the framework include the identification and financing of priority projects, the streamlining of permitting and regulatory regimes, establishing mechanisms to prevent unfair trade practices and asset transfers, developing stockpiling and recycling strategies, and creating a similar rapid-response group to monitor supply vulnerabilities.

The USA has also actively engaged with other countries such as Malaysia and Thailand with similar critical-materials-related endeavours.

Following trade negotiations between the USA and China, on 1 November 2025 the White House announced that China would suspend "*the global implementation*" of its October 2025 rare-earth (and other) export controls, and that "*China will issue general licenses valid for exports of rare earths*" among other materials.

On 7 November 2025 the Chinese government made its own announcement, suspending the October 2025 export controls on rare earths and other materials for **one year – but not the original controls put in place in April 2025**.

During the 6-7 months to date, buyers of Chinese rare-earth materials and permanent magnets have had to deal with the delays and bureaucracy that the April 2025 export controls produced, with companies having taken various approaches to securing their supplies – although most buyers have seen progress in the procurement process. The EU reportedly negotiated a "*special channel*" with China to facilitate the fast-tracking of rare-earth export licenses.

While China's one-year suspension of the October 2025 export controls has eased fears of acute shortage of rare earths, it is generally viewed as a tactical pause only. The rare earths sector continues to be characterised by supply chain complexity, geopolitical risk, and the urgent need for diversification beyond Chinese dominance of processing and refining capacity (currently 85-90% of global capacity).

A two-tier market is emerging in the rare earths sector. Within China, prices remain lower under Beijing's firm grip on refining and magnet production. Outside China, supply security carries a premium, with allied governments underwriting mines, separation plants, and magnet facilities, while industrial buyers pay more for assured access. There are reports of long-term contracts now using price floors and take-or-pay clauses, with ex-China buyers reportedly willing to pay 15-30% premiums for rare earths sourced outside of China. This dual-track rare earth economy sees non-Chinese materials fetching higher prices in exchange for reduced geopolitical exposure.

China prices for NdPr Rare Earth Oxide was $78,710/tonne on 28 November 2025. Over the past six months, NdPr Rare Earth Oxide price has risen 31%, and is up 38% compared to the same time last year, as reported by SP Angel's morning notes.

MKANGO OVERVIEW

Mkango is focused on becoming a market leader in rare earth magnet recycling and manufacturing through its 79.4% owned subsidiary, Maginito. Maginito consolidates Mkango's interests in rare earth recycling and magnet production, supporting the fast-growing demand from electric vehicles, wind turbines, and other clean energy technologies.

Maginito's operations include:

- **HyProMag UK** (100% ownership) and HyProMag GmbH ("**HyProMag Germany**") (90% effective ownership): advancing short-loop rare earth magnet recycling in the UK and Germany;
- Mkango UK Limited ("**Mkango UK**") (100% ownership): focused on long-loop chemical recycling to produce rare earth oxides; and
- HyProMag USA: a 50/50 joint venture with CoTec Holdings Corp ("**CoTec**") via HyProMag UK, driving expansion into the North American market.

Maginito is commercialising the proprietary HPMS technology — a low-carbon, energy-efficient process for recovering NdFeB magnets from end-of-life products. Recycled powders are reintegrated into the supply chain through:

- Short-loop recycling, enabling direct remanufacturing of magnets with a significantly reduced carbon footprint; and
- Long-loop recycling, producing rare earth oxides and carbonates for broader applications.

Maginito's unique platform — combining innovative technology, a growing operational footprint, and global partnerships — positions it at the forefront of the rare earth circular economy and the clean energy transition.

Other jurisdictions are being evaluated for HyProMag and Inserma technology roll-out including Japan, Canada and South Korea.

In parallel, Mkango owns the advanced-stage Songwe Hill Project in Malawi as well as the Pulawy Project in Poland through its subsidiary, Mkango Polska. These assets provide longer-term growth and optionality related to primary rare earth development and downstream processing in Europe.

Mkango has entered into a BCA involving MKAR, the holding company for its mining and project development assets. The proposed transaction is intended to result in MKAR becoming a U.S.-listed entity and is expected to provide enhanced access to capital for advancing the Songwe Hill and Pulawy Projects.

The next step in the process is the preparation and filing of a Form F-4 Registration Statement. Once the Registration Statement has become effective with the U.S. Securities and Exchange Commission (currently anticipated to be Q1 2026), CPTK will endeavor to obtain shareholder approval and the transaction will proceed toward closing.

This structure enables Mkango to focus on scaling its recycling and magnet manufacturing business through Maginito, while positioning MKAR for independent development aligned with U.S. capital markets.

For more information, please visit www.mkango.ca.

HyProMag UK

Recent Developments

In partnership with the University of Birmingham's ("**UoB**") Magnetic Materials Group ("**MMG**"), HyProMag UK is developing the first commercial-scale rare earth magnet recycling and manufacturing operation in the UK with commissioning of the plant at the MMG site nearing completion.

The HPMS vessel has been installed and commissioned. Powder processing systems, including purification, jet milling and blending equipment, are now operational. The HPMS vessel produces a high grade, recycled NdFeB alloy powder for commercial sale or to feed downstream magnet manufacturing.

Successful first production and commercial sales of recycled NdFeB alloy powder from TEP in the UK – equivalent to 3 tonnes of oxidized NdFeB alloy powder produced to date, with first revenue to be reported in the year end results.

Installation of commercial sintering capability is complete, with the first NdFeB magnet blocks produced post quarter end and now undergoing characterisation.

HyProMag UK continues to target production of 2 tonnes per month of recycled NdFeB alloy powder and is evaluating phased expansion starting next year, initially to 100-350 tonnes per annum ("tpa") of NdFeB alloys and magnets and subsequently to 1,000 tpa.

There continues to be very strong interest in the HyProMag UK short-loop recycled magnets - magnet samples have been provided to 20 potential customers, and magnet qualification process and offtake discussions expected to accelerate once TEP commercial scale magnet equipment is fully commissioned.

In February 2025, representatives from the UK's Department for Business and Trade ("**DBT**") and the Office for Investment visited the site, highlighting continued government support for HyProMag UK's mission to establish a UK-based, sustainable rare earth magnet recycling and manufacturing facility.

A video from the Birmingham Centre for Strategic Elements and Critical Materials featuring the patented HPMS technology, developed by Birmingham University Magnetic Materials Group ("**MMG**") and exclusively licenced to HyProMag, can be accessed via the following link**: https://f.io/5D2MmYzd.**

Company Development

HyProMag UK was founded in 2018 by the late Professor Emeritus Rex Harris, former Head of the MMG within the School of Metallurgy and Materials at the UoB, Professor Allan Walton, current Head of the MMG, and two Honorary Fellows, Dr John Speight and Mr David Kennedy, leading world experts in the field of rare earth magnetic materials, alloys and hydrogen technology, with significant industry experience. The HPMS process for extracting and demagnetising NdFeB alloy powders from magnets embedded in scrap and redundant equipment was originally developed within the MMG and subsequently licenced to HyProMag UK with a royalty of up to 1.5 % payable to the UoB. The MMG has been active in the field of rare earth alloys and processing of permanent magnets using hydrogen for over 40 years.

HyProMag is establishing short-loop recycling facilities for NdFeB magnets at TEP in Birmingham, UK, Pforzheim, Germany and (in joint venture with CoTec) Dallas, Texas USA, using the patented HPMS process to provide a sustainable solution for the supply of NdFeB magnets and alloys for a wide range of markets including, for example, automotive and electronics. Short-loop magnet recycling, which recycles magnets by remaking magnets from the

powder produced in the HPMS process without separating the individual rare earths, is expected to have a significant environmental benefit, requiring an estimated 95% less energy versus primary mining to separation to metal alloy to magnet production.

HPMS is a radically new recycling technology based on $100 million of research and development work that preserves the quality of the original magnets for reprocessing; a far cleaner and more energy efficient process than the traditional dismantling, thermal demagnetisation and cleaning processes and lends itself to automated and efficient processing. The resulting recycled magnets are being made to recognised industrial grades.

The plant at TEP, Birmingham, UK is being developed together with the UoB, with a minimum capacity of 100tpa NdFeB. This £4.3 million ($5.47 million) project was funded by "Driving the Electric Revolution", an Industrial Strategy Fund challenge delivered by UK Research and Innovation. HyProMag UK is the primary industrial user and operator of the plant and is the exclusive licensee for the underlying HPMS technology, developed at the UoB and now being commercialised by HyProMag. Initial commercial production will be based on 20% capacity utilisation, equivalent to a minimum of 25tpa NdFeB. Initial commercial production of NdFeB commenced at the end of Q2 2025.

Apart from providing feed during the commissioning phase of the Tyseley development, the pilot plant at the UoB has enabled the testing of a broad variety of scrap streams and the production of a wide range of products since its commissioning in 2022, generating operating information to support the scale-up and commercialisation of operations. Furthermore, over 3,500 finished rare earth magnets have been produced to date by HyProMag UK and the UoB from recycled HPMS powder produced for project partners and potential customers from the pilot scale equipment. These magnets are being tested in a wide range of applications including multiple automotive, aerospace, electronics applications, and others planned, providing valuable marketing and technical information to further support the scale-up and commercialisation of operations.

In addition to the production of finished magnets, the pilot plant has also produced alloys for re-melt testing and chemical processing, maximising the flexibility of the product suite and the ability to process different scrap streams.

HyProMag UK is participating in a number of other government grant funded projects detailed below.

On 28 May 2020, the Company announced the launch and provided further details of the Innovate UK grant funded project, "Rare-Earth Recycling for E-Machines" ("**RaRE**") in which HyProMag UK was a partner. RaRE established, for the first time, an end-to-end supply chain to incorporate recycled rare earth magnets into electric vehicles, whereby recycled magnets were built into an ancillary electric motor to ultimately support the development of a commercial ancillary motor suite. In addition to HyProMag UK and UoB, RaRE featured a strong set of partners with complementary expertise, comprising Advanced Electric Machines Research Limited, Bentley Motors Limited, Intelligent Lifecycle Solutions Limited and Unipart Powertrain Applications Limited. The total budget for RaRE was £2.6 million ($3.3 million), of which Innovate UK funded £1.9 million ($2.4 million), with RaRE partners funding the £0.7 million ($0.9 million) balance. HyProMag's contribution was fully funded from the £300k ($382k) investment made by Maginito in January 2020. RaRE came to a successful conclusion in April 2023 with demonstration magnets being manufactured for two motors. During the project HyProMag UK made excellent progress into process enhancement, pushing coercivity requirements and remanence requirements further than previously achieved using short-loop recycling techniques.

On 30 November 2020, the Company announced that HyProMag UK and partners, European Metal Recycling Limited ("**EMR**") and UoB were awarded a grant from the Industrial Strategy Challenge Fund, delivered by UK Research and Innovation, for a new ground breaking project entitled "Rare-Earth Extraction from Audio Products", which investigated ways of recycling rare earth magnets from speakers used in automotive and consumer electronics applications, which account for approximately 20% of the current market for rare earth magnets, according to Adamas

Intelligence, and therefore represent a significant opportunity for rare earth magnet recycling. On 30 September 2021, the Company announced the successful completion of the project.

On 14 March 2022, the Company announced that HyProMag UK and Mkango UK would collaborate with Bowers & Wilkins, EMR, GKN Automotive Innovation Centre, Jaguar Land Rover and UoB in the "Driving the Electric Revolution" challenge at UK Research and Innovation grant funded project, Securing Critical Rare Earth Materials "**SCREAM**". SCREAM aimed to establish a recycled source of rare earth magnets in the UK to provide greater security of supply to UK industry, whilst aiming to achieve a 10% reduction in cost and a significant reduction in environmental impact. The project was successfully completed in March 2025.

HyProMag UK also collaborated with EMR, the Offshore Renewable Energy ("**ORE**") Catapult, Magnomatics and the UoB in a £1.5 million ($1.9 million) project, Re-RE Wind, of which £1 million ($1.3 million) or 67% was funded by Innovate UK's circular critical materials supply chains (CLIMATES) programme. The budget for HyProMag's portion of the project was circa £350k ($446k) of which 70% was being funded by the grant. The project successfully completed in March 2025.

On 3 October 2024, HyProMag UK and Mkango UK were awarded grants totalling £218,932 ($280,012) as part of the CLIMATES (Circular critical materials supply chains) programme, a £15 million ($19 million) investment delivered by Innovate UK, which aims to strengthen the UK's supply chain resilience within critical minerals.

In the REEmelt Project, HyProMag collaborated with Less Common Metals ("**LCM**"), ADEY Innovation Ltd ("**ADEY**") and the UoB to liberate end-of-life rare earth magnets via HPMS, followed by remelting, strip casting and remanufacturing into a new sintered rare earth magnet for demonstration in an ADEY magnetic filter. The project successfully concluded in July 2025 with a successful demonstration of recycled magnets in an ADEY filter at their testing laboratory.

In the Sustainable Alternative to Hydrometallurgical Processes ("**SAHP**") Project, Mkango UK is collaborating with Imperial College spin-out, Nanomox Ltd ("**Nanomox**"), to validate its novel Oxidative Ionothermal Synthesis ("**OIS®**") process at pilot scale, which provides an opportunity to lower the environmental impact and cost of long-loop chemical processing, leveraging off the existing pilot facilities already developed by Mkango UK at TEP.

These grant funded projects facilitate the transition to commercial production, enabling product testing across a range of applications, whilst broadening potential customer engagement and enhancing financial flexibility.

On 16 June 2025, HyProMag UK provided a technical update for HyProMag Limited on its ongoing advanced pilot programme for the scale-up and roll out of HPMS technology. Key points covered in this technical update include the following:

- Magnets produced from HPMS generated alloys are the first sintered NdFeB magnets to be produced in the UK since 2003.
- Increased magnetic performance has been achieved through ongoing process optimisation, with positive feedback from customers who are stress testing magnet prototypes. Further technical details, including magnet grades and performance, are provided in a HyProMag technical bulletin on this link: https://hypromag.com/executive-summary-of-recent-technical-progress-by-hypromag-ltd-june-2025
- Over 100 different blends of recycled material have been created in the last six months to meet customer requirements and demonstrate range. Magnets derived from both single and blended batches of HPMS powder have demonstrated consistent performance - validating the short-loop recycling and magnet manufacturing process.
- HPMS has been successfully demonstrated on at least 18 different morphologies of HDDs and commercial grade N45M and N42M magnets has been produced from the recycled HPMS powder.

- Magnets (ranging in grade from N48 remanence and UH coercivity) produced from a range of scrap sources are currently being tested in a wide range of applications, including automotive, audio and others, for example:
    - HyProMag in collaboration with ZF Automotive and UoB, has recently supplied magnets produced from recycled sources for prototype testing in automotive ancillary applications, with resulting successful performance.
    - GKN Automotive (a global leader in drive systems) delivered simulation and physical testing that verified that the HyProMag magnets have equivalent performance to primary magnets of the same grade (conducted as a SCREAM project).
- HPMS continues to demonstrate very effective removal and recycling of magnets from electric motor rotors and the team is now engaging with e-bike, medical device and professional audio unit sectors to advance development of pre-processing and recycling solutions.
- Optimisation of the Inserma magnet separation system is continuing and the first production-ready unit is expected to be delivered to HyProMag in Q3. The addition of a printed circuit board removal module is also at an advanced stage of development, further transforming and enhancing the Information Security requirements of HDD Recycling.
- Acceleration of work on blending recycled HPMS powders with virgin materials (from primary as well as medium and long-loop recycled sources) is underway and will broaden the range to higher magnet grades, aligning with incoming thresholds for minimum recycled content under the European Union CMRA.

In parallel with commissioning of the commercial plants in UK and Germany, and to support ongoing HyProMag USA detailed design, HyProMag UK has conducted a range of piloting, onboarded new production engineers and tripled the throughput capacity of the HPMS pilot vessel and processes. Multiple sources of scrap feeds have been processed with a target to produce and convert two tonnes of HPMS power into commercial grade magnets. HyProMag will provide these samples to potential customers, as well as targeting further improvements in the engineering design criteria, recoveries and magnet making capability to support the commercial developments.

The NdFeB product from HPMS contains over 28% total rare-earth content (neodymium/praseodymium plus dysprosium/terbium), closely matching a typical NdFeB alloy used in magnet manufacture while offering a significantly lower CO_2 footprint than both primary and other recycled sources. Initially sold to third parties for long-loop chemical processing, this material will increasingly be used for in-house magnet manufacturing within HyProMag UK. HyProMag UK will produce value-added magnets at scale, supporting customer qualification and enabling commercial magnet sales, which are expected to represent an increasing share of the NdFeB product mix going forward.

Minerals Security Partnership

HyProMag's rare earth magnet recycling HPMS technology has been selected by the Mineral Securities Partnership (**"the MSP"**) for support, as one of its key projects. The technology was selected by the MSP given its strong potential to contribute towards the development of responsible critical mineral supply chains.

The MSP was formed in 2022 and currently comprises 15 partner governments. The partnership aims to ensure adequate supplies of minerals such as rare earths to meet net zero-carbon goals and to support public and private sector investments building diverse, secure, and responsible global critical minerals supply chains. Current MSP partner governments include Australia, Canada, Estonia, Finland, France, Germany, India, Italy, Japan, Norway, the Republic of Korea, Sweden, the United Kingdom, the United States, and the European Union (represented by the European Commission).

The MSP promotes responsible growth across the critical minerals sector via a shared commitment to high ESG standards, sustainability and shared prosperity. The MSP partner governments regard the further development of responsible and resilient supply chains to be critically important for an equitable and sustainable energy transition. MSP is committed to leveraging the collective financial and diplomatic resources of its 15 partners by deepening collaboration between governments, project developers and investors to drive responsible investment in critical minerals projects.

On 13 December 2024, Mkango presented its rare earth magnet recycling and manufacturing projects during the MSP meeting in Brussels.

HyProMag Germany

Recent Developments

HyProMag Germany is progressing toward establishing a European manufacturing hub for recycled rare earth magnets.

Installation of the HPMS vessel, sieve, blender and jet mill is complete and ready for commissioning. A transverse alignment press is on site, and sintering furnaces are due to arrive in December 2025. Completion and certification of the axial alignment press are in the final stages, with factory acceptance testing scheduled for December 2025. Orders for finishing equipment and expanded sintering capacity will be placed before year-end.

Commissioning of both the HPMS vessel and jet mill is targeted by the end of 2025, with first production expected in Q1 2026, subject to permitting.

HyProMag Germany is evaluating expansion options to 750 tonnes per year from the currently planned 100-350 tpa - an updated 3D fly through for the conceptual design can be accessed via the following link: https://youtu.be/HFAY3YImPg0

Company Development

In November 2021, HyProMag UK established an 80%-owned subsidiary in Germany, HyProMag Germany, to rollout the commercialisation of HPMS technology into Germany and Europe. HyProMag Germany is 20% owned (10% following conversion of the German Convertible Loan, as defined below) by Professor Carlo Burkhardt of Pforzheim University, coordinator of the €14m ($15.5m) SusMagPro (www.susmagpro.eu) and €13 million ($14.4 million) REEsilience (www.reesilience.eu) EU funded recycling projects, with approximately 40 partners across the European supply chain.

On 23 November 2022, the Company announced that HyProMag Germany had been awarded grants totaling €3.7 million ($4.1 million) for a new project, entitled “Innovation Centre for Science & Economy Northern Black Forest IZWW”, comprising a €2.5 million ($2.8 million) grant from the European Regional Development Fund (ERDF) and a €1.2 million ($1.3 million) grant from the Ministry of Economic Affairs, Labour and Tourism Baden-Württemberg.

The total cost of the German Recycling Project is expected to be €9.3 million ($10.9 million), of which approximately €3.7 million ($4.4 million) will be funded by the grants. The first phase of the project includes the development of a production facility in Baden-Württemberg State with a minimum capacity of 100-350 tpa NdFeB comprising recycled rare earth sintered magnets, alloys and powders. This will be the first in Germany using the patented HPMS process and a similar size to the UK Recycling Project being developed by HyProMag UK and the UoB at TEP in the UK. HyProMag Germany is evaluating expansion options to 750 tonnes per year from the currently planned 100-350 tpa

- an updated 3D fly through for the conceptual design can be accessed via the following link: https://youtu.be/HFAY3YImPg0

Maginito has entered into a convertible loan (the "**German Convertible Loan**") with HyProMag Germany. Under the terms of the German Convertible Loan, Maginito has granted HyProMag Germany a loan facility for €2.5m ($2.8m) available to be drawn down in accordance with an agreed investment plan and convertible into a 50% interest in HyProMag Germany. This investment by Maginito into HyProMag Germany will contribute to the match funding requirements to unlock the abovementioned grant.

The GREENE Project

HyProMag Germany is participating in the €8 million grant ($8.54 million) funded GREENE project, of which HyProMag Germany will receive €350,125 ($447,806) with €118,451 ($137,214) received to date.

Rare earth element permanent magnets based on NdFeB are vital components of high-tech products enabling a green energy future. They are highly valued due to their outstanding properties. They are complex materials consisting of multiple phases and their overall performance is determined by a high remanence, reflected in magnet strength, and a high intrinsic coercivity, making them resistant to demagnetization. Their maximum energy product is thus composed of both remanence and coercivity.

The need to operate at temperatures over 100 °C in applications such as traction motors in electric vehicles means that a high coercivity is usually prioritised over a high remanence, which negatively affects power output linked to remanence. In conventionally sintered magnets, NdFeB grains are microscopic and the regions between the grains are called grain boundaries. When exposed to a demagnetizing force, demagnetization begins at the grain interfaces with the grain-boundary phase before rapidly spreading, influencing the magnet's coercivity.

GREENE partners aim to push the boundaries of material science by developing Single-Grain Re-Engineered NdFeB permanent magnets with a new grain-boundary interface, thus allowing for a reduction of rare earth element content. The new GREENE magnets are expected to be more resource-efficient, offering a roughly 20% increase in coercivity, 10% in remanence, and 20% in overall maximum energy product.

As a first step, novel grain boundaries and interfaces will be created using micromagnetic simulations and computational thermodynamics. Following an initial testing phase, the technology will then be applied to isolated grains from recycled and fresh streams with the intention of developing a new form of NdFeB magnet. By the end of the project, the magnet manufacturing system is intended to be set up in an actual operational setting.

To achieve this ambitious undertaking, 15 European partners with outstanding expertise in their respective fields have joined forces, including leading material scientists, magnet manufacturers and recyclers, lifecycle analysis experts as well as end user representatives. Several of them have already cooperated in predecessor projects like SUSMAGPRO, INSPIRES and REEsilience. The project is coordinated by the Slovenian Jožef Stefan Institute.

HyProMag USA

Recent Developments

During the third quarter, detailed engineering design continued and is now more than 25% complete, on time and within budget and the scope of the Texas hub has been extended to include three HPMS vessels in the recycling plant compared to two included in the feasibility study. The third HPMS vessel will increase production of associated NdFeB co-products from 291 tpa to approximately 750 tpa.

HyProMag USA is evaluating the further expansion of the project through the placement of two additional HPMS recycling and magnet manufacturing facilities in South Carolina and Nevada respectively to triple the capacity of the project. HyProMag USA has also commenced investigating the addition of a long-loop chemical processing plant which will be complementary to the short loop process. The NTP for the project is expected in Q1 2026 with commissioning targeted for mid 2027.

HyProMag USA entered into a feedstock supply and pre-processing site share agreement with ILS, a global electronics recycling company and full-service IT asset disposition provider fully compliant in ISO 14001:2015, ISO 45001:2018 and "Responsible Recycling R2v3 Recycler". In terms of the agreement, the project's pre-processing facilities will be based on the ILS sites in South Carolina and Nevada. ILS will secure and store NdFeB feedstock from HDD and other sources for HyProMag USA. Stockpiling of end-of-life electronic scrap has commenced and to date, ILS has engaged with several suppliers to establish consistent feed of electronic scrap. ILS will utilise the Inserma "3rd generation" HDD magnet separation system at its pre-processing sites. An exclusive agreement was signed between HyProMag UK and Inserma in September 2024, and the Inserma technology is being rolled out across multiple jurisdictions. The 3rd generation Inserma units provide fast, efficient magnet separation from HDDs for HPMS processing, together with clean separation of the PCB for immediate resale to 3rd parties. HyProMag USA is, inter alia, targeting HDD recycling geared to the growth of hyperscale data centres, which is expected to accelerate significantly in coming years. Through ILS, HyProMag USA will provide full traceability on its products to support the "closed loop" circular economy and critical mineral supply chains within the United States.

HyProMag USA has also purchased three Inserma and PCB machines for each of the Texas, South Carolina and Nevada sites for pre-processing of the end-of-life electronic scrap material. Delivery of these machines is expected prior to year-end and is subsequently expected to accelerate the stockpiling by ILS.

The Project has received a Make More in America ("**MMIA**") domestic finance letter of interest ("**LOI**") from the U.S. Export-Import ("**EXIM**") Bank for its first integrated rare earth recycling and magnet-making facility in Dallas-Fort Worth, Texas. In terms of the letter, EXIM may be able to consider potential financing of up to $92 million of the project's costs with a repayment tenor of 10 years.

In addition to the EXIM LOI, discussions with two commercial banks in relation to potential project finance for the project are progressing well and entering the due diligence phase, whilst discussions with several US federal and state government bodies to support funding and other incentive opportunities remain ongoing.

On 24 July 2025, HyProMag USA and ILS entered into a feedstock supply and pre-processing site share agreement. ILS, a global electronics recycling company and full-service IT asset disposition provider fully compliant in ISO 14001:2015, ISO 45001:2018 and "Responsible Recycling R2v3 Recycler" at its USA locations, will secure and store NdFeB feedstock from hard disk drives (HDDs) and other sources for HyProMag USA at ILS pre-processing sites in Williston, South Carolina and Reno, Nevada in advance of the commissioning of HyProMag USA's advanced stage rare earth magnet recycling and manufacturing plant at the Texas Hub. ILS will utilise the Inserma "3rd generation" HDD magnet separation system at its pre-processing sites. An exclusive agreement was signed between HyProMag UK and Inserma in September 2024, and the Inserma technology is being rolled out across multiple jurisdictions. The 3rd generation Inserma units provide fast, efficient magnet separation from HDDs for HPMS processing, together with clean separation of the PCB for immediate resale to 3rd parties. HyProMag USA is, inter alia, targeting HDD recycling geared to the growth of hyperscale data centres, which is expected to accelerate significantly in coming years. Through ILS, HyProMag USA will provide full traceability on its products to support the "closed loop" circular economy and critical mineral supply chains within the United States.

On 4 September 2025, PegasusTSI and BBA were engaged to complete the HyProMag USA expansion concept study for new rare earth permanent magnet recycling plants in Nevada and South Carolina in collaboration with ILS. The

expansions envisaged by the Concept Study would be completed concurrently with the phased expansion of the first HyProMag USA facility at the Texas Hub to optimise the "hub and spoke" configuration for rare earth magnet production and production of HPMS recycled NdFeB alloy powder.

Company Development

On 2 January 2024, Maginito, via its 100% owned subsidiary, HyProMag UK and CoTec formed a 50/50 joint venture company, HyProMag USA, to roll-out HPMS technology into the United States, with CoTec responsible for funding the US Feasibility Study and development costs, subject to the results of the US Feasibility Study, which is now complete.

Sintered NdFeB magnets will be produced in the United States using materials sourced in the United States, contributing to security of NdFeB permanent magnet supply and enabling economical, traceable, domestic U.S. production of recycled NdFeB magnets (DFARS compliant) supporting the defense, aerospace, automotive, medical science, hyperscale data centres, robotics, and energy transition industries.

The US Feasibility Study was based on the construction of a state-of-the art rare earth magnet recycling and manufacturing operation in the United States, with a central DFW Hub supported by two pre-processing spoke sites in the eastern and western regions of the United States and produced the following positive results:

- $262 million post-tax NPV and 23% real IRR based on then current market prices
- $503 million post-tax NPV and 31% real IRR based on then forecast market prices
- Payback would be achieved at then current market prices in 3.9 years at a profitability index ("**PI**") of 2.1. At forecast market prices payback is achieved in 3.1 years at a PI of 4.0. Up-front capital cost of the Project is $125 million (inclusive of a 10% contingency margin and Class 3 AACE estimated detailed design study and engineering costs) over a 1.7 year construction phase
- Production of 750 metric tons per annum of recycled sintered NdFeB magnets and 291 metric tons per annum of associated NdFeB co-products (total payable capacity – 1,041 metric tons NdFeB) over a 40-year operating life. Expansion potential with the inclusion of a third HPMS vessel within three years following commissioning for an additional capital cost of approximately $7 million, funded by CoTec.
- Low all-in sustaining cost ("**AISC**") of $19.6 per kg of NdFeB product which compares to the then current weighted average market prices of $55 per kg of NdFeB product; the latter reflects underlying prevailing low rare earth prices with significant scope for price recovery. First revenue is targeted in H1 2027 with a Notice to Proceed ("**NTP**") expected following completion of the Detailed Engineering Design and Value Engineering phase funded by CoTec, which has commenced and will include:
    - Evaluation of significant opportunities to optimize construction and operational efficiency, and to reduce capital expenditure and operating costs, as well as to expand production
    - Parallel product and operational testing in the UK at the UoB MMG pilot plant and in conjunction with HyProMag commercial developments in the UK and Germany
    - Completion of commercial arrangements with potential feed suppliers and product off takers
    - Continued discussions with U.S. federal, state and municipal governments in relation to financing opportunities and other economic incentives, including carbon price premiums which could improve economics

The HyProMag USA Project will help secure the re-vitalization of NdFeB magnet production in the United States with the creation of approximately 90 jobs across Texas, South Carolina and Nevada.

HyProMag USA is targeting supplying 10% of U.S domestic demand for NdFeB magnets within five years of commissioning. The design is modular and can be replicated and accelerated to additional facilities in the eastern and western United States.

The US Feasibility Study was undertaken by a multidisciplinary team appointed by CoTec and Mkango and led by independent engineers, Canada-based BBA USA Inc and U.S. based PegasusTSI Inc with other independent experts and support from the UoB, HyProMag UK and HyProMag Germany.

CoTec was responsible for funding the US Feasibility Study and the project development costs. Funding provided by CoTec is in the form of shareholder loans to HyProMag USA.

In parallel, HyProMag USA is working on securing U.S. Government funding, U.S. state financial grants and incentives and strategic partnerships with U.S. companies for feed supply and recycled NdFeB magnet offtake.

On 2 March 2025, an independent, Product Carbon Footprint (the "**PCF**") analysis was conducted in accordance with ISO 14067:2018 by Minviro Limited ("**Minviro**").

Minviro confirmed a PCF of 2.35 kg of CO_2 eq. per kg of NdFeB cut sintered block product under the independent Feasibility Study base case scenario of 750 metric tons payable of sintered NdFeB magnets and 291 metric tons of associated NdFeB co-products annually. Furthermore, Minviro assessed that the associated HPMS recycled NdFeB alloy powder, which is a co-product produced by HyProMag USA would have a carbon footprint of 0.38 kg of CO_2 eq. per kg of NdFeB alloy powder product.

Mkango Rare Earths UK Limited

Mkango UK recently commissioned a long-loop recycling pilot plant at TEP, which processes NdFeB magnet scrap or swarf to produce rare earth carbonates and oxides via a chemical route.

This complements the short-loop recycling plant commissioned by HyProMag UK and the UoB also at TEP, which processes NdFeB magnet scrap to produce rare earth alloys and magnets.

Both long-loop and short-loop recycling technologies are underpinned by the patented HPMS technology developed at the UoB, which liberates magnets from end-of-life scrap streams in a cost effective and energy efficient way to produce a recycled NdFeB alloy powder, which is manufactured into a magnet (via the short-loop process) or into a rare earth carbonate or oxide (via the long-loop chemical process).

The long-loop pilot plant received 70% of its funding from the UKRI's Driving Electric Revolution Challenge, delivered by Innovate UK, as part of the grant-funded project, SCREAM. Project partners include HyProMag UK, Bowers & Wilkins, EMR, GKN Automotive, Jaguar Land Rover, and the UoB.

RARE EARTH MINING

Mkango, through its 100% subsidiary MKAR, has mining properties in the Republic of Malawi, including Songwe Hill and the Nkalonje Hill projects, both held within its Phalombe retention licences (the "**Phalombe Licences**"). Mkango is also pursuing mineral exploration opportunities with the Thambani retention licences ("**Thambani Licences**").

MKAR, holds a 100% interest in a total of 15 5-year retention exploration licences in southern Malawi.

The table below splits out the mineral project expenditure into more detail for the nine months ending 30 September 2025 and 30 September 2024.

Licence/Capital Project	Project	For the nine months ended 30 September 2025	2024
Phalombe	***Songwe Hill Project***		
	Metallurgy expenses	4,579	14,016
	Government fees	1,061	2,920
	ESHIA (1)	2,976	-
	Technical studies	-	-
	Consulting fees	14,023	-
	Malawi office and camp expenses	59,258	35,531
	SPAC related costs	733,879	-
Phalombe total		**815,776**	**52,487**
Thambani	Mineral project expenditures	-	26,058
Total mineral project and research and development expenses		**815,776**	**78,545**

(1) Environmental Social Health Impact Assessment and Corporate Social Responsibility expenditures.

Exploration and evaluation expenditure is recognised in the consolidated statement of comprehensive loss as mineral project expenditures. Following the completion of the Definitive Feasibility Study (the "**DFS**") for Songwe Hill on 5 July 2022, exploration and evaluation expenditure for Songwe Hill is being capitalised in accordance with IFRS 6 and the Company's accounting policies.

SPAC-related costs are recognised in the consolidated statement of comprehensive loss as mineral project expenditures.

Songwe Hill Project

Recent Developments

MKAR and CPTK have signed a BCA to form a global, vertically integrated rare earth company with a focus on supplying mined, refined and separated rare earth oxides to markets across North America, Europe and Asia.

Mkango's pro forma shareholding (excluding its existing recycling businesses) is valued at US$400 million prior to transaction expenses and excluding any net proceeds from a PIPE financing and any amounts available from CPTK's trust account.

The transaction is expected to provide a strong financial platform to accelerate the development of Mkango's key growth assets, including Songwe Hill in Malawi and the Pulawy separation project in Poland.

The Company is currently finalising a revised NI 43-101 technical report and a US SK-1300 technical report on Songwe Hill and a prefeasibility study on Pulawy. This will allow the finalisation and filing of a Form F-4 Registration Statement. Once the Registration Statement has become effective with the U.S. Securities and Exchange Commission (currently anticipated to be Q1 2026), CPTK will endeavor to obtain shareholder approval and the transaction will proceed toward closing.

Background

The Phalombe Licences are located in southeast Malawi, within which Songwe Hill is the main development target. Featuring carbonatite hosted rare earth mineralisation, Songwe Hill was subject to historical exploration programs during the late 1980s. MKAR was awarded the licence by the Malawi government on 21 January 2010 and has subsequently renewed it, with the most recent renewal on 1 June 2021 when the Phalombe Licence was transferred into 11 retention licences covering a total of 250 km^2. Each retention licence is for a 5-year period from 1 June 2021.

Exploration

Mkango has been exploring and evaluating Songwe Hill since January 2010. Following confirmation of the previously investigated enriched zones, exploration focused on identifying the nature and extent of the rare earth mineralized carbonatites and related rocks. Mkango's early exploration activities consisted of litho-geochemical sampling, soil sampling, channel sampling, geological mapping, ground magnetic, density and radiometric surveys, and petrographic/mineralogical analyses, followed by significant diamond drilling to support metallurgical testing and the resource estimate.

Project Development

In 2018, Mkango commenced the DFS, the initial phases of which comprised an extensive diamond drilling programme, metallurgical optimisation and work in relation to the then ongoing Environmental, Social, and Health Impact Assessment ("**ESHIA**"), which has since been completed in accordance with IFC Performance Standards and Equator Principles. Whilst the DFS was completed and announced in July 2022, it is currently being revised as part of the NASDAQ listing process.

On 4 February 2019, Mkango announced an updated Mineral Resource estimate for Songwe Hill: 8 Mt grading 1.50% Total Rare Earths Oxides ("**TREO**") in the Measured Mineral Resource category, 12.2 Mt grading 1.35% TREO in the Indicated category and 27.5 Mt grading 1.33% TREO in the Inferred Mineral Resource category, applying a base case cut-off grade of 1.0% TREO.

Scientific and technical information in relation to these results and related disclosure, including sampling, analytical, and test data underlying the information, has been approved and verified by Dr. Scott Swinden of Swinden Geoscience Consultants Ltd, who is a "Qualified Person" in accordance with NI 43-101.

Sample preparation and analytical work for the drilling and channel sampling programmes was provided by Intertek-Genalysis Laboratories (Perth, Australia) employing ICP-MS techniques suitable for rare earth analyses and following strict internal Quality Assurance/Quality Control ("**QAQC**") procedures inserting duplicates, blanks and standards. Internal laboratory QAQC was also completed to include blanks, standards and duplicates.

On 26 January 2023, the Malawi Environmental Protection Agency ("**MEPA**") approved the ESHIA for the Songwe Hill Project. The approval of the ESHIA was a significant achievement and an important milestone in the Mine Development Agreement ("**MDA**") approval process. As the MEPA approval is a precursor requirement for the granting of a mining licence, this achievement is expected to unlock significant stakeholder value and future investment for the development of Songwe Hill.

In late July 2024, MKAR and Lancaster Exploration Malawi Limited ("Lancaster Malawi"), direct and indirect 100% owned subsidiaries of Mkango, and the Government of Malawi signed the MDA for the Songwe Hill Project.

Key components of the MDA include:

- 5% royalty of gross revenue
- 30% corporate tax rate
- 10% non-diluting equity interest in the Songwe Hill Project to the Malawi Government
- Exemption from customs and excise duties – Lancaster Malawi) will be exempted from Export Duty, Import Duty, Import Excise and Import VAT on imports and exports of capital goods as provided in the applicable law
- 10 year stability period
- 10 year tax loss carry forward
- Community development expenditure is an allowable tax deduction

On 21 August 2024, EIT RawMaterials provided funding of €200,000 ($255,798) which funded the commencement of process optimisation for the Songwe Hill Project, a future source of MREC feed for the Pulawy Project.

On 4 June 2025, the Songwe Hill was designated as a Strategic Project by the European Commission under the Critical Raw Materials Act ("**CRMA**").

The Songwe Hill project has also been selected by the Mineral Securities Partnership (**"the MSP"**) for support, as one of its key projects.

Other targets in Phalombe Licences

Apart from Songwe Hill, there is another hypabyssal systems in the Phalombe Licence, namely Nkalonje Hill. The World Bank Survey indicates strong thorium radiometric anomalies coincident with the intrusive rocks, which, similar to Songwe Hill, are expressed as steep hills rising above the surrounding plain.

Based on work to date, the highest priority of the targets within the Phalombe Licence other than Songwe is the above mentioned Nkalonje Hill hypabyssal system, where outcrop is largely fenite (altered country rock) with occasional carbonatite, with the potential for underlying and larger zones of mineralised carbonatite.

Nkalonje Hill

Background

Nkalonje Hill is located 23 km by road (14 km straight line) north-west of Songwe Hill within the Company's Phalombe Licences. Nkalonje Hill is approximately 95 km by road from Blantyre. Paved roads run from Blantyre to within 19 km of Nkalonje Hill.

On 7 April 2022, the Company announced the completion of initial sampling and ground geophysics at Nkalonje Hill and the identification of drill targets. Highlights included:

- Carbonatite dyke sample assay grades of up to 5.92% TREO (median 2.96%).
- Mapping and geophysics result confirmation that the major geological features of Nkalonje Hill are those of an alkali silicate-carbonatite intrusive complex, similar to Songwe Hill.
- Identification of a primary shallow drilling target beneath exposed mineralised dykes in addition to a secondary deeper drilling target.
- Geological mapping and geophysics data for Nkalonje Hill confirms the presence of previously mapped nepheline syenite, breccia and carbonatite.

- The ground geophysics data support the geological interpretation of a ring complex structure, as seen at Songwe Hill, and at other carbonatite vents in Malawi. The overall diameter of this structure is approximately 1.7 km and comprises an outer ring of nepheline syenite and a central vent of breccia.
- The breccia body is approximately 0.9 km in diameter and comparable in lateral extent to Songwe Hill.
- Mapping to date has identified eight carbonatite dykes reaching 4 meters in width and traceable at surface up to 90 meters along strike.
- Two different carbonatite types are noted at Nkalonje Hill: (1) calcite carbonatite and (2) a banded ferroan calcite carbonatite.
- Assay results for 12 calcite carbonatite and 17 ferroan calcite carbonatite grab samples returned total rare earth oxide (TREO) grades of up to 5.92%, with a median value of 2.96% in the ferroan calcite carbonatite, suggesting concentration of the REE in the more evolved carbonatite phases.

The similarities between Nkalonje Hill and Songwe Hill, and the high TREO grades from the assay results, demonstrate a strong case for further development. In the long term, the close proximity of Nkalonje Hill to Songwe provides a good potential source of additional feedstock for processing at Songwe Hill.

Thambani Uranium Licences

Background

MKAR was granted the Thambani Licence by the Malawi Minister of Natural Resources, Energy and Environment on 10 September 2010 in respect of an area, which was originally 468 km^2 in Thambani, Mwanza District, Malawi. Exploration has identified a number of areas with potential for uranium, tantalum, niobium, zircon and corundum.

The licence was originally issued by the Malawi government on a three-year basis and was subsequently renewed on 10 September 2015 for an additional two-year term when the Company requested a reduction in the Thambani Licence area to the current 136.9 km^2. The Thambani Licence was renewed for a further two years to 10 September 2019 and was subsequently renewed for an additional two years to 10 September 2021. The Company has subsequently been granted four (4) retention licences for a period of five years to 19 October 2026.

The exploration activities conducted during 2011 and 2012 included acquisition of Landsat7 and ASTER satellite imagery for the Thambani Licence area, systematic ground radiometric surveys to confirm and detail previously-known airborne anomalies, reconnaissance geological mapping and litho-geochemical sampling programs. The work has identified a number of potential uranium targets over the Thambani Massif, which is mainly composed of nepheline syenite gneiss, forming two prominent ridges known as Thambani East Ridge and West Ridge. Historical airborne radiometric surveys and ground radiometric survey programs carried out by Mkango have revealed two distinct uranium anomalies occurring along the two ridges. A strong uranium anomaly, measuring approximately 3 km by 1.5 km, occurs along the length of the Thambani East Ridge with a north-south trend and a second uranium anomaly, measuring approximately 1.5 km by 0.4 km along the western foot of the West Ridge possibly coincident with the contact between the nepheline syenite body and the biotite-hornblende gneisses to the west.

Initial results from follow up reconnaissance geochemical sampling conducted in 2013 returned locally anomalous uranium values, ranging up to 1,545 ppm U_3O_8, on both Thambani East Ridge and West Ridge. During the year ended 31 December 2014, the Company continued to progress the geological exploration studies on the Thambani project area, data analysis and geological modeling.

Mkango completed a trenching programme across the Thambani Massif primarily focused on two sites of historical uranium exploration, known as the Chikoleka and Little Ngona targets. An initial set of nine trenches, selected on the basis of anomalous ground radiometric results, have been re-examined and geochemically sampled across profiles from soil/overburden into bedrock.

The first set of assay results of 142 soil and rock chip samples returned variably anomalous U, Nb and Ta values in most trenches, ranging up to 4.70 % $U_3O_8$8, 3.25 % Nb_2O_5 in soil and up to 0.42 % U_3O_8, 0.78 % Nb_2O_5 and 972 ppm Ta_2O_5 in rock chips, notably higher than results from the 2013 reconnaissance surface geochemical sampling programme.

Preliminary mineralogical studies carried out on six rock samples from the Little Ngona River and Chikoleka targets, using Scanning Electron Microscopy at the Natural History Museum London, indicate that pyrochlore group minerals, mainly betafite, are the principal carriers of U, Nb and Ta for these samples.

Airborne Geophysical Survey

On 12 July 2016, Mkango announced results of the airborne geophysical survey covering approximately two thirds of its Thambani Licence. As with the Phalombe Licence, this survey was part of a $25 million World Bank funded nationwide airborne geophysical programme flown at 250 m spacings.

The World Bank Survey confirmed the presence of the previously identified uranium radiometric anomaly, referred to previously, along the western flank of the Thambani East Ridge. The Little Ngona prospect, which previously yielded very encouraging uranium, niobium and tantalum values from geochemical sampling, is located at the northern end of this anomaly.

Further discrete uranium anomalies orientated approximately east-west, are located to the south of these anomalies and are yet to be investigated in detail. The previously identified uranium radiometric anomalies on the West Ridge and Chikoleka prospect in the north-west of the Thambani Licence area, which also yielded very encouraging results from previous geochemical sampling, were not covered by the World Bank Survey.

A map showing the uranium radiometric anomalies superimposed on a topographic map, indicating local infrastructure, and a digital elevation model can be accessed via the following link (This link does not form part of this MD&A): http://www.mkango.ca/i/maps/Results_of_Airborne_radiometric_survey_on_topo_U_July.jpg

The airborne survey also highlighted a number of magnetic anomalies not previously identified, including a 2.3 km linear magnetic high anomaly along the Thambani East Ridge, a further 1 km by 0.5 km magnetic high anomaly located to the north along the Thambani East Ridge, a magnetic low anomaly approximately co-incident with the abovementioned east–west orientated uranium anomaly and anomalies in a number of other locations. These areas require further investigation to determine the significance of the magnetic anomalies and whether they are related to mineralisation or geological features.

A map showing the magnetic anomalies superimposed on a topographic map, indicating local infrastructure, and a digital elevation model can be accessed via the following link (This link does not form part of this MD&A):

http://www.mkango.ca/i/maps/Results_of_Airborne_magnetic_survey_on_topo_July_2016.jpg

During 2019, Mkango commenced a subsequent exploration programme focused on further definition of uranium, tantalum and niobium mineralisation in the licence area. Results were as follows:

Assay results from 128 rock samples collected during the 2019 exploration programme returned uranium, tantalum and niobium values ranging up to 0.74% U_3O_8, 0.41% Ta_2O_5 and 3.24% Nb_2O_5. Of the total, 43 graded above 500 ppm

U_3O_8, of which 13 graded above 1,000 ppm U_3O_8; all but one of these 43 samples were in-situ rock samples. Results associated with the ten best U_3O_8 assays are summarised in the table below, nine of which are grab samples from outcrop (prefixed G-) and one a hand-auger sample of highly weathered rock in a trench (prefixed T-).

The objective of the programme was to identify new areas of outcropping mineralisation through further geological reconnaissance and sampling, guided by handheld spectrometer. Sampling was focussed on the uranium anomalies identified by previous airborne and ground radiometric surveys, including areas where previous sampling gave encouraging results. The aims of the sampling were to better delineate the mineralised zones and to localise future drill sites to test the downdip extension of surface mineralisation. Field observations and sampling results suggest that mineralisation occurs in zones that are conformable with gneissic banding.

The 2019 sampling programme was focused on radiometric uranium anomalies associated with the Thambani Massif, a body of nepheline-bearing syenite gneiss which dominates the north-eastern part of the licence. Previous work has shown the uranium anomalies to be associated with niobium and tantalum mineralisation.

Two suites of samples were collected: 1) in-situ grab samples from outcrop; and 2) extremely friable, highly weathered rock from trenches that were manually excavated to approximately 10 m long, 1.5 m wide and 2 m deep, and oriented west to east across the regional strike of the gneissic foliation. Grab samples are selective and are not necessarily representative of the mineralisation on the property.

A location map and sampling maps can be found at https://mkango.ca/projects/thambani (This link does not form part of this MD&A)

A total of 58 surface grab samples were collected, 54 of which were from outcrop associated with the prominent radiometric anomaly along the western slope of the Thambani East Ridge, and four from outcrop in the Supe River.

Ten trenches were excavated by hand over radiometric anomalies. Three of these (the Western Trenches) were spaced 25 m apart, immediately adjacent to a pit where the highest grades were encountered in 2017. The seven other trenches were excavated over radiometric anomalies at widely separated locations on the lower slope of the Thambani East Ridge. In all of the trenches, highly weathered nepheline syenite gneiss was encountered below a bouldery soil horizon approximately 0.5 m thick. The westward dip of the banded gneiss observed in outcrop on the ridges was recognisable in the trenches despite strong weathering.

In the Western Trenches, 70 samples were collected, 61 of which were horizontal channel samples of 2 m length collected along each wall in all of the three trenches. Five similar samples were collected in one trench at the foot of the Thambani East Ridge.

This programme provides new information on the nature, disposition and grade ranges of mineralisation in the Thambani Massif. Sampling of mainly fresh samples on the Thambani East Ridge indicates that the U-Ta-Nb mineralisation occurs within the gneissic bands, and surface observations indicate that it may occur in conformable zones. This provides a target for shallow drilling on the down-dip extension of the surface showings.

Mkango retains a 100% interest in the Thambani License and is currently evaluating strategic options, including opportunities for joint ventures and other potential avenues to create value.

Scientific and technical information contained in this section has been approved and verified by Dr. Scott Swinden of Swinden Geoscience Consultants Ltd, who is a “Qualified Person” in accordance with NI 43-101.

RARE EARTH SEPARATION

On 7 June 2021, the Company announced that Mkango and Grupa Azoty PULAWY had agreed to work together towards development of the Pulawy Project in Poland. The Pulawy Project will process the purified MREC derived from the Songwe Hill Project into separated rare earth oxides.

Mkango Polska was established and is headed by a highly experienced Country Director for Poland, Dr Jarosław Pączek, together with rare earth separation experts, Carester, and a strong team of technical advisors and engineers.

Grupa Azoty PULAWY (Warsaw Stock Exchange: ZAP) is part of the Grupa Azoty Group, the European Union's second largest manufacturer of nitrogen and compound fertilizers, and a major chemicals producer. Its products are exported to over 20 countries around the world, including Europe, the Americas and Asia.

Mkango Polska and Grupa Azoty PULAWY have signed an exclusive lease option agreement for a site adjacent to Grupa Azoty PULAWY's large scale fertiliser and chemicals complex at Pulawy, which provides excellent infrastructure, access to reagents and utilities on site, and an attractive operating environment, resulting in a highly competitive operating cost position for the Pulawy Project, based on scoping studies to date. On 17 February 2025, the lease option agreement was extended.

Located within a Polish Special Economic Zone, the site provides excellent access to European and international markets. Production from the Pulawy Project will strengthen Europe's security of supply for rare earths used in electric vehicles, wind turbines and other green technology and strategic applications, and aligns with European initiatives to create more robust, diversified supply chains.

Development of the Pulawy Project is expected to bring significant benefits, including:

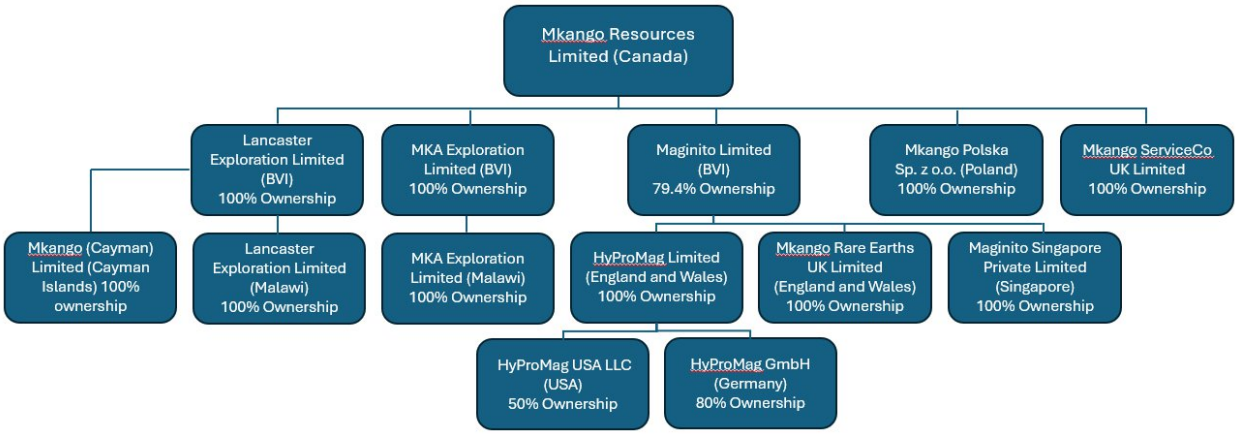
- Higher value-added products with increased margins – targeting 2,000 tpa of separated neodymium (Nd)/praseodymium (Pr) oxides, and 50 tpa dysprosium (Dy) and terbium (Tb) oxides in a heavy rare earth enriched carbonate.
- Greater integration – plant development fully underpinned by sustainably sourced, purified mixed rare earth carbonate from Songwe Hill's operations, with other synergies being evaluated.
- Increased marketing flexibility with a broader range of potential customers – future opportunities to produce and market separated heavy rare earths.
- Catalyst for regional growth and the green transition – potential for further downstream developments and related businesses, including renewables, creating additional jobs in the region.
- Engagement with financial institutions is underway to accelerate development, and additional strategic partnerships, downstream developments and marketing opportunities are being evaluated.

On 25 March 2025, the Pulawy Project was designated by the European Commission as one of the 47 strategic projects under the CRMA and one of only five focused on rare earth elements.

Mkango plans to publish an updated prefeasibility study for the Pulawy Project as part of the NASDAQ listing process and embark on a feasibility study for the project.

CORPORATE STRUCTURE

The Company is incorporated in the province of British Columbia, Canada. The Company's registered office is Suite 2900, 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 0A3. The Company's current structure as at the date of this report is as follows:



The Phalombe Licences and the Thambani Licence, in Malawi, are held by MKAR, a company which was incorporated under the laws of the British Virgin Islands ("**BVI**") on 3 August 2007. MKAR is 100% owned by Mkango.

Lancaster Malawi was incorporated on 19 May 2011, under the laws of Malawi. Lancaster Malawi is a wholly owned subsidiary of MKAR.

Maginito was incorporated under the laws of the BVI on 3 January 2018 and is 79.4% owned by Mkango. Maginito is focused on developing green technology opportunities in the rare earths supply chain, encompassing NdFeB magnet recycling as well as innovative rare earth alloy, magnet and separation technologies. This includes its investment in HyProMag as discussed below. The remaining 20.6% of Maginito is owned by CoTec.

Mkango Polska was incorporated under the laws of Poland and 100% ownership was acquired by the Company on 22 March 2021.

Mkango UK was incorporated on 23 June 2021 under the laws of England and Wales. Mkango UK is 100% owned by Maginito and was established to further develop the Company's rare earths strategy in the UK.

HyProMag UK was incorporated on 19 July 2018 under the laws of England and Wales. HyProMag UK is 100% owned by Maginito. HyProMag UK is focused on the extraction and demagnetisation of NdFeB magnets embedded in scrap and redundant equipment using the HPMS process.

HyProMag Germany was incorporated on 3 November 2021 under the laws of Germany. HyProMag Germany is 80% owned by HyProMag, with the remaining 20% owned by Professor Carlo Burkhardt of Pforzheim University. HyProMag Germany has sublicensed HPMS from HyProMag UK for use in Germany. Maginito, pursuant to the German Convertible Loan, has the right to acquire 50% of HyProMag Germany.

Mkango ServiceCo UK Limited ("**Mkango ServiceCo**") was incorporated on 9 December 2022 under the laws of England and Wales. Mkango ServiceCo was set up to house corporate costs in London.

On 2 January 2024, Maginito, via its 100% owned subsidiary, HyProMag UK and CoTec incorporated a 50/50 joint venture company, HyProMag USA, to roll-out the HPMS technology into the United States, with CoTec responsible for funding the US Feasibility study and development costs, subject to the results of the US Feasibility Study.

On 19 June 2025, Mkango (Cayman) Limited ("**Mkango Cayman**") was incorporated to act as a merger subsidiary in the SPAC merger transaction. MKAR own 100% of Mkango Cayman. No transactions went through this company as at 30 September 2025.

On 8 October 2025, Maginito Singapore Private Limited (**"Maginito Singapore"**) was incorporated to procure equipment from Far East vendors.

SUSTAINABILITY

Sustainability Governance Architecture

Mkango recognises that sound corporate governance and transparency are expectations of our stakeholders and enable confidence in the credibility of our business conduct. Mkango's Board of Directors (the "**Board**") is the highest corporate governance body within our organisation. The Board's mandate is to oversee the management of the business and affairs of the Company. It delegates responsibility for day-to-day operations – including sustainability management – to the executives and the subsidiaries' management teams.

The Board operates within a framework of charters and standards in line with good corporate governance practice. The Board has established a Sustainability Committee, the primary function of which is to assist the Board in the oversight of Mkango's commitments to work in a socially and environmentally responsible manner, to maintain stakeholder dialogue to ensure social best practice, to ensure workplace safety and health, environmentally sound and responsible resource development, and the protection of human rights. Board committee charters are periodically reviewed, in line with our approach to sound corporate governance, to ensure they reflect evolving corporate needs as well as external developments related to effective management.

The commercial scale facilities now being constructed in the UK by the UoB, which will be utilised by HyProMag UK, will be additionally managed under a framework of policies and systems established by the UoB at the Tyseley Energy Park.

Risk Management Framework

In early 2025, ahead of the expected first commercial production from HyProMag UK, Mkango commenced its first formal materiality assessment to inform on these materiality elements of its activities:

- The risk that Mkango's activities pose to the environment, including the climate; and
- The risks that the environment, including climate change, pose to the Company's activities.

The outcomes of these processes will inform the development of objectives, key performance indicators specific to the business and any material aspects for future disclosures. The internal components of this materiality assessment are now completed and the company is preparing to invite external stakeholder participation.

The Company's business and future operations are subject to numerous risks and uncertainties. The following is a summary of certain principal risks that could materially affect the Company's business, financial condition, or future results. The risks described below are not exhaustive, and additional risks not presently known to the Company or currently deemed immaterial could also affect its business.

Stakeholders and Transparency

The materiality assessment, developed in line with the Global Reporting Initiative ("**GRI**") and following best practices, will incorporate the involvement of a cross section of key stakeholders – both internal and external. The process, overseen by the Sustainability Committee, is a strategic exercise designed to identify material environmental, social and governance (sustainability) topics for disclosure and ongoing management by the business. The process draws on internal documentary sources and perspectives, as well as international sustainability reporting standards and corporate practice. Topics will be assessed against views of the significance of our economic, environmental, and social impacts incorporating outputs from:

- Internal and external stakeholder surveys
- Company risk registers
- Peer company disclosures
- Industry standards and frameworks relevant to the Company

It is intended that the finalised materiality matrix will be validated by management, with routine reviews forming part of corporate disclosure undertakings to inform on the frequency of update of the materiality assessment.

Complementing this enhancement of the Company disclosures, Mkango continues to maintain its intention to support the Extractive Industries Transparency Initiative ("**EITI**") and, as required by Canadian law, our Extractive Sector Transparency Measures Act ("**ESTMA**") disclosures.

Safety, Health and Environment

Mkango's Sustainability Committee Charter incorporates the commitments to work in a socially and environmentally responsible manner – ensuring workplace safety and health and environmentally sound and responsible resource development. With the construction at TEP nearing completion, a process safety and operational safety review is being scoped at present.

Climate Change

The Paris Agreement has been ratified by 194 nation states and the European Union, including all parties to the United Nations Framework Convention on Climate Change – representing over 98% of global greenhouse gas emissions and showing the extent of global recognition of this threat.

Reflecting this context, there is also increasing global recognition of the need for critical and transitional minerals to enable the energy transition, and to attain climate targets. The Mkango business model directly reflects these global goals – both as an enabler: through the future production of rare earths, and as an example of circularity: in the Mine-Refine-Recycle strategy of the business.

At Mkango, management is accountable for executing our approach to climate change. Reflecting the early-stage development of the business, the team's performance is primarily linked to achievement of successful milestones. Mkango is continuing to develop its performance recognition and reward systems, and the completion of the materiality process will assist in informing any dimension of sustainability that should form part of short and long-term incentive plans. This will help to drive outcomes that protect and create long-term value.

As a developer that is not yet in commercial production, Mkango is yet to commence processes that will allow climate-related risks, opportunities, impacts and dependencies to be identified in a more granular way within the business. It

is envisaged that like other strategic risks, climate-related risks will be an integral part of the Company Enterprise Risk Management and materiality processes.

Decarbonisation

Whilst Mkango has not yet commenced the commercial scale production of rare earths and therefore is yet to advance related strategy on how best to support the objectives of the Paris Agreement through the lifetime of our assets, the Company has started processes to understand the relative carbon footprint of our recycled rare earths products. HyProMag USA commissioned Minviro to undertake a PCF analysis to determine the carbon footprint of the process, and HyProMag UK and HyProMag Germany have similarly completed internal analyses in advance of near term commercial production. Additional information on the HyProMag USA PCF can be found at the following link: https://mkango.ca/news/hypromag-usas-iso-compliant-product-carbon-footprint-study-confirms-exceptionally-low-co-sub-2-sub-footprint-of-2.35-kg-co-sub/

Responsible Consumption

In seeking to align with the recommendations of the Task Force on Climate-Related Financial Disclosures ("**TCFD**"), Mkango expects to commence processes to enhance our understanding of climate related risks and opportunities for the business as our business units progressively attain commercial scale production. These processes are anticipated to entail the consideration of risks (physical and transitional) and opportunities using third-party verified and credible global climate data and model providers, including sources utilised by the World Bank Climate Knowledge hub and the World Resources Institute Aqueduct. Information compiled and performance data collected from the business units (such as energy and water consumption and related emissions) will be subject to analysis to inform strategic decisions and investments, including those to advance climate change goals.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Information discussed herein reflects the Company as a consolidated entity.

Financial Position

The following financial data is derived from the Company's consolidated statements of financial position as at 31 December 2024, 2023 and 2022:

As at 31 December	2024	2023	2022
Total assets	10,711,520	9,293,371	1,526,901
Total equity	6,433,611	4,561,306	(1,166,116)

Total assets

Total assets were $10,711,520 as at 31 December 2024 as compared to $9,293,371 as at 31 December 2023. Total assets increased by $1,418,149 as a result of capital expenditure on both the HyProMag UK and HyProMag Germany recycling projects. Furthermore, the manufacturing facility lease for HyProMag Germany in Germany commenced in September 2024 resulting in a Right-of-Use asset being recognised during the year.

Total assets were $9,293,371 as at 31 December 2023 as compared to $1,526,901 as at 31 December 2022. Total assets increased by $7,766,470 as a result of the acquisition of HyProMag which included the fair value of the HPMS technology intangible asset as well as goodwill.

As at 1 January 2024, the Company had an opening cash position of $996,782. Cash received during the year ended 31 December 2024 was $2,953,794 from the net proceeds relating to the equity raises that took place during the year as well as CoTec cash calls to maintain its 20.6% interest in Maginito. Cash used in operations was $2,135,502 and cash of $715,742 was spent on exploration and evaluation intangible assets and equipment for the HyProMag UK and HyProMag Germany recycling projects (net of government grants received). The effect of exchange rate changes on cash was a decrease of $60,745 during the year for a closing cash position of $1,159,807.

As at 1 January 2023, the Company had an opening cash position of $493,703. Cash received during the year ended 31 December 2023 was $6,490,494 from the proceeds relating to an equity raise in February 2023 together with CoTec's investment into Maginito (both direct investment into Maginito for a 10% interest in Maginito and through advance notes to Mkango which were subsequently converted into a further 10.6% interest in Maginito). Cash used in operations was $3,558,422 and cash of $1,001,554 was spent on exploration and evaluation intangible assets and property, plant and equipment. Furthermore, the net cash component relating to the HyProMag acquisition was $1,040,057. The effect of exchange rate changes on cash was a decrease of $387,363 during the year for a closing cash position of $996,782.

Total shareholders' equity

Total shareholders' equity was $6,433,611 as at 31 December 2024 compared to $4,561,306 as at 31 December 2023. The increase of $1,872,305 is largely due to the to the proceeds relating to equity raises in April and September 2024.

Total shareholders' equity was $4,561,306 as at 31 December 2023 compared to ($1,166,116) as at 31 December 2022. The increase of $5,727,422 is largely due to the proceeds relating to an equity raise in February 2023 together with CoTec's investment into Maginito.

RESULTS OF OPERATIONS

Summary Results of Operations

The following financial data is derived from the Company's consolidated financial statements as at 31 December 2024, 2023 and 2022:

	Year ended 31 December		
	2024	2023	2022
Mineral project and research and development expenditures	(89,677)	(358,542)	(2,402,070)
General and administrative expenses*	(3,110,097)	(4,134,980)	(3,470,482)
Other items**	2,635,253	254,475	(113,411)
Income tax	143,242	59,097	-
Total net loss after tax	(421,279)	(4,179,951)	(5,985,963)
Total net loss attributable to non-controlling interest	364,939	(122,926)	-
Total net loss attributable to the common shareholders	(786,218)	(4,057,025)	(5,985,963)
Basic and diluted loss per share	$ (0.0029)	$ (0.017)	$ (0.028)
Weighted average number of common shares (basic and diluted)	272,447,996	238,757,233	215,088,397
Distributions or Dividends	$ Nil	$ Nil	$ Nil

** Other expenditures represent all other expenditures, other than mineral project and research and development expenditure, disclosed in the statement of comprehensive loss and includes non-cash items.*

*** Other items are share of associated company losses, gains on the revaluation of options, embedded derivative fair value adjustments, interest income and finance expense and in 2024 a reversal of contingent consideration.*

The net loss after tax for the year ended 31 December 2024 was $421,279 compared to the net loss reported for the year ended 31 December 2023 of $4,179,951. The net loss decreased by $3,758,672 for the comparable periods. The significant items contributing to the change include:

- A once off reversal of contingent consideration of $3,327,152 based on missed contractual milestones relating to the HyProMag acquisition in 2023 have not been met.
- Decreased general and administrative expenses and mineral project and research and development expenditures as a result of cost cutting initiatives across the Company.

The net loss after tax for the year ended 31 December 2023 was $4,179,025 compared to the net loss reported for the year ended 31 December 2022 of $5,985,963. The net loss decreased by $1,928,938 for the comparable periods. The significant items contributing to the change include:

- Decreased mineral project expenditure of $2,043,528 as a result of the Songwe DFS being completed during 2022.
- General and administrative expenses, including share-based payments, increased by $664,498, as a result of HyProMag and HyProMag Germany costs being included from 2 August 2023, being the HyProMag acquisition date.

The selected period information and summary of financial results below is derived from and should be read in conjunction with the Financial Statements.

Summary Of Quarterly Financial Results

The following is selected financial data from the company's quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the quarter ended 30 September 2025.

	2025			**2024**				**2023**
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Expenses	(1,677,270)	(1,272,247)	(1,345,188)	(960,578)	(558,882)	(662,035)	(1,018,279)	(1,036,776)
Other items	(10,941,903)	26,677	(1,139,462)	2,536,768	173,978	(32,899)	(42,594)	(517,785)
Net profit/(loss) before tax for quarter	(12,619,173)	(1,245,570)	(2,484,650)	1,576,190	(384,904)	(694,934)	(1,060,873)	(1,554,561)

The financial data for the eight periods reported have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee. The Company's principal activities require expenditures which include both exploration and general and administrative expenses.

In Q3 2025, net loss before tax of $12.6 million was recorded by Mkango, a significant increase compared to Q1 and Q2 2025. The loss was primarily impacted by a fair value adjustment of $9.7 million relating to the derivative liability associated with investor warrants, which resulted from the significant increase in the share price in the quarter. Additionally, there was a further fair value adjustment of $444,116 for the derivative liability of the convertible loan note issued as part of the BCA with CPTK. In addition, Mkango recognised a foreign exchange loss of $697,953,

compared to the sizable gain of $739,796 in Q2 2025, reflecting the strengthening of the US dollar against both the pound and the euro during the period. Additionally, operating expenses increased when compared to Q1 and Q2 2025 due to increased activities and development costs associated with the Mkango HyProMag projects as well as SPAC-related activities.

In Q2 2025, Mkango recorded a net loss before tax of $1.2 million, an improvement compared to Q1 2025. The result was primarily impacted by a fair value adjustment of $0.7 million relating to the derivative liability associated with investor warrants, which was lower than the $1.1 million charge recorded in the previous quarter. In addition, Mkango recognised a foreign exchange gain of $739,796, compared to a negligible $8,043 gain in Q1 2025, reflecting the weakening of the US dollar against both the pound and the euro during the period. Operating expenses were broadly consistent with Q1 2025, with movements reflecting the timing of project-related activity. Operating expenses were broadly consistent with Q1 2025, although higher than the comparable period in 2024 due to increased activity and development costs associated with Mkango's HyProMag projects.

In Q1 2025, Mkango recorded a net loss before tax of $2.5 million, largely due to a significant fair value adjustment of $1.1 million relating to the derivative liability associated with investor warrants. A foreign exchange gain of $8,043 was recognised in the quarter. Operating expenses also increased modestly compared to Q4 2024 due to the timing of project costs and remained elevated compared to early 2024 as HyProMag projects in both the UK and Germany continued development.

Mkango reported a net profit before tax of $1,576,190 in Q4 2024, primarily due to the reversal of contingent consideration liabilities relating to the HyProMag acquisition. This non-cash gain resulted from certain acquisition milestones not being achieved by the specified dates.

Given the early-stage nature of the Mkango's operations and the significant impact of non-cash items and project development activity, quarterly results may continue to vary materially in future periods.

RELATED PARTY TRANSACTIONS AND BALANCES

Leo Mining and Exploration Ltd. ("Leo Mining") is considered related by virtue of common directors and officers, namely William Dawes, Alexander Lemon and Shaun Treacy. Leo Mining pays certain costs such as rental on behalf of Mkango. Mkango reimburses Leo Mining for these costs.

As of 30 September 2025, Leo Mining owed the Company an amount of $0 (31 December 2024: Company owed Leo Mining $2,055).

CoTec Holdings ("CoTec") is considered related as they have a 20.6% interest in Maginito.

As of 30 September 2025, CoTec/HyProMag USA LLC owed the Company $36,241 (31 December 2024: $57,781) relating to an outstanding cash call from CoTec to Maginito and costs incurred by the Company relating to the roll-out of HPMS technology into the United States on behalf of HyProMag USA LLC. CoTec are responsible for these costs.

The amounts due to related parties were as follows:

	30 September 2025	31 December 2024
Due to key management and directors	61,120	298,508
Due to related parties with common directors (Leo Mining)	-	2,055

Total due to related parties	**61,120**	**300,563**

The amounts due from related parties were as follows:

	30 September 2025	31 December 2024
CoTec/HyProMag USA	36,241	57,781
Total due from related parties	**36,241**	**57,781**

EXPENDITURES

Total expenses attributable to common shareholders and non-controlling interest	Quarter ended 30 September 2025	Quarter ended 30 June 2025	Quarter ended 30 September 2024
General and administrative			
Audit and tax management	(12,067)	(73,984)	(13,869)
Legal fees	(71,982)	(31,996)	(33,573)
Salaries and consulting fees	(337,887)	(282,231)	(127,386)
Rent, storage, telephone and insurance	(6,197)	(193,512)	(18,640)
Travel	(18,386)	(63,149)	(23,715)
AIM listing expense	(29,404)	(53,022)	(20,4446)
Share-based payments	(130,934)	(152,827)	(94,513)
Depreciation	(89,411)	(81,297)	(61,178)
Amortisation	(134,192)	(132,733)	(134,192)
Investor relations and marketing	(29,178)	(38,649)	(24,922)
Expected credit losses	240	(682)	-
HyProMag UK	(271,139)	(2,075)	(26,533)
HyProMag Germany	(28,864)	85,890	148,345
Mkango UK	(98,476)	(44,118)	115280
Sub total - General and administrative	(1,257,877)	(1,064,385)	(545,902)
Mineral project expenditures			
Songwe Hill Project			
Metallurgy expenses	-	-	-
Government fees	(357)	(356)	(1,786)
ESHIA	(1,315)	(1,661)	-
Technical studies	-	-	-
Consulting fees	(11,449)	(2,572)	-
Malawi office and camp expenses	(15,689)	(31,984)	(11,202)
SPAC-related costs	(390,583)	(171,289)	
REE Separation Plant Pre-feasibility Study	-	-	-
Thambani projects	-	-	9
Sub total - Mineral projects	(419,393)	(207,862)	(12,980)
Total expenses	(1,677,270)	(1,272,247)	(558,882)
Interest income	5	2	7
Finance Expense	(47,502)	(11,683)	(36,725)
Share of associated company's losses	-	-	-
Fair value losses	-	-	-
Fair value adjustment – derivative liability	(9,752,337)	(701,438)	-
Fair value adjustment – BCA Note liability	(444,116)		
Foreign exchange gain/(loss)	(697,953)	739,796	(210,696)
Sub total – Other items	(10,941,903)	26,677	173,978
Net loss before tax	**(12,619,173)**	**(1,245,570)**	**(384,904)**

Three months ended 30 September 2025 compared to the three months ended 30 June 2025

Total expenses increased by $405,023 from $1,272,247 in Q2 2025 to $1,677,270 in Q3 2025, primarily as a result of the following:

a) General and administrative: General and administrative expenses increased by $193,492 compared to the prior quarter. The increase mainly related to increased spending in HyProMag UK by $269,064 and in HyProMag Germany by $114,754, reflecting the continued development of recycling projects in both entities.

These increases were partly offset by decreases in rent, storage, telephone, and insurance costs of $187,315 due to the timing of payments, as well as reduced travel costs of $44,763 with less travel taking place during the quarter. Audit charges also decreased by $61,917, with the majority of audit work for the year having already been completed.

b) Mineral projects: Mineral project expenditures of $419,393 represents an increase of $211,531 quarter-over-quarter, which was mainly attributable to higher SPAC-related costs, including legal and transaction-related professional fees, which rose by $219,293 during the quarter as the transaction progressed. Other costs reduced slightly primarily due to a stabilization of Malawi office and camp costs and modest spending on ESHIA.

The Company recorded a fair value adjustment of $9,752,337 on the derivative liability related to investor warrants in Q23 2025, compared to $701,438 in Q2 2025. The significant adjustment reflects share price appreciation during the quarter. In addition, a foreign exchange loss of $697,953 was recognised in Q3 2025 versus a gain of $739,796 in Q2 2025. This movement was driven by a strengthening of US dollar relative to both sterling and the euro.

Three months ended 30 September 2025 compared to the three months ended 30 September 2024

Total expenses increased by $1,118,388 from $558,882 in Q3 2024 to $1,677,270 in Q3 2025, primarily as a result of the following:

a) General and administrative: General and administrative expenses increased by $711,975 year-over-year. The increase was driven by salaries and consulting fees, which rose by $210,501 compared to Q3 2024, reflecting the reversion of non-executive directors (from January 2025) and executive management (from April 2025) to 100% of contractual salaries and fees. Additional increases included higher share-based payment charges of $36,421 as equity incentive programs continued to vest, lower rent, storage, telephone and insurance costs of $12,443 due to reduced operating charges, Legal fees were also $38,408 higher compared to Q3 2024, reflecting increased corporate and transaction-related activity.

b) Mineral projects: Mineral project expenditures increased by $406,413 year-over-year, largely due and SPAC-related costs of $390,582 which were not incurred in the prior-year quarter and relate to exploration and development costs as well as technical reports as well as higher Malawi office and camp costs, partly offset by lower metallurgical test work at Songwe Hill.

   In Q3 2025, the Company recorded a fair value adjustment of $9,752,337 on the derivative liability associated with investor warrants, compared to no such adjustment in Q3 2024. The Company also recognised a fair value adjustment of $444,116 on derivative liability relating the convertible loan note of the business combination agreement. There was also a foreign exchange loss of $697,953 in Q3 2025, significantly higher than the $210,696 loss in the prior-year quarter, reflecting US dollar weakness relative to both sterling and the euro.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("**NI 52-109**"), the chief executive officer and chief financial officer of the Company have filed Form 52-109FV1 – *Certificate of Annual Filings - Venture Issuer Basic Certificate* with respect to the financial information contained in the Financial Statements for the nine months ended 30 September 2025 and this accompanying MD&A (together, the "**Filings**").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificate filed by the Company with the Annual Filings on SEDARplus at www.sedarplus.ca/landingpage.

COMMITMENTS

Malawi Commitments

The Company was first granted the Phalombe Licence for the Songwe property on 21 January 2010. The licence was issued by the Government of Malawi on an initial three-year basis. The licence was subsequently renewed every two years and was renewed for a third time on 21 January 2019. On 1 June 2021, the Phalombe Licence was transferred into 11 retention licences covering a total of 250 sq km. Each retention licence is for a five-year period from 1 June 2021. The future spending commitments for the exploration rights with the Government of Malawi were 150,000,000 Kwacha ($86,536) over two years, which have been met.

On 10 September 2010, the Company was granted an additional exploration licence by the Malawi Minister of Natural Resources, Energy and Environment in the Thambani area, Mwanza District, Malawi. The licence was issued by the Government of Malawi on an initial three-year basis and was subsequently renewed from 10 September 2015 for additional two-year periods. The Company has subsequently been granted four retention licences for a period of five years from 9 November 2021.

HyProMag Germany Commitments

As at 30 September 2025, the Company had outstanding commitments related to the purchase of specialised equipment for use in its German operations. Contracts for this equipment have been signed, and progress payments have been made to date. The remaining committed payments, which fall due within the next 12 months, total approximately $2,421,710 and are expected to be settled in line with the agreed manufacturing and delivery schedules.

ISSUED AND OUTSTANDING SHARE INFORMATION

As at the date of this report, the Company has 347,192,907 shares, 2,400,000 broker warrants, 21,660,000 investor warrants, 19,823,267 stock options and 12,882,023 restricted share units in issue.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not party to any off-balance sheet arrangements or transactions.

ACCOUNTING POLICIES AND ESTIMATES

Management is required to make judgments, assumptions and estimates in the application of IFRS that have a significant impact on the financial results of the Company. Details outlining Mkango's accounting policies are contained in the notes to the Financial Statements.

RISK FACTORS

The Company's business and future operations are subject to numerous risks and uncertainties. The following is a summary of certain principal risks that could materially affect the Company's business, financial condition, or future

results. The risks described below are not exhaustive, and additional risks not presently known to the Company or currently deemed immaterial could also affect its business.

RISKS RELATED TO MINING, EXPLORATION, AND DEVELOPMENT

- **Resource and Reserve Estimate Uncertainty**
  The Company's ability to successfully develop the Songwe Hill Project is dependent on the accuracy of its mineral resource and reserve estimates. These estimates are inherently uncertain and may be materially affected by: changes in projected capital and operating costs, unforeseen operational issues, and metallurgical recovery rates.

- **Title Risk and Adverse Government Action**
  The validity of mining claims and licenses is often complex and subject to challenging governmental procedures or local land claims. The Company cannot guarantee that its title to its exploration and development properties will not be challenged. Furthermore, changes in government policy regarding exploration and development, including taxation, royalties, required national ownership levels, or sudden policy shifts in the jurisdictions where the Company operates (Malawi, Poland), could adversely affect the Company's assets.

- **Failure to Obtain or Maintain Necessary Licenses and Permits**
  The Company's operations in Malawi and Poland require various governmental permits, licenses, and approvals. This process is complex, time-consuming, and expensive. The Company may be unable to obtain or maintain all necessary permits or licenses required to operate its projects, including the required mining licence in Malawi or permits for the Pulawy Project in Poland, which could result in project delays or abandonment.

- **Need for Additional Capital for Project Development**
  The Company is a development-stage entity. The Songwe Hill Project and the development of the Pulawy Project will require substantial capital for construction, commissioning, and operational start-up, which has not yet been secured.

- **Development Risk**
  The development of the Songwe Hill Project and the Pulawy Project involves complex technical, logistical, and execution challenges. The Company faces risks related to processing complexity (metallurgical risk), managing project execution, and securing and retaining skilled personnel and contractors with the specialized capacity required for construction and ramp-up. Operations also depend on the availability of essential infrastructure, including reliable power, water, and transportation networks (roads, ports). Disruptions, delays, or inadequacies in any of these areas could significantly increase operating costs or delay project completion and commencement of production.

RISKS RELATED TO THE RECYCLING BUSINESS (HYPROMAG)

- **Commercialization and Scalability of HPMS Technology**
  The core of the recycling business relies on the proprietary HPMS technology, which is now being scaled for commercial production. There is no guarantee that HPMS can be successfully scaled up from pilot operations to commercially viable, large-scale production across multiple sites (UK, Germany, US). Unforeseen technical or commercial difficulties during scale up or operations or a failure to meet customer specifications could result in lower recovery rates, increased costs, or lost sales.

- **Feedstock Supply and Pricing**

The commercial viability of the recycling projects depends on the ability to secure a consistent, sufficient, and cost-effective supply of rare earth scrap (feedstock). The Company faces increasing competition for this feedstock and cannot guarantee it will secure the required quantity and quality of scrap at a reasonable price, which could render the plants uneconomical. Furthermore, variations in the purity and consistency of scrap material can affect the efficiency and cost of the recycling process.

- **Technology Obsolescence and Intellectual Property Risk**
  The recycling segment of the business relies heavily on the technical and commercial viability of the HPMS technology. Rapid technological advancements and innovation in the broader rare earth magnet and recycling industries could result in a competitor developing a superior, lower-cost, or non-chemical alternative recycling process that renders HPMS obsolete or less competitive. Furthermore, the Company's inability to adequately protect its intellectual property, patents, and trade secrets, or successfully defend them against infringement by third parties, could materially affect its ability to generate revenue and maintain market share in the recycling segment.

- **Competition from Other Technologies and Better-Financed Competitors**
  The rare earths recycling and primary production sectors are highly competitive. The Company faces direct competition from: (i) existing large, vertically integrated rare earth producers, often state-backed, which have significantly greater financial and technical resources; and (ii) companies developing alternative magnet technologies (e.g., non-rare earth magnets) or competing recycling processes that may be better funded, faster to market, or more cost-effective than HPMS. This competition could lead to reduced market share, pricing pressure, or render the Company’s technology and projects less competitive.

FINANCIAL AND COMMODITY RISKS

- **Commodity Price Volatility**
  The Company's future profitability will be closely tied to the market price of rare earth elements, particularly Neodymium (Nd) and Praseodymium (Pr). Rare earth prices are subject to extreme volatility due to: global supply and demand dynamics, primarily dominated by China; geopolitical events; and the potential for technological substitution.

- **Market Access, Offtake, and Geopolitical Supply Chain Risk**
  The global rare earth market is strategically concentrated, with significant processing and magnet manufacturing capacity controlled by a single dominant nation. The Company's commercial success depends on its ability to secure economically viable, long-term offtake agreements for both its rare earth mine output and its recycled magnet products. The implementation of further export controls, tariffs, or trade restrictions by dominant geopolitical players, or a failure to secure definitive contracts with end-users in the Western supply chain, could lead to price volatility, constrained market access, and negatively impact the financial viability of the Company's projects.

- **Foreign Currency Exchange Risk**
  The Company operates in various countries with multiple currencies (USD, GBP, Euro, CAD, and Malawian Kwacha). Fluctuations in exchange rates affect the cost of local operating expenses, capital expenditures, and the value of assets. Specifically, the derivative liability associated with certain investor warrants, which is denominated in GBP but reported in USD, exposes the Company to significant, non-cash gains or losses due to exchange rate movements, causing volatility in reported net earnings.

CORPORATE, LEGAL, AND GEOPOLITICAL RISKS

- **Reliance on CoTec Holdings Corp. for HyProMag USA Financing and Development**

The HyProMag USA magnet recycling project is a 50:50 joint venture with CoTec Holdings Corp. (CoTec). CoTec is responsible for funding the Detailed Engineering Design, Value Engineering, and certain project development costs, typically through shareholder loans. The continued development of the HyProMag USA facilities, including its ability to secure subsequent project-level financing (such as the potential US EXIM Bank funding), is therefore highly dependent on CoTec's continued financial support, commitment, and ability to execute its funding obligations and co-lead the broader financing strategy. A failure by CoTec to provide its share of funding or a material change in the joint venture relationship could severely delay or prevent the project's commissioning.

- **Risk of Non-Completion of the SPAC Merger**
  The proposed BCA to create MKAR is a complex transaction subject to numerous closing conditions, including: approval of a NASDAQ listing application; shareholder approvals; and TSX Venture Exchange approval. There is no assurance that the transaction will be completed on the terms currently contemplated, which would severely impact the Company's planned funding and development pathway for its mining and refining assets.

- **Geopolitical and Trade Policy Risk**
  The Company is exposed to risks from international trade policies, including export controls (such as those recently imposed or threatened by China on rare earth exports), tariffs, and other regulatory restrictions, which could disrupt global supply chains and affect the Company's global competitive position. Operating in multiple jurisdictions increases exposure to political and regulatory risks, including potential changes in laws or policies that could be adverse to the Company.

- **Litigation and Regulatory Proceedings**
  The Company may become subject to legal claims, litigation, or regulatory proceedings in the various jurisdictions in which it operates. Any such proceeding could require significant management time, incur substantial costs, and potentially result in damages or fines that materially impact the Company's financial health.

- **Macroeconomic Risk**
  From a macroeconomic perspective, ongoing global market uncertainty has led to a significant reduction in risk appetite with respect to funding investment into mining companies and startup companies in general. The ability for the Company to access capital through traditional means may be significantly diminished, with the possible long-term result that projects may take longer to develop or may not be developed at all.

MANAGEMENT AND PERSONNEL RISKS

- **Reliance on Key Personnel**
  The Company is heavily dependent on the continued services of a small number of key executive officers and technical personnel with specialized knowledge of rare earths and the HPMS technology. The loss of any of these individuals could adversely affect the execution of the Company's strategy and its ability to secure financing or manage project development.

- **Competition for Personnel**
  The specialized recycling and mining industries are highly competitive for attracting and retaining qualified and experienced technical and management personnel. The Company may be unable to hire or retain necessary employees, which could impact its ability to meet project deadlines or achieve commercial targets.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Determination of fair values

Financial assets and liabilities have been classified into the following categories: (i) fair value through profit or loss and, (ii) amortised costs. Each category has a defined basis of measurement. If a category is measured at fair value, any changes in fair value is recognised in the consolidated financial statements of comprehensive loss.

In establishing fair value, the Company uses a fair value hierarchy based on levels defined below:

- Level 1 - quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs for the asset or liability that are not based on observable market data.

The carrying value of cash, government and other receivables, accounts payable and accrued liabilities, and amounts due to related parties, approximates the fair value due to their short-term nature and maturity.

Financial risk management

The Company's management monitors and manages the financial risks relating to the operations of the Company. These include foreign currency, interest rate, liquidity and credit risks.

Foreign currency risk

The Company enters into transactions denominated in the C$, the US dollar, the Euro, the GBP, the Australian dollar, the South African Rand, the Polish Zloty and the Malawian Kwacha. The Company raises its equity in the C$, and the GBP, and then purchases the US dollar, the Australian dollar, the South African Rand, the Euro, the Polish Zloty and the Malawian Kwacha to settle liabilities. The Company minimizes exposure to foreign exchange loss by converting funds to the appropriate currencies upon receipt of funding based on the expected use of the various foreign currencies. The Company's exposure to foreign currency risk as at 30 September 2025 and 31 December 2024, is most significantly influenced by the following cash amounts held in foreign currencies (amounts shown in US dollars):

	30 September 2025	31 December 2024
Cash:		
Canadian Dollar	291	390
United States Dollar	20,958	14,934
Pound Sterling	1,163,119	752,905
Euro	810,391	386,865
Malawian Kwacha	2,158	2,918
Australian Dollar	77	73
Polish Zloty	188	1,722
	1,997,182	**1,159,807**

A 5% reduction in the value of the CAD, Euro, GBP, MWK, PLN and AUD in comparison to the USD would cause a change in net loss of approximately $99,859 (31 December 2024: $57,244).

Interest-rate risk

The Company's exposure to interest-rate risk relates primarily to its cash at bank. However, the interest-rate risk is expected to be minimal. The Company does not presently hedge against interest rate movements.

Liquidity risk

Liquidity risk includes the risk that, as a result of the Company's operational liquidity requirements:

a) The Company will not have sufficient funds to settle a transaction on the due date;

b) The Company will be forced to dispose of financial assets at a value which is less than the fair value; or,

c) The Company may be unable to settle or recover a financial asset at all.

The Company's operating cash requirements including amounts projected to complete the Company's existing capital expenditure program are continuously monitored and adjusted as input variables change. As these variables change, liquidity risks may require the Company to conduct equity issuances or obtain other forms of financing. The Company manages its liquidity risk by maintaining adequate cash and is actively seeking additional funding to improve its exposure to liquidity risk. The Company continually monitors its actual and forecast cash flows to ensure that there are adequate reserves to meet the maturing profiles of its financial liabilities.

The following table outlines the maturities of the Company's financial liabilities as at 30 September 2025:

	Contractual Cash Flows	Less than 1 Year	Greater than 1 Year
Accounts payable and accrued liabilities	1,182,802	1,182,802	-
Due to related parties	61,119	61,119	-

The following table outlines the maturities of the Company's financial liabilities as at 31 December 2024:

	Contractual Cash Flows	Less than 1 Year	Greater than 1 Year
Accounts payable and accrued liabilities	648,389	648,389	-
Due to related parties	300,563	300,563	-

Credit risk

The Company's principal financial assets are cash. The credit risk on cash is limited because the majority are deposited with banks with high credit ratings assigned by international credit-rating agencies.

Financial instruments by category

Financial Assets

	Fair value through profit or loss		Amortised cost	
	30 Sept 2025	31 December 2024	30 Sept 2025	31 December 2024
Cash	-	-	1,997,182	1,159,807
Receivables	-	-	188,796	30,401
Due from related parties	-	-	53,660	57,781
Total financial assets	**-**	**-**	**2,222,218**	**1,247,989**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	1,182,802	648,389
Due to related parties	-	-	61,119	300,563
Derivative liability - BCA	444,116		535,990	-

Note				
Finance lease liability	-	-	1,208,425	1,185,259
Derivative liability – investor warrants	9,704,344	1,286,206	-	-
Total financial liabilities	**10,148,460**	**1,286,206**	**2,988,336**	**2,134,211**

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2025, the Company reported net current liabilities of $10,725,359, compared to $721,314 at 31 December 2024. The position is largely driven by the derivative liability of $9,704,344 relating to 25,000,000 investor warrants issued in connection with the September 2024 equity raise of which 16,660,000 were still outstanding at the end of the period as well as the derivative liability relating the convertible loan note of the business combination agreement of $444,116. Under IFRS, these warrants are classified as a derivative liability because the exercise price is denominated in pence while the Company's functional currency is US dollars. The liability is re-measured at fair value each reporting period, with changes recognised through profit or loss, and is classified as current given the warrants are exercisable at any time. This is a non-cash accounting treatment that can create the appearance of negative working capital but does not represent a funding requirement. In practice, increases in the Company's share price increase the reported liability, while decreases reduce it, and the eventual exercise of warrants would generate cash inflows rather than outflows. Excluding the impact of this derivative liability, working capital movements in the quarter primarily reflect ongoing expenditures on the Company's HyProMag project developments and related corporate costs.

DIRECTORS AND OFFICERS

William Dawes, Director and Chief Executive Officer
Alexander Lemon, Director and President (Sustainability Committee)
Derek Linfield, Non-Executive Chairman of the Board of Directors (Remuneration Committee)
Shaun Treacy, Non-Executive Director (Audit Committee Chair, Remuneration Committee)
Susan Muir, Non-Executive Director (Remuneration Committee Chair, Audit Committee, and Corporate Secretary)
Philipa Varris, Non-Executive Director (Sustainability Committee Chair, Audit Committee, Remuneration Committee)
Robert Sewell, Chief Financial Officer