Unaudited Condensed Interim Consolidated Financial Statements

MKANGO RESOURCES LTD.

For the nine months ended 30 September 2025 and 2024

Notice to Reader: The accompanying unaudited interim condensed consolidated financial statements have been prepared by and are the responsibility of management. The unaudited interim condensed consolidated financial statements for the nine month periods ended 30 September 2025 and 30 September 2024 have not been reviewed by MNP LLP, the Company's independent external auditor.

MKANGO RESOURCES LTD
Consolidated Statements of Comprehensive Loss
Reported in US dollars

Expressed in US dollars	Notes	As at 30 September 2025 (unaudited)	As at 31 December 2024 (audited)
ASSETS			
Current			
Cash and cash equivalents		1,997,182	1,159,807
Government remittances receivable	8	75,824	121,782
Other receivables, prepaid expenses and accrued income		188,796	333,963
Due from related parties	17	36,241	57,781
Total current assets		**2,298,043**	**1,673,333**
Non-current			
Exploration and evaluation assets	9	899,754	745,350
Intangible assets	10	2,797,605	3,195,804
Goodwill	13	2,681,441	2,681,441
Property, plant and equipment	11	4,432,310	2,415,592
Total non-current assets		**10,811,110**	**9,038,187**
TOTAL ASSETS		**13,109,153**	**10,711,520**
LIABILITIES			
Current			
Accounts payable and accrued liabilities	18	1,182,802	648,389
Derivative liability – Investor warrants	14	9,704,344	1,286,206
Derivative liability – BCA Note	15	444,116	-
Due to related parties	17	61,120	300,563
Lease liability	16	185,911	159,489
Equity received in advance	25	909,119	-
BCA Convertible loan note	15	535,990	-
Total current liabilities		**13,023,402**	**2,394,647**
Non-current			
Deferred tax liability	22	750,647	857,492
Lease liability	16	1,022,514	1,025,770
Total non-current liabilities		**1,773,161**	**1,883,262**
TOTAL LIABILITIES		**14,796,563**	**4,277,909**
SHAREHOLDERS' EQUITY			
Share capital	19	51,980,425	45,246,306
Contributed surplus		6,490,458	6,069,441
Accumulated other comprehensive income/(loss)		256,234	(63,943)
Deficit		(63,309,657)	(47,372,085)
Non-controlling interest		2,895,130	2,553,892
TOTAL EQUITY		**(1,687,410)**	**6,433,611**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**13,109,153**	**10,711,520**

Subsequent events & Commitments (Note 25 and Note 21)

On behalf of the Board of Directors:

William Dawes, Chief Executive Officer, Director

Alexander Lemon, President, Director

MKANGO RESOURCES LTD
Consolidated Statements of Comprehensive Loss
Reported in US dollars

	Notes	For the three months ended 30 Sept 2025	For the three months ended 30 Sept 2024	For the nine months ended 30 Sept 2025	For the nine months ended 30 Sept 2024
Expenses					
General and administrative	6	(1,257,877)	(545,902)	(3,478,929)	(2,160,651)
Mineral project expenditures		(419,393)	(12,980)	(815,776)	(78,545)
Total Expenses		**(1,677,270)**	**(558,882)**	**(4,294,705)**	**(2,239,196)**
Other items					
Interest income		5	7	11	7
Finance Expense		(47,502)	(36,725)	(70,351)	(108,008)
Share of associated company losses		-	-	-	-
Fair value losses		-	-	-	-
Foreign exchange gain/(loss)		(697,953)	210,696	49,886	206,486
Fair value adjustment – Investor warrants		(9,752,337)	-	(11,590,119)	-
Fair value adjustment – BCA Note		(444,116)	-	(444,116)	-
Loss before tax		**(12,619,173)**	**(384,904)**	**(16,349,394)**	**(2,140,711)**
Income tax		36,006	36,006	106,844	107,235
Loss after tax		**(12,583,167)**	**(348,898)**	**(16,242,550)**	**(2,033,476)**
Loss attributable to					
Common shareholders		(12,436,344)	(274,067)	(15,937,572)	(1,798,568)
Non-controlling interest	7	(146,823)	(74,831)	(304,978)	(234,908)
Attributable loss		**(12,583,167)**	**(348,898)**	**(16,242,550)**	**(2,033,476)**
Other comprehensive profit/(loss)					
Items that may be reclassified subsequently to net loss:					
Exchange difference on translating foreign operations		634,139	(337,949)	320,177	(343,567)
Total comprehensive loss		**(11,949,028)**	**(686,847)**	**(15,922,373)**	**(2,377,043)**
Total comprehensive loss attributable to					
Common shareholders		(11,802,205)	(612,016)	(15,617,395)	(2,142,256)
Non-controlling interest		(146,823)	(74,831)	(304,978)	(234,787)
Attributable comprehensive loss		**(11,949,028)**	**(686,847)**	**(15,922,373)**	**(2,377,043)**
Loss per share - basic and diluted	23	**(0.038)**	**(0.001)**	**(0.049)**	**(0.006)**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MKANGO RESOURCES LTD
Condensed Interim Consolidated Statements of Cash Flows
Expressed in US dollars

	Notes	For the nine months ended: 30 Sept 2025 (unaudited)	30 Sept 2024 (unaudited)
Cash flow used by operating activities			
Loss for the year		(16,242,550)	(2,033,476)
Adjustments for:			
Share based payments	17	371,809	201,384
Depreciation	11	239,610	164,501
Amortisation of intangible assets	10	398,199	399,658
Finance expense – contingent consideration		-	108,008
Finance expense – lease	16	34,361	-
Finance expense – BCA Note	15	35,990	-
Lease payments	16	(162,784)	-
Fair value adjustment – derivative liability	14	11,590,119	-
Fair value adjustment – BCA Note	15	444,116	
Unrealised foreign exchange loss/(profit)		-	-
Deferred tax recovery	22	(106,844)	(107,235)
Change in non-cash operating capital:			
Government remittances receivable		45,958	319,862
Prepaid expenses and accrued income		11,777	-
Due to/from related parties		(235,323)	180,726
Accounts payable and accrued liabilities		441,362	(23,845)
Cash flow used by operating activities		(3,134,200)	(790,417)
Cash flow used by investing activities			
Acquisition of exploration and evaluation assets		(22,216)	(74,319)
Acquisition of property, plant and equipment		(1,791,696)	(563,196)
Cash flow used by investing activities		(1,813,912)	(637,515)
Cash flow generated by financing activities			
Share issue proceeds		3,825,843	2,592,485
Equity received in advance		909,120	-
Share issue expenses		(214,496)	(135,228)
CoTec investment into Maginito		646,216	187,023
Convertible loan note (“BCA Note”)		500,000	-
Cash flow generated by financing activities		5,666,683	2,644,280
Effect of exchange rate changes on cash		118,804	(222,340)
Change in cash		837,375	994,008
Cash at the beginning of the period		1,159,807	996,782
Cash at the end of the period		1,997,182	1,990,790

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MKANGO RESOURCES LTD
Condensed Interim Consolidated Statement of Changes in Equity
Expressed in US dollars (unaudited)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Deficit	Non-controlling interest ("NCI")	Total
Balance at 31 December 2023	**43,522,854**	**5,680,588**	**(70,414)**	**(46,585,867)**	**2,014,145**	**4,561,306**
Loss for the year	-	-	-	(786,218)	364,939	(421,279)
Other comprehensive income						
Foreign exchange losses	-	-	6,471	-	-	6,471
Total comprehensive loss	-	-	6,471	(786,218)	364,939	(414,808)
Transactions with owners:						
Issue of shares	1,951,334	-	-	-	-	1,951,334
Share issue expenses	(227,882)	-	-	-	-	(227,882)
CoTec investment into Maginito	-	-	-	-	174,808	174,808
Share based payments	-	302,851	-	-	-	302,851
Broker warrants within share issue costs	-	86,002	-	-	-	86,002
Balance at 31 December 2024	**45,246,306**	**6,069,441**	**(63,943)**	**(47,372,085)**	**2,553,892**	**6,433,611**
Loss for the period	-	-	-	(15,937,572)	(304,978)	(16,242,550)
Other comprehensive income						
Foreign exchange losses	-	-	320,177	-	-	320,177
Total comprehensive loss	-	-	320,177	(15,937,572)	(304,978)	(15,922,373)
Transactions with owners:						
Issue of shares	2,975,034	-	-	-	-	2,975,034
Share issue expenses	(304,126)	-	-	-	-	(304,126)
CoTec investment into Maginito	-	-	-	-	646,216	646,216
Share based payments	-	371,809	-	-	-	371,809
Broker warrants within share issue costs	-	89,630	-	-	-	89,630
Warrants exercised	4,063,211	(40,422)	-	-	-	4,022,789
Balance at 30 September 2025	**51,980,425**	**6,490,458**	**256,234**	**(63,309,657)**	**2,895,130**	**(1,687,410)**

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The accompanying notes are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Mkango Resources Ltd ("Mkango") was originally incorporated under the name Alloy Capital Corp. ("Alloy") on 13 November 2007, under the laws of the Province of Alberta, Canada. On 10 December 2010, Alloy was acquired through a "reverse takeover" by Mkango Rare Earths Limited ("MKAR"), formerly Lancaster Exploration Limited ("Lancaster BVI"). The articles of Mkango were amended to change its name from Alloy Capital Corp. to Mkango Resources Ltd. On 15 October 2018, Mkango discontinued its incorporation in Alberta, Canada and became incorporated in the province of British Columbia, Canada. Mkango's registered office is located at Suite 2900, 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 0A3.

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

The Company is listed on the TSX Venture Exchange (the "TSX-V") and holds an additional listing on the AIM Market of the London Stock Exchange ("AIM") under the symbol MKA. Mkango's corporate strategy is to become a market leader in the production of recycled rare earth magnets, alloys and oxides, and to develop new sustainable sources of neodymium, praseodymium, dysprosium and terbium to supply accelerating demand from electric vehicles, wind turbines and other clean-energy technologies. Mkango also owns the advanced-stage Songwe Hill rare earths project and the Tambani uranium, tantalum, niobium exploration project in Malawi, as well as the Pulawy rare earths separation project in Poland.

The consolidated financial statements were authorised for issuance by the Board of Directors of the Company on 29 November 2025.

2. GOING CONCERN

These consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business.

The Company is at an early stage of development and, as is common with similar early-stage companies, it has not earned any operating income in the current and prior years. For the nine month period ended 30 September 2025, the Company incurred a loss of $15,922,373 (nine month period ended 30 September 2024: $2,033,476), had a deficit of $63,309,657 (31 December 2024: $47,372,085) and had negative cash flows from operations for the nine month period ended 30 September 2025 of $3,134,200 (nine month period ended 30 September 2024: $790,417). As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern, and, accordingly the ultimate use of accounting principles applicable to a going concern.

The Company's ability to continue as a going concern is dependent upon the continued financial support of its shareholders and lenders, its ability to achieve profitable operations and generate positive cash flows, and/or its ability to obtain additional equity or debt financing sufficient to meet its current and future obligations. Part of the Company's financing strategy has been the issuance of shares with accompanying warrants. The related investor warrant derivative liabilities are sensitive to changes in the Company's share price, and as a result, significant fair value adjustments have been recorded, contributing to increased net losses during the period. These fair value adjustments are non-cash in nature; however, upon exercise, the associated investor warrant derivative liabilities will be reclassified to equity, which is expected to eliminate the Company's current negative shareholders' equity position.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate.

Discussions are ongoing with potential strategic investors, project finance providers, grant funding bodies and other sources to finance recycling scale-up opportunities and further technology roll-out.

3. BASIS OF PRESENTATION

(a) Statement of compliance

The Company applies IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements prepared in accordance with IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of 29 November 2025, the date the Board of Directors approved these unaudited condensed interim consolidated financial statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual audited consolidated financial statements as at and for the year ended 31 December 2024, except as noted below.

Any subsequent changes to IFRS that are given effect in the Company's annual audited consolidated financial statements for the year ending 31 December 2025 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) Basis of presentation and measurement

These consolidated financial statements have been prepared using the historical cost convention, except for certain financial instruments and share-based payment transactions measured at fair value.

(c) Functional and presentation currency and principles of consolidation

The consolidated financial statements are presented in United States dollars ("US dollars"), which is the functional currency of Mkango. Below is a listing of ownership percentage and functional currency of Mkango's subsidiaries:

Entity Name	Functional Currency	Ownership Percentage
Mkango Rare Earths Limited ("Formerly Lancaster BVI")	US Dollars	100% (2024: 100%)
Lancaster Exploration Limited ("Lancaster Malawi")	Malawi Kwacha	100% (2024: 100%)
Maginito Limited ("Maginito")	Pound Sterling	79.4% (2024: 79.4%)
MKA Exploration Limited ("MKA Exploration")	Malawi Kwacha	100% (2024: 100%)
MKA Exploration Limited ("MKA Exploration Malawi")	Malawi Kwacha	100% (2024: 100%)
Mkango Rare Earths UK Limited ("Mkango UK")	Pound Sterling	79.4% (2024: 79.4%)
Mkango Polska Sp. z o.o. ("Mkango Polska")	Euros	100% (2024: 100%)
Mkango ServiceCo UK Limited ("Mkango ServiceCo")	Pound Sterling	100% (2024: 100%)
HyProMag Limited ("HyProMag UK")	Pound Sterling	79.4% (2024: 79.4%)
HyProMag GmbH ("HyProMag Germany")	Euros	63.5% (2024: 63.5%)
Mkango (Cayman) Limited ("Mkango Cayman")	US Dollars	100% (2024:0%)

The consolidated financial statements of the Company include the accounts of the Company and its subsidiaries listed above. All intercompany balances and transactions are eliminated upon consolidation.

(d) Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

• The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights

• Substantive potential voting rights held by the company and by other parties

• Other contractual arrangements

• Historical patterns in voting

Subsidiaries are deconsolidated from the date control ceases. The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportionate share of the acquiree's identifiable net assets (after any relevant fair value adjustments to the assets, liabilities and contingent liabilities recognised as part of the business combination).

Changes in the Company's ownership interests that do not result in a loss of control are accounted for as equity transactions with the existing shareholder.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity. The non-controlling interests' share of losses, where applicable, is attributed to the non-controlling interests irrespective of whether the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

(e) Use of estimates and judgments

The preparation of the consolidated financial statements is in conformity with IFRS which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Key areas of judgment made in applying the Company's accounting policies are as follows:

(i) Carrying value of exploration and evaluation intangible assets

The carrying value was $899,754 at 30 September 2025 (31 December 2024: $745,350). The Company has determined that there are no indicators of impairment present in accordance with *IFRS 6: Exploration for and evaluation of mineral interests.* Management's conclusion required judgment based on the current status as outlined in the definitive feasibility completed on Songwe Hill in July 2022 and expected future progress of the exploration and evaluation intangible assets as well as forecast rare earth prices.

(ii) Carrying value of technology intangible assets

The carrying value was $2,797,605 at 30 September 2025 (31 December 2024: $3,195,804). The Company has determined that there are no indicators of impairment present in accordance with *IAS 36: Impairment of assets.* Management's conclusion required judgment based on the fact that the value of the HPMS technology had not significantly declined from the date of the HyProMag acquisition and year end, and that plans are on track to develop both the recycling projects in the UK and Germany that use the technology.

(iii) Valuation of goodwill

The carrying value of goodwill arising from the HyProMag acquisition was $2,681,441 (Note 13) at 30 September 2025 (31 December 2024: $2,681,441). The recoverable amount of goodwill is assessed at each reporting date for impairment. The recoverable amount is based on the higher of the value in use and fair value less costs to dispose. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Key areas of judgment include estimates of scrap supply, commissioning timetables, product mix, pricing of magnets and operating cost estimates.

Key areas of estimation where management has made difficult, complex or subjective assumptions, often as a result of matters inherently uncertain, are as follows:

(i) Share options

The Company issues share options to directors and key members of staff. The Company used a Black Scholes model to determine the fair value of the share options. Inputs to the model are subject to various estimates about volatility, interest rates, exchange rate, dividend yields and time to maturity.

(ii) Valuation of derivative financial liability

The Company has made estimates in determining the fair value of the derivative financial liability and has used the Black Scholes model to do so. Inputs to the model were subject to various estimates about volatility, interest rates and expected life of the instrument issued. Fair value inputs were subject to market factors as well as internal estimates. The Company considered historical trends together with any new information to determine the best estimate of fair value at the date of initial recognition and at each period end.

(f) New accounting standards, amendments and interpretations adopted

The Company has adopted amendments effective 1 January 2024, related to *IAS 1: Presentation of Financial Statements* relating to the classification of liabilities, and *IFRS 16: Leases*, that did not have a material impact on the Company’s financial statements.

(g) Future accounting changes

There are new accounting standards and amendments to accounting standards and interpretations that are effective for annual periods beginning on or after 1 January 2025, that have not been applied in preparing the financial statements for the year ended 31 December 2024. Except as disclosed below, these standards and interpretations are not expected to have a material impact on the Company's Financial Statements.

On 9 April 2024, the IASB issued *IFRS 18: Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. *IFRS 18* replaces *IAS 1: Presentation of Financial Statements*. It carries forward many requirements from *IAS 1*. *IFRS 18* applies to annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted. The key new concepts introduced in *IFRS 18* relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements; and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes. The Company is currently assessing the impact and efforts related to adopting *IFRS 18*.

On 30 May 2024, the IASB issued amendments to *IFRS 9: Financial Instruments* and *IFRS 7: Classification and Measurement of Financial Instruments*. These amendments clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). These amendments apply to annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. The Company is currently assessing the impact and efforts related to the amendments to *IFRS 9* and *IFRS 7*.

4. MATERIAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's consolidated financial statements.

(a) Mineral exploration expenditures and property and equipment assets

(i) Recognition and measurement

Exploration and evaluation ("E&E") expenditures

Exploration and evaluation ("E&E") costs which would typically include pre-licensing, preliminary property evaluation, drilling and directly attributable general and administrative costs, are recognised in the consolidated statement of comprehensive loss as mineral exploration expenditures.

E&E costs, including the costs of acquiring licenses and directly attributable general and administrative costs initially are capitalised under full cost accounting, as intangible exploration and evaluation assets The costs are capitalised pending determination of technical feasibility and commercial viability.

The technical feasibility and commercial viability of extracting a resource is considered to be determinable based on several factors, including the assignment of proven reserves. Upon determination of technical feasibility and commercial viability, the costs incurred prospectively are capitalized to a separate category within property and equipment referred to as a development mineral property.

Property and equipment ("P&E") expenditures

Items of property and equipment are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Property and equipment are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU") for impairment testing. Property and equipment is comprised of office and computer equipment, plant and equipment and vehicles.

Property and equipment assets, categorized as mineral interests, are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Gains or losses on disposal of an item of property and equipment, including mineral interests, are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised within the consolidated statement of comprehensive loss.

(ii) Subsequent costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property and equipment are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognised in the consolidated statement of comprehensive loss, as incurred. Such capitalized costs generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves and is accumulated on a property-by-property basis. The carrying amount of any replaced or sold component is derecognised.

(iii) Depreciation

Corporate assets, consisting of office equipment, computer equipment and vehicles are recorded at cost and are depreciated over the estimated useful life of the asset on a straight-line basis over a four-year period. Plant and equipment is depreciated over five years. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(b) Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgments above).

The significant intangibles recognised by the Company, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset: The technology-based intangible asset, being the patented technology for the HPMS process, was valued using an income approach that focuses on the future benefits generated by the Company. The relief from royalty approach ("RFR") has been adopted. The intangible asset is being amortised over the remaining term of the patent (i.e. 7.42 years from acquisition date).

(c) Impairment

(i) Non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. The carrying amounts of the Company's other non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven and probable reserves.

Fair value less costs of disposal is the amount obtained from the sale of an asset or CGU in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (or group of units) on a pro rata basis.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognised. Reversal of impairment losses are recognised in the consolidated statement of comprehensive loss.

(d) Financial instruments

Classification and measurement of financial assets and liabilities

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. Management determines the classification of its financial assets at initial recognition. There are two principal classification categories for financial assets: measured at amortised cost and fair value through profit or loss ("FVTPL"). The classification categories are as follows:

Financial assets – The classification of financial assets is determined by the Company at initial recognition. The classification categories are as follows:

- A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortised costs using the effective interest method.

- Financial assets at fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through other comprehensive income.

- Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to those assets are transferred.

Financial liabilities – The classification of financial liabilities is determined by management at initial recognition. The classification categories are as follows:

- Financial liabilities measured at amortised cost: financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in the consolidated statement of comprehensive income.

- Financial liabilities measured at fair value through profit or loss: financial liabilities measured a fair value with changes in fair value and interest expense recognised in the consolidated statement of comprehensive income.

- Financial liabilities are derecognised when the obligation is discharged, cancelled or expired.

Impairment of financial assets

The Company applies the simplified approach to providing for expected credit losses as prescribed by *IFRS 9*, which requires the use of the lifetime expected loss provision for all trade and other receivables.

(e) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset on the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term. Judgment is applied to determine the lease term where a renewal option exists. Right-of-use assets are depreciated using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. In addition, the right-of-use assets may be reduced by impairment losses or adjusted for certain remeasurements of the lease liability.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments are recognized as an expense when incurred over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments include fixed payments, and variable payments that are based on an index or rate.

(f) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed regularly by the Company's Board of Directors in order to make decisions regarding the allocation of resources to the segment. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(g) Future applicable accounting standards

In April 2024, the IASB issued *IFRS 18 - Presentation and Disclosure in Financial Statements* which sets out the overall requirements for presentation and disclosures in the consolidated financial statements. The new standard replaces IAS 1 and although much of the substance of IAS 1 will carry over into the new standard, the new standard will require presentation of separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. The new standard will also require disclosure and explanation of 'management-defined performance measures' in a separate note within the consolidated financial statements.

The new standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim consolidated financial statements, and requires retrospective application. The Company is currently assessing the impact of the new standard.

5. SEGMENTED INFORMATION

The Company operates in three reportable segments, based on the nature of operations and internal reporting to the Board of Directors:

Rare earths recycling projects – the development and commercialisation of short loop and long loop rare earth magnet recycling technologies (Maginito, HyProMag Limited (UK), HyProMag GmbH (Germany), Mkango Rare Earths UK Limited(UK)).

Rare earths mining and refining projects – development of the advanced stage Songwe Hill rare earths project in Malawi and the Pulawy rare earths separation project in Poland. (Mkango Rare Earths Limited, Lancaster Exploration Limited (Malawi), MKA Exploration Limited (BVI), MKA Exploration Limited (Malawi), Mkango Polska (Poland)). Fair value adjustments relating to derivative liabilities relating to the BCA convertible loan note sitting within Mkango Rare Earths Limited are allocated to this segment.

Corporate – administrative and head office activities including group-level financing, corporate development, and regulatory compliance (Mkango Resources Ltd and Mkango ServiceCo UK Limited). Fair value adjustments relating to derivative liabilities relating to investor warrants are allocated to this segment.

Management monitors the operating results of the Company's segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with the Company's consolidated financial statements.

There was no revenue recognised in any operating segment for the nine months ended 30 September 2025 and 2024.

The following tables present selected financial information regarding the Company's operating segments:

All figures in US dollars unless indicated otherwise (unaudited)

Segment results for the nine months ended 30 September 2025 and 30 September 2024

	9 months ended 30 September 2025			9 months ended 30 September 2024		
	Operating expenses (net of grants)	Depreciation and amortisation	Profit/(loss) before tax	Operating expenses (net of grants)	Depreciation and amortisation	Profit/(loss) before tax
Rare earths recycling projects	(1,491,226)	(634,901)	(1,459,279)	(1,105,789)	(554,299)	(1,232,252)
Rare earths mining and refining projects	(1,113,380)	(1,951)	(1,609,898)	(603,908)	(9,777)	(607,048)
Corporate	(1,690,099)	(957)	(13,280,217)	(529,499)	(82)	(301,411)
	(4,294,705)	**(637,809)**	**(16,349,394)**	**(2,239,196)**	**(564,158)**	**(2,140,711)**

Segment assets/liabilities

	Assets		Liabilities	
	30 September 2025	31 December 2024	30 September 2025	31 December 2024
Rare earths recycling projects	10,983,783	9,016,051	2,652,410	2,399,280
Rare earths mining and refining projects	989,467	975,937	1,311,220	191,942
Corporate	1,135,903	719,532	10,832,933	1,686,687
	13,109,153	**10,711,520**	**14,796,563**	**4,277,909**

The increase in the assets within the "Rare earths recycling projects" segment reflects capital expenditure associated with the German and UK recycling projects.

The increase in the liabilities within the "Rare earths mining and refining projects" segment primarily relates to the increase in the derivative liability associated with the BCA Note.

The increase in corporate liabilities primarily relates to the increase in the derivative liability associated with investor warrants.

Basis of Measurement

- Segment profit or loss represents profit or loss before tax at the segment level.
- Inter-segment transactions are eliminated on consolidation.
- Segment assets and liabilities are allocated based on the operations of each segment.
- Depreciation, amortisation and material non-cash items such as the reversal of contingent consideration are disclosed separately.

Geographic information

The Company's non-current assets, excluding goodwill, deferred tax assets, and financial instruments, are located in the following geographical regions:

	30 September 2025	31 December 2024
United Kingdom	1,031,095	812,669
Malawi	767,405	748,343
Germany	3,400,174	1,599,930
	5,198,674	**3,160,942**

The goodwill and intangible asset relating to HPMS technology is not allocated by geography due to the integrated nature of operations.

All figures in US dollars unless indicated otherwise (unaudited)

6. GENERAL AND ADMINISTRATIVE EXPENSES

	9 months ended 30 September 2025	9 months ended 30 September 2024
Audit fees	132,710	175,063
Salaries	1,108,605	592,736
Share-based payments – Note 19	371,809	201,384
Depreciation – Note 11	243,982	164,501
Amortisation of intangible assets – Note 10	398,199	399,658
Other	1,223,624	627,309
	3,478,929	**2,160,651**

The Company's non-executive directors and executive management reverted to 100% of their contractual entitlements in the current reporting period. (Refer to Note 17)

7. NON-CONTROLLING INTEREST

The income/(loss) attributable to non-controlling interests for the nine months ended 30 September 2025 and 2024 are as follows:

	9 months ended 30 September 2025	9 months ended 30 September 2024
Maginito	11,689	(45,370)
Mkango Rare Earths UK Limited	(86,549)	(85,152)
HyProMag Limited	(105,751)	(68,779)
HyProMag GmbH	(64,348)	46,722
Amortisation of HPMS technology	(60,019)	(82,329)
	(304,978)	**(234,908)**

8. GOVERNMENT REMITTANCES RECEIVABLE

Government remittances receivable by country have been included in the table below:

	30 September 2025	31 December 2024
Canada	29,494	23,123
United Kingdom	27,187	75,892
Germany	19,143	22,767
	75,824	**121,782**

9. EXPLORATION AND EVALUATION ASSETS

	Exploration & evaluation assets
Cost	
Balance at 31 December 2023	**679,131**
Additions	66,219
Balance at 31 December 2024	**745,350**
Additions	147,964
Foreign exchange differences	6,440
Balance at 30 September 2025	**899,754**

The majority of the additions to exploration and evaluation assets during the current year are directly attributable costs relating to the Songwe Hill rare earths project as well as the Pulawy project. These costs have been capitalized in terms of *IFRS 6: Exploration for and Evaluation of Mineral Resources.*

All figures in US dollars unless indicated otherwise (unaudited)

10. INTANGIBLE ASSETS

	Technology
Cost	
Balance at 31 December 2023	**3,949,902**
Additions	-
Balance at 31 December 2024	**3,949,902**
Additions	-
Balance at 30 September 2025	**3,949,902**
Accumulated Amortisation	
Balance at 31 December 2023	**220,249**
Amortisation	533,849
Balance at 31 December 2024	**754,098**
Amortisation	398,199
Balance at 30 September 2025	**1,152,297**
Net Book Value	
31 December 2024	3,195,804
30 September 2025	**2,797,605**

The technology intangible assets additions in the prior year relate to the HyProMag acquisition (Refer to Note 13).

11. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Right of Use Asset	Plant and equipment	Computer Equipment	Vehicles	Total
Cost						
Balance at 31 December 2023	**289**	**-**	**709,513**	**65,050**	**80,011**	**854,863**
Additions	-	1,297,317	738,784	7,859	-	2,043,960
Disposals	-	-	-	-	(80,011)	(80,011)
Foreign exchange differences	-	(56,343)	(50,908)	(426)	-	(107,677)
Balance at 31 December 2024	**289**	**1,240,974**	**1,397,389**	**72,483**	**-**	**2,711,135**
Additions	19,873	-	1,866,806	931	15,758	1,903,368
Foreign exchange differences	1,008	165,534	247,142	1,556	9363	415,603
Balance at 30 September 2025	**21,170**	**1,406,508**	**3,511,337**	**74,970**	**16,121**	**5,030,106**
Accumulated Depreciation						
Balance at 31 December 2023	**289**	**-**	**62,159**	**55,330**	**80,011**	**197,789**
Depreciation	-	61,777	123,361	6,215	-	191,353
Disposals	-	-	-	-	(80,011)	(80,011)
Foreign exchange differences	-	(2,683)	(10,722)	(183)	-	(13,588)
Balance at 31 December 2024	**289**	**59,094**	**174,798**	**61,362**	**-**	**295,543**
Depreciation	663	143,423	87,798	5,103	2,624	239,611
Foreign exchange differences	34	15,156	46,574	817	61	62,642
Balance at 30 September 2025	**986**	**217,673**	**309,170**	**67,282**	**2,685**	**597,796**
Net Book Value						
31 December 2024	-	1,181,880	1,222,591	11,121	-	2,415,592
30 September 2025	**20,185**	**1,188,833**	**3,202,167**	**7,688**	**13,437**	**4,432,310**

Additions to plant and equipment are presented net of government grants received. Gross additions for the nine month period ended 30 September 2025 were $2,925,650, with government grants related to this capital expenditure totalling $1,058,844. Gross additions for year ended 31 December 2024 were $925,841, with government grants related to this capital expenditure totalling $330,638. Included in additions to plant and equipment are progress payments directly attributable to specific equipment being constructed for the

All figures in US dollars unless indicated otherwise (unaudited)

Company, which will contribute to future operations once delivered. The amounts are clearly defined under binding contracts and are being tracked reliably.

The Company recognises right-of-use (ROU) assets in relation to leased premises, including office and manufacturing facilities, in accordance with *IFRS 16:Leases*. ROU assets represent the Company's right to use the underlying leased assets over the lease term.

The manufacturing facility lease for HyProMag Germany in Germany commenced in September 2024 and has an initial term of 5 years, with an option to extend for a further 2 years. The ROU asset is being depreciated over 7 years.

12. HYPROMAG USA LLC

On 2 January 2024, Maginito and CoTec incorporated a 50/50 joint venture company, HyProMag USA LLC ("HyProMag USA"), to roll-out the HPMS technology into the United States, with CoTec responsible for funding the feasibility study and development costs, subject to the results of the feasibility study.

HyProMag USA is classified as a joint venture under *IFRS 11: Joint arrangements*, as the parties have joint control and rights to the net assets of the entity. The investment is accounted for using the equity method in accordance with *IAS 28: Investments in Associates and Joint Ventures*.

Maginito's investment into HyProMag USA was zero and Maginito has not incurred legal or constructive obligations or made payments on behalf of HyProMag USA. As such, the attributable losses in HyProMag USA incurred for the nine months ended 30 September 2025 and 30 September 2024 have not been equity accounted for.

When HyProMag USA subsequently reports profits, Maginito will recognise its share of those profits only after its share of the profits equals the share of losses not recognised.

13. HYPROMAG ACQUISITION & GOODWILL

On 2 August 2023, Maginito Limited ("Maginito") completed the acquisition of the remaining 58.4% of the share capital of HyProMag UK to increase its ownership to 100% of the share capital of HyProMag UK for a total consideration of $5,759,361. As a result of the acquisition, the Company is expected to utilise the patented HPMS technology for its own magnet recycling projects.

The following table summarises the fair value of assets acquired and liabilities and the resultant goodwill assumed at the acquisition date:

	Fair value
Intangible asset – technology	3,949,902
Property, plant and equipment	31,818
Trade and other receivables	5,263
Cash	231,029
Trade and other payables	(80,261)
Deferred tax liability	(1,059,831)
Total fair value	**3,077,920**
Consideration	5,759,361
Goodwill	**2,681,441**

The fair values included recognition of an intangible asset related to technology of $3,949,902 which is amortised over 7.42 years on a straight-line basis. The goodwill of $2,681,441 comprises the potential value of future technology, the value of the existing workforce and the value of the use of 20% of the production capacity of a pilot plant, all of which are not separately recognised. Deferred tax of $1,059,831 was calculated on the value of the intangible assets acquired at an effective corporation tax rate of 26.83%, which is the effective tax rate over the amortisation period, and a corresponding amount recognised as goodwill.

Impairment of goodwill and intangible assets

The recoverable amount of goodwill is assessed at each reporting date for impairment. The recoverable amount is based on the higher of the value in use and fair value less costs to dispose. In assessing the fair value less costs to dispose, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Key inputs include future cash flows, growth rates, gross margins, terminal value and discount rate.

Pricing of powder, swarf and magnets is based on management's estimates for future prices and are based on external views of future magnet prices. The discount rate is based on estimate of the weighted average cost of capital for a market participant which includes estimates for risk-free interest rates, cost of equity, asset-specific risk, and debt-to-equity financing ratio. The discount rate used in the impairment model was 20%.

Following assessment, the HyproMag CGU was not impaired, as the recoverable amount exceeded the carrying value.

Sales growth assumptions are based on contracted and forecasted sales into the future. With regard to gross margins, consideration is given to forecasting and other industry information and knowledge. A 2% change in gross margin in isolation would not result in an impairment charge. The terminal value was calculated using an annual growth of 2.5% in the terminal year.

Pre-tax discount rates used reflect management's assessment of the risks of the CGU or group of CGUs and its past experience in raising capital. Furthermore, suitable sensitivity tests are also applied in conjunction with cash flow forecasts for the CGU in question. A change in the absolute discount rate of 1% in isolation would not result in an impairment charge.

14. DERIVATIVE LIABILITY

At 30 September 2025, the Company held warrants issued to investors in connection with the 5 September 2024 capital raise. These warrants are classified as derivative financial liabilities because their exercise prices are denominated in GBP, while the Company's functional currency is USD. Under *IAS 32* and *IFRS 9*, such instruments do not meet the "fixed-for-fixed" criterion for equity classification and are therefore accounted for as derivatives measured at fair value through profit or loss.

The fair value of the derivative liability is calculated using the Black-Scholes option pricing model, which incorporates share price at valuation date, exercise price (in GBP), volatility (based on historical data), risk-free interest rate, expected life of the instrument and GBP/USD exchange rate. (see Note 19 (d))

	30 September 2025	**31 December 2024**
Opening balance	**1,286,206**	**-**
Investor warrants – 5 Sept 2024 (see Note 19 (d))	-	969,533
Fair value adjustment – investor warrants	11,590,119	316,673
Warrants exercised – 16 July 2025	(1,517,752)	-
Warrants exercised – 15 August 2025	(1,654,229)	-
Closing balance	**9,704,344**	**1,286,206**

The total movement of $11,590,119 during the period (arising from fair value remeasurements) has been recognised as a non-cash charge in the consolidated statement of profit or loss.

All figures in US dollars unless indicated otherwise (unaudited)

15. CONVERTIBLE LOAN NOTE ("BCA NOTE")

Pursuant to the 3 June 2025 Note Purchase Agreement ("NPA") entered into between Mkango Rare Earths Limited ("MKAR") and sponsors of Crown PropTech Acquisitions ("CPTK"), on 2 July 2025, Lancaster BVI, a 100% owned subsidiary of the Company, upon the execution of the Business Combination Agreement ("BCA") issued a convertible loan note ("BCA Note") to a sponsor of CPTK.

Interest on the BCA Note accrues at 12% per annum, paid semi-annually as follows:

- 3% in cash;
- 9% capitalised as Payment in Kind ("PIK").

The redemption amount is $600,000, being the principal amount of $500,000 plus 20% redemption premium, plus accumulated unpaid interest.

Conversion of the BCA Note into Conversion Shares is mandatory on the completion of the SPAC Merger, if this completes before the Maturity Date, being 1 July 2026.

Conversion Shares are Class A Shares, which are equity instruments, in Lancaster BVI. The number of Conversion Shares to be issued is driven by whether the minimum cash condition as part of the SPAC Merger is met. On Conversion, the Conversion Shares will be equal to the Principal Amount and accumulated unpaid interest divided by the Conversion Price of $5 per share. However, if the minimum cash condition is met, the holders can elect to convert the BCA Note such that the holder is:

- paid the Cashout Amount; and
- issued a number of Conversion Shares equal to the Cashout Amount divided by $20; and
- issued additional Conversion Shares equal to the Principal Amount and accumulated unpaid interest less the Cashout Amount divided by the Conversion Price.

The Cashout Amount is the amount payable in cash, up to the lesser of:

- the cash available in the SPAC in excess of the minimum cash condition; or
- the sum of the Principal Amount and accumulated unpaid interest.

The BCA Note is a financial instrument within the scope of *IAS 32 Financial Instruments: Presentation* and *IFRS 9 Financial Instruments*.

The BCA Note is considered a hybrid contract, with a debt host liability host that is a non-derivative financial liability and therefore is measured at amortised cost and a conversion option which has been identified as an embedded derivative that is measured at fair value through profit or loss ("BCA Note Conversion Option").

At the Issue Date, the fair value of the BCA Note was determined to be $1,090,000, of which $645,884 was allocated to the host liability and the residual of $444,116 was recognised as an embedded derivative measured at fair value through profit or loss.

The effective interest rate relating to the host liability is calculated such that the initial carrying value of the debt liability would equal to the Redemption Amount as at 1 July 2026. The possibility of conversion is not factored into the amortised cost calculations.

As of both the issue date and 30 September 2025, the fair value of the BCA Note Conversion Option is assessed at $444,116.

The host liability is measured at amortised cost, with interest recognised using the effective interest rate method.

	Financial Liability	Derivative Liability
Opening balance	-	-
Issue of BCA Note – 3 July 2025	500,000	-
Finance Charge	35,990	-
Derivative liability – BCA Note	-	444,116

All figures in US dollars unless indicated otherwise (unaudited)

Closing balance – 30 September 2025	**535,990**	**444,116**

16. LEASES

The Company leases certain assets under lease agreements. During the year ended 31 December 2024, the Company entered into a new manufacturing facility lease in Germany, commencing 1 September 2024. The lease has an initial term of 5 years, with an option to extend for a further 2 years.

The Company used an incremental borrowing rate ("IBR") of 3.75% in determining its lease liabilities.

	30 September 2025	31 December 2024
Opening balance	1,185,259	-
Additions	-	1,297,317
Finance expense	34,361	11,871
Lease payments	(162,784)	(70,116)
Foreign exchange difference	151,589	(53,813)
Closing balance	**1,208,425**	**1,185,259**

As at 30 September 2025 and 31 December 2024, the Company's lease liability is as follows:

Split between:	30 September 2025	31 December 2024
Current portion of lease liability	185,911	159,489
Non-current portion of lease liability	1,022,514	1,025,770
Closing balance	**1,208,425**	**1,185,259**

Future minimum lease payments to be paid by the Company as a lessee as of 30 September 2025 are as follows:

Maturity Analysis – Contractual undiscounted cash flows	
2025	57,013
2026	228,054
2027	228,054
Thereafter	836,196
Total future minimum lease payments	1,349,317
Discount	(140,892)
Total	**1,208,425**

17. RELATED-PARTY TRANSACTIONS AND BALANCES

(a) Key management compensation was as follows:

Nine months ended 30 September 2025

	Salaries	Bonus reinvested	Director fees	Total
A Lemon – President	172,575	65,548	-	238,123
W Dawes – Chief Executive Officer	172,575	65,548	-	238,123
D Linfield – Chairman	-	-	68,946	68,946
S Muir – Non-Executive Director	-	-	18,750	18,750
S Treacy* – Non-Executive Director	-	-	18,750	18,750
R Sewell – Chief Financial Officer	165,223	49,493	-	214,716
P Varris – Non-Executive Director	-	-	18,750	18,750
Total key management compensation	510,373	180,589	125,196	816,158

All figures in US dollars unless indicated otherwise (unaudited)

Nine months ended 30 September 2024	**Consulting fees/ Salaries**	**Bonus reinvested**	**Director fees**	**Total**
A Lemon	131,938	-	-	131,938
W Dawes	131,938	-	-	131,938
D Linfield	-	-	-	-
S Muir	-	-	-	-
S Treacy*	-	-	-	-
R Sewell	134,228	-	-	134,228
P Varris	-	-	-	-
Total key management compensation	398,104	-	-	398,104

* paid to Zenith Advisory Services Pty Limited

(b) Share options granted to directors and key management were as follows:

Nine months ended 30 Sep 2025	**Outstanding at beginning of period**	**Granted**	**Exercised**	**Cancelled**	**Outstanding at end of period**
A Lemon	4,487,500	-	-	-	4,487,500
W Dawes	4,487,500	-	-	-	4,487,500
D Linfield	2,160,000	1,104,933	-	-	3,264,933
S Muir	1,370,000	210,000	-	-	1,580,000
S Treacy	1,370,000	210,000	-	-	1,580,000
R Sewell	725,000	-	-	-	725,000
P Varris	400,000	210,000	-	-	610,000
	15,000,000	1,734,933	-	-	16,734,933

Year ended 31 December 2024	**Outstanding at beginning of year**	**Granted**	**Exercised**	**Cancelled**	**Outstanding at end of year**
A Lemon	4,487,500	-	-	-	4,487,500
W Dawes	4,487,500	-	-	-	4,487,500
D Linfield	3,410,000	-	-	(1,250,000)	2,160,000
S Muir	1,370,000	-	-	-	1,370,000
S Treacy	1,370,000	-	-	-	1,370,000
R Sewell	725,000	-	-	-	725,000
P Varris	400,000	-	-	-	400,000
	16,250,000	-	-	(1,250,000)	15,000,000

(c) RSUs granted to key management were as follows:

Nine months ended 30 Sep 2025	**Outstanding at beginning of year**	**Granted**	**Outstanding at end of period**
A Lemon	4,739,717	500,000	5,239,717
W Dawes	4,739,717	500,000	5,239,717
R Sewell	1,947,589	455,000	2,402,589
	11,427,023	1,455,000	12,882,023

Year ended 31 December 2024	**Outstanding at beginning of year**	**Granted**	**Outstanding at end of year**
A Lemon	2,287,500	2,452,217	4,739,717
W Dawes	2,287,500	2,452,217	4,739,717
R Sewell	-	1,947,589	1,947,589
	4,575,000	6,852,023	11,427,023

All figures in US dollars unless indicated otherwise (unaudited)

(d) Other related-party transactions

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 decrease in amounts due to key management and directors is due to salaries not paid in 2024 which were accrued and settled during Q1 2025.

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

18. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	30 September 2025	**31 December 2024**
Accounts payable	1,126,158	405,234
Other payables	39,579	23,168
Government grants received in advance	-	173,218
Accrued liabilities	17,065	46,769
	1,182,802	648,389

19. SHARE CAPITAL

(a) Common shares

The Company is authorised to issue an unlimited number of common and preferred shares without nominal or par value. The Company has not issued any preferred shares to date. The holders of common shares are entitled to one vote for each share on all matters submitted to a shareholder vote and are entitled to share in all dividends that the Company's board of directors, at its discretion, declares from available funds.

	Ref	**Number**	**Amount ($)**
Closing balance 31 December 2023		**253,453,574**	**43,522,854**
Issued for cash	(i)	15,000,000	943,957
Share issue expenses	(i)	**-**	(68,721)
Issued for cash	(ii)	25,000,000	678,996

All figures in US dollars unless indicated otherwise (unaudited)

Share issue expenses	(ii)	-	(152,521)
Issued for cash	(iii)	1,583,332	120,430
Share issue expenses	(iii)	-	(1,437)
Issued to EIT Raw Materials	(iv)	2,041,855	207,951
Share issue expenses	(iv)	-	(5,203)
Closing balance 31 December 2024		**297,078,761**	**45,246,306**
Issued for cash	(v)	29,187,500	2,892,866
Share issue expenses	(v)	-	(284,628)
Issued for cash	(vi)	577,271	82,168
Share issue expenses	(vi)	-	(9,772)
Warrant exercise - cash	(vii)	209,375	21,676
Warrant exercise – warrant charge	(vii)	-	12,859
Warrant exercise - cash	(viii)	5,690,000	520,654
Warrant exercise – warrant charge	(viii)	-	1,545,315
Warrant exercise - cash	(ix)	3,250,000	308,479
Warrant exercise – warrant charge	(ix)	-	1,654,228
Share issue expenses		-	(9,728)
Closing balance 30 September 2025		**335,992,907**	**51,980,425**

(i) On 11 April 2024, Mkango raised gross proceeds of £750,000 ($943,957) via a placing and subscription totalling 15,000,000 placing shares at a price of 5 pence per share. The net proceeds were £684,318 ($875,236) after taking into account share issue costs which include the valuation of the broker warrants associated with the placing.

(ii) On 5 September 2024, Mkango raised gross proceeds of £1,250,000 (approximately $1,649,000) through a private placement of 25,000,000 shares at a price of 5 pence per share. In connection with the placement, the Company also issued 25,000,000 investor warrants—one warrant for each share issued. Each warrant entitles the holder to acquire one common share at a price of 7 pence (approximately $0.092) per share, exercisable for a period of three years, expiring on 4 September 2027. On the date of issuance, the Company recognized a derivative liability of $969,533 related to these investor warrants, which was deducted from the gross proceeds when recording the share capital.

(iii) On 20 November 2024, 1,583,332 shares were issued to management in connection with the reduction in management salaries announced earlier in the year. For tax and regulatory purposes, a cash bonus was paid to management and the after tax bonus of £95,000 ($120,430) was invested back into the Company via a private placement at a price of 6p per share.

(iv) On 26 November 2024, Mkango exercised its call option to acquire the 6 shares held by EIT Raw Materials in Mkango Polska with a nominal value of PLN50. To settle the agreed purchase price of EUR200,000 and PLN300, Mkango issued 2,041,855 shares on 30 December 2024 to EIT Raw Materials at a price of C$0.145 (approximately 8.3 pence) per share.

(v) On 31 January 2025, Mkango raised gross proceeds of £2,335,000 ($2,892,866) via a placing and subscription totalling 29,187,500 placing shares at a price of 8 pence per share. The net proceeds were £2,023,024 ($2,608,238) after taking into account share issue costs which include the valuation of the broker warrants associated with the placing.

(vi) On 13 March 2025, 577,271 shares were issued to management in connection with the reduction in management salaries announced earlier in the year. For tax and regulatory purposes, a cash bonus was paid to management and the after tax bonus of £63,500 ($82,168) was invested back into the Company via a private placement at a price of 11p per share.

(vii) On 27 March 2025, one of Mkango's warrant holders exercised 209,375 warrants over shares in the Company, at a price of 8 pence per share. Accordingly, the Company issued 209,375 common shares to satisfy this exercise. This included the cash receipt of £16,750 ($21,676) and the transfer of $12,859 fair value from contributed surplus to share capital.

(viii) On 16 July 2025, one of Mkango's broker warrant holders exercised 600,000 warrants over shares in the Company, at a price of 5 pence per share. Accordingly, the Company issued 600,000 common shares to satisfy this exercise. This included the cash receipt of £30,000 ($40,494) and the transfer of $27,563 fair value from contributed surplus to share capital. Additionally, one of Mkango's warrant holders exercised 5,090,000 warrants over shares in the Company, at a price of 7 pence per share. Accordingly, the Company issued 5,090,000 common shares to satisfy this exercise. This included the cash receipt of £356,300 ($480,160) and the transfer of $1,517,752 from the derivative liability relating to the investor warrants to share capital.

All figures in US dollars unless indicated otherwise (unaudited)

(ix) On 15 August 2025, one of Mkango's warrant holders exercised 3,250,000 warrants over shares in the Company, at a price of 7 pence per share. Accordingly, the Company issued 3,250,000 common shares to satisfy this exercise. This included the cash receipt of £227,500 ($308,479) and the transfer of $1,654,228 from the derivative liability relating to the investor warrants to share capital.

(b) Share-based payments

(i) Stock options

The Company has a rolling stock option plan (the "Plan") established to recognise contributions made by key personnel, to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continued association with the Company. The number of options granted under the Plan is limited to 10% in the aggregate of the number of issued and outstanding common shares of the Company at the date of the grant of the options.

On 10 May 2024, Derek Linfield, the Company's Chairman surrendered 1,250,000 options, previously granted on 30 August 2021 and 30 May 2023 to facilitate the awarding of Restricted Share Units to senior management.

On 27 March 2025, the Company granted 800,000 stock options to directors and employees of the Company. The Options have an exercise price of C$0.255 ($0.1782) per common share. The options vest over eighteen months and are valid for a period of ten years from the date of the grant.

On 9 June 2025, the Company granted 1,104,933 stock options to Derek Linfield, Chairman of the Company. The Options have an exercise price of C$0.315 ($0.2313) per common share. The options vest over eighteen months and are valid for a period of ten years from the date of the grant. These Options were granted to Mr Linfield as he was eligible to receive options following the forfeiture of 1,250,000 options on 10 May 2024, which were reallocated to management of the Company in the form of restricted share units as part of management's agreement to receive a portion of their salary in shares. This forfeiture was in accordance with Toronto Venture Exchange policy, which stipulates a 12-month cooling-off period after forfeiture before new options may be granted.

The share-based payments expense that has been recognised in respect of stock options in the consolidated statements of comprehensive loss for the nine months ended 30 September 2025 is $187,896 (30 September 2024: $94,913). The stock options pursuant to the Plan vest over a term of 18 to 24 months.

The following tables provide a summary of information about the Company's stock option plan.

As at 30 September 2025	**Options**	**Weighted-average exercise price (USD)**
Opening	17,918,334	0.15
Awarded	1,904,933	0.21
Total options	19,823,267	0.16
Vested options	16,244,567	0.15

As at 31 December 2024	**Options**	**Weighted-average exercise price (USD)**
Opening	19,550,000	0.15
Cancelled	(1,250,000)	0.31
Expired	(381,666)	0.08
Total options	17,918,334	0.15
Vested options	15,333,959	0.15

All figures in US dollars unless indicated otherwise (unaudited)

The following provides a summary of the stock option plan as at 30 September 2025

Range of exercise price (USD)	*Number outstanding*	*Weighted-average remaining contractual life (years)*	*Weighted-average exercise price (USD)*	*Number exercisable*
0.04 - 0.37	19,823,267	4.51	0.15	16,244,567

The following provides a summary of the stock option plan as at 31 December 2024

Range of exercise price (USD)	*Number outstanding*	*Weighted-average remaining contractual life (years)*	*Weighted-average exercise price (USD)*	*Number exercisable*
0.04 - 0.37	17,918,334	4.72	0.15	15,333,959

The fair value of each share-based payment option granted is estimated as of the grant date using the Black-Scholes option-pricing model. The following assumptions were used to arrive at the fair value for the options that were issued on 27 March 2025 and 9 June 2025:

	27 March 2025	**9 June 2025**
Risk-free interest rate (%)	4.36	4.36
Expected life (years)	10	10
Expected volatility (%)	73.5	73.5
Dividends (%)	Nil	Nil
Weighted average fair value at issuance (USD)	0.143	0.186

(ii) Restricted Share Units (“RSUs”)

On 10 May 2024, Mkango issued 4,037,024 RSUs pursuant to the Company’s RSU plan as adopted on 25 October 2023, (“RSU Plan”), to William Dawes (1,513,884 RSUs), Alexander Lemon (1,513,884 RSUs) and Robert Sewell (1,009,256 RSUs). Each RSU is exchangeable, on vesting, for one common share of the Company.

On 28 October 2024, Mkango issued 2,814,999 RSUs pursuant to the Company’s RSU plan as adopted on 25 October 2023, to William Dawes (938,333 RSUs), Alexander Lemon (938,333 RSUs) and Robert Sewell (938,333 RSUs). Each RSU is exchangeable, on vesting, for one common share of the Company.

On 27 March 2025, issued 1,455,000 Restricted Share Units to Will Dawes (500,000 RSUs), Alexander Lemon (500,000 RSUs) and Robert Sewell (455,000 RSUs) with certain vesting conditions. Each RSU will, upon vesting, be capable of being redeemed for one Mkango Share. Of the total number of RSUs, 20% of these RSUs were contingent on first production being achieved in the UK by the end of Q2 2025 (achieved), 40% are contingent on first production being achieved in Germany by the end of 2025, and 40% are contingent on the listing of Mkango Rare Earths Limited on the NASDAQ exchange and the successful completion of the SPAC transaction by the end of 2025.

At 30 September 2025 the Company had 12,882,023 (31 December 2024: 11,427,023) RSUs outstanding. The RSUs vest over a period of ten years. The Company has recognised a share-based payment charge related to these RSUs of $154,164 (30 September 2024: $130,615) during the nine months ended 30 September 2025.

All figures in US dollars unless indicated otherwise (unaudited)

(c) Broker warrants

On 11 April 2024, the Company issued 600,000 non-transferable warrants to the brokers who provided advice in connection with the 11 April 2024 placing. Each warrant is exercisable for a period of 3 years with an exercise price of £0.05 ($0.067) per warrant.

The fair value of each share-based payment warrant granted is estimated as of the grant date using the Black-Scholes option-pricing model. The following assumptions were used to arrive at the fair value for the broker warrants that were issued on 11 April 2024:

	11 April 2024
Share price (GBP)	0.065
Exercise price (GBP)	0.05
Risk-free interest rate (%)	4.60
Expected life (years)	3
Expected volatility (%)	69.4
Dividends (%)	Nil
Weighted average fair value (GBP)	0.03664
Exchange rate	0.7976
Weighted average fair value at issuance (USD)	0.0462

On 5 September 2024, the Company issued 1,250,000 non-transferable warrants to the brokers who provided advice in connection with the 5 September 2024 placing. Each warrant is exercisable for a period of 3 years with an exercise price of £0.05 ($0.067) per warrant.

The fair value of each share-based payment warrant granted is estimated as of the grant date using the Black-Scholes option-pricing model. The following assumptions were used to arrive at the fair value for the broker warrants that were issued on 5 September 2024.

	5 September 2024
Share price (GBP)	0.065
Exercise price (GBP)	0.05
Risk-free interest rate (%)	3.73
Expected life (years)	3
Expected volatility (%)	67.7
Dividends (%)	Nil
Weighted average fair value (GBP)	0.0355
Exchange rate	0.7591
Weighted average fair value at issuance (USD)	0.0468

On 31 January 2025, the Company issued 1,459,375 non-transferable warrants to the brokers who provided advice in connection with the 31 January 2025 placing. Each warrant is exercisable for a period of 3 years with an exercise price of £0.08 ($0.1031) per warrant.

The fair value of each share-based payment warrant granted is estimated as of the grant date using the Black-Scholes option-pricing model. The following assumptions were used to arrive at the fair value for the broker warrants that were issued on 31 January 2025.

	31 January 2025
Share price (GBP)	0.091
Exercise price (GBP)	0.08
Risk-free interest rate (%)	4.54
Expected life (years)	3
Expected volatility (%)	73.5
Dividends (%)	Nil
Weighted average fair value (GBP)	0.0496

All figures in US dollars unless indicated otherwise (unaudited)

Exchange rate	0.8068
Weighted average fair value at issuance (USD)	0.0614

On 27 March 2025, one of Mkango's broker warrant holders exercised 209,375 warrants over shares in the Company, at a price of 8 pence per share. Accordingly, the Company issued 209,375 common shares to satisfy this exercise. This included the cash receipt of £16,750 ($21,676) and the transfer of $12,859 fair value from contributed surplus to share capital.

On 16 July 2025, one of Mkango's broker warrant holders exercised 600,000 warrants over shares in the Company, at a price of 5 pence per share. Accordingly, the Company issued 600,000 common shares to satisfy this exercise. This included the cash receipt of £30,000 ($40,494) and the transfer of $27,563 fair value from contributed surplus to share capital.

The following provides a summary of the Company's outstanding broker warrants as at 30 September 2025:

Range of exercise price	*Number outstanding*	*Weighted-average remaining contractual life (years)*	*Weighted-average exercise price*
0.0672-0.1075	2,500,000	2.13	0.0873

The following provides a summary of the Company's outstanding broker warrants as at 31 December 2024:

Range of exercise price	*Number outstanding*	*Weighted-average remaining contractual life (years)*	*Weighted-average exercise price*
0.067	1,850,000	2.55	0.067

Investor warrants

On 5 September 2024, the Company issued 25,000,000 investor warrants (one warrant for each subscription share issued on the same date). Each warrant will entitle the holder to acquire one common share at a price of £0.07 ($0.092) per common share for a period of 3 years (i.e. up until 4 September 2027). On 5 September 2024, the Company recognised a derivative liability of $969,533 related to these investor warrants. This derivative liability was revalued at $1,286,206 on 31 December 2024 and the fair value adjustment of $316,673 went through profit and loss. This derivative liability was revalued at $9,704,344 on 30 September 2025 and the fair value adjustment of $11,590,119 went through profit and loss for the nine month period ending 30 September 2025.

The following provides a summary of the Company's outstanding investor warrants as at 30 September 2025:

Range of exercise price	*Number outstanding*	*Weighted-average remaining contractual life (years)*	*Weighted-average exercise price*
0.5825	16,660,000	1.9315	0.5825

On 16 July 2025, one of Mkango's warrant holders exercised 5,090,000 warrants over shares in the Company, at a price of 7 pence per share. Accordingly, the Company issued 5,090,000 common shares to satisfy this exercise. This included the cash receipt of £356,300 ($480,160) and the credit of $1,517,752 to share capital.

On 15 August 2025, one of Mkango's warrant holders exercised 3,250,000 warrants over shares in the Company, at a price of 7 pence per share. Accordingly, the Company issued 3,250,000 common shares to satisfy this exercise. This included the cash receipt of £227,500 ($308,479) and the credit of $1,654,228 to share capital.

The following provides a summary of the Company's outstanding investor warrants as at 31 December 2024:

Range of exercise price	*Number outstanding*	*Weighted-average remaining contractual life (years)*	*Weighted-average exercise price*
0.088	25,000,000	2.68	0.088

The fair value of each share-based payment warrant granted is estimated as of the grant date using the Black-Scholes option-pricing model. The following assumptions were used to arrive at the fair value for the investor warrants that were issued on 5 September 2024 and when they were revalued on 31 December 2024, 16 July 2025 (5,090,000 warrants exercised), 15 August 2025 (3,250,000 warrants exercised) and 30 September 2025:

	5 September 2024	31 December 2024	16 July 2025	15 August 2025	30 September 2025
Share price (GBP)	0.065	0.0795	0.2775	0.435	0.495
Exercise price (GBP)	0.07	0.07	0.07	0.07	0.07
Risk-free interest rate (%)	3.73	4.57	4.46	4.32	4.15
Expected life (years)	3	2.68	2.14	2.06	1.93
Expected volatility (%)	67.7	72.7	84.62	85.71	84.8
Dividends (%)	Nil	Nil	Nil	Nil	Nil
Weighted average fair value (GBP)	0.0294	0.0411	0.2222	0.3755	0.4336
Exchange rate	0.76	0.80	0.75	0.74	0.74
Weighted average fair value (USD)	0.0388	0.0514	0.2982	0.5090	0.5825

20. FINANCIAL INSTRUMENTS

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 are 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, other receivables, accounts payable and accrued liabilities, and amounts due to/(from) 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

All figures in US dollars unless indicated otherwise (unaudited)

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 C$, Euro, GBP, MWK 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 movements in interest rates.

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	61,120	61,120	-

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 asset is cash. The credit risk on cash is limited because the majority is 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 September 2025	**31 December 2024**	**30 September 2025**	**31 December 2024**
Cash	-	-	1,997,182	1,159,807
Receivables	-	-	188,796	333,963
Due from related parties	-	-	36,241	57,781

All figures in US dollars unless indicated otherwise (unaudited)

Total financial assets	**-**	**-**	**2,222,219**	**1,551,551**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	1,182,802	648,389
Due to related parties	-	-	61,120	300,563
Derivative liability - BCA Note	444,116	-	535,990	
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**	**2,988,337**	**2,134,211**

21. COMMITMENTS

Malawi

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

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.

22. DEFERRED TAX LIABILITY

	30 September 2025	31 December 2024
Opening balance	857,492	1,000,734
Amortisation of technology asset	(106,845)	(143,242)
	750,647	
Closing balance		**857,492**

23. LOSS PER SHARE

The calculation of basic earnings per share at 30 September 2025 was based on the loss attributable to ordinary shareholders of $15,937,572 (30 September 2024: $1,798,568) and a weighted average number of ordinary shares outstanding during the nine months ended 30 September 2025 of 325,652,020 (30 September 2024: 260,046,981) calculated as follows:

	30 September	30 September 2024

	2025	
Loss attributable to the ordinary shareholders (USD)	(15,937,572)	(1,798,568)
Number of ordinary shares outstanding at beginning of year	297,078,761	253,453,574
Effect of shares issued during the year	28,573,259	6,593,407
Weighted average number of ordinary shares outstanding	325,652,020	260,046,981
Loss per share (USD)	(0.049)	(0.006)

Diluted loss per share did not include the effect of options, warrants and RSUs for the nine months ended 30 September 2025 and 30 September 2024 as they were anti-dilutive.

24. CAPITAL MANAGEMENT

The Company's total capital consists of Mkango's shareholders' equity of ($1,687,410) as at 30 September 2025 (31 December 2024: $6,433,611)).

The Company's objective when managing its capital is to have sufficient capital to maintain its ongoing operations, pursue its strategic opportunities and maintain a flexible capital structure which optimises the cost of capital at an acceptable risk. The Company manages its capital structure and makes adjustments to it based on the funds available to the Company. The Company has no externally imposed capital requirements. There have been no changes to how the Company manages its capital in the current year.

25. SUBSEQUENT EVENTS

a) Equity Fundraising

On 6 October 2025, Mkango raised gross proceeds of £3million (approximately $4.03million) via a private placement through the issuance of 10,000,000 common shares of the Company at a price per share of 30 pence (approximately $0.40). In addition to the subscription shares, the Company issued an aggregate of 5,000,000 investor warrants. Each investor warrant is exercisable for a period of two years with an exercise price of 45 pence (approximately $0.61) per warrant. 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 warrant.

As at 30 September 2025, the Company had received $909,119 in respect of shares to be issued subsequent to the reporting date. These amounts were recorded as current liabilities as the Company had an obligation to issue shares or refund the funds within a short period after the reporting date. On 6 October 2025, the shares were issued and the liability was reclassified as equity.

b) Exercise of broker warrants

On 17 October 2025, Mkango received an exercise notice from a broker warrant holder to exercise 1,200,000 broker warrants over common shares in the Company, at a price of 5 pence (approximately $0.07) per common share. Accordingly, the Company issued 1,200,000 common shares to satisfy this exercise.