MKANGO RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended 31 March 2026

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 consolidated financial statements for the period ended 31 March 2026 (collectively, the **"Financial Statements"**). All amounts are in U.S. dollars unless otherwise indicated.

The Financial Statements and the accompanying notes 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 29 May 2026.

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

This MD&A contains forward-looking statements (within the meaning of that term under applicable securities laws) with respect to Mkango. Generally, forward looking statements can be identified by the use of words such as "plans", "expects" or "is expected to", "scheduled", "estimates" "intends", "anticipates", "believes", or variations of such words and phrases, or statements that certain actions, events or results "can", "may", "could", "would", "should", "might" or "will", occur or be achieved, or the negative connotations thereof including statements regarding Mkango's corporate strategy. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Such factors and risks include, without limiting the foregoing, the availability of (or delays in obtaining) financing to develop Songwe Hill and the proposed Pulawy separation plant in Poland, the ability to secure and maintain valid

mining rights, permits and licenses in respect of Songwe Hill and Pulawy, the ability to obtain feedstock for Pulawy from sources other than Songwe Hill, changes to cost of production from what is assumed, unrecognized environmental risks, unanticipated reclamation expenses, unexpected variations in throughput, grade or recovery rates, failure of plan, equipment or processes to operate as anticipated, changes to assumptions as to the availability of electrical power and the power rates used in the operating cost estimates and financial analysis, ability to maintain the social licence to operate, accidents, labour disputes and other risks of the industry, changes to interest rates, changes to tax rates, ability to secure offtake and supply agreements with the government of Poland, the potential for the owner of the land on which the proposed Pulawy plant its to be build terminating thee lease, the ability of Polska to obtain the necessary permits to construct the Pulawy plant, competition from existing and new competitors, an increase in the global supply of rare earth oxides or dumping, predatory pricing and other tactics by Mkango's competitors, the recycling plants being developed by Maginito in the UK, Germany and the US (the "Maginito Recycling Plants"), governmental action and other market effects on global demand and pricing for the metals and associated downstream products for which Mkango is exploring, researching and developing, geological, technical and regulatory matters relating to the development of Songwe Hill, the ability to scale the HPMS and chemical recycling technologies to commercial scale, competitors having greater financial capability and effective competing technologies in the recycling and separation business of Maginito and Mkango, availability of scrap supplies for Maginito's recycling activities, government regulation (including the impact of environmental and other regulations) on and the economics in relation to recycling and the development of the Maginito Recycling Plants and Pulawy, and future investments in the United States pursuant to the cooperation agreement between Maginito and CoTec, cost overruns, complexities in building and operating the plants, the positive results of feasibility studies on the various proposed aspects of Mkango's and Maginito's activities, political and economic uncertainty in the jurisdictions in which the Company operates and the impact of the war in Iran. The forward-looking statements contained in this MD&A are made as of the date of this MD&A. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by applicable law. Additionally, the Company undertakes no obligation to comment on the expectations of, or statements made by, third parties in respect of the matters discussed above.

1 Q1 2026 HIGHLIGHTS AND SUBSEQUENT EVENTS

- Profit before tax for the three months ended 31 March 2026 was $87,690 compared to a loss of $2,449,427 for the three months ended 31 March 2025, primarily due to a non-cash fair value adjustment relating to investor warrants which resulted in a credit to the income statement.
- Cash at 31 March 2026 was $1.2 million. The current cash balance is approximately $15.2 million following the receipt of net proceeds of US$15.5 million (£11.7 million) from a successful equity raise in April 2026.
- On 20 May 2026, Mkango announced that it had signed an asset purchase agreement with Heraeus Amloy Technologies GmbH to acquire Heraeus's Remloy ("**Remloy**") rare earth magnet recycling business for €8 million ($9.4 million). Remloy has developed a plant in Bitterfeld, Germany, which recycles end-of-life rare earth magnets via a melting process (medium loop recycling) to produce neodymium-iron-boron alloy powders for the bonded and hot deformed magnet markets, a process which is complementary to HyProMag's short loop recycling process to produce sintered magnets. The purchase includes a fully commissioned plant with significant investment in equipment and feedstock and a strong operational and technical team.
- On 21 May 2026, Mkango Rare Earths Limited (formerly Lancaster Exploration Limited), a British Virgin Islands company ("**MKAR**"), filed a registration statement on Form F-4 (the "Form F-4") with the U.S. Securities and Exchange Commission (the "**SEC**"). The filing was made in connection with the previously disclosed proposed business combination agreement dated 2 July 2025 among MKAR, certain other wholly-owned subsidiaries of Mkango, and Crown PropTech Acquisitions, a Cayman Islands exempted company (OTC: CPTKW) ("**CPTK**"). The Form F-4 includes a proxy statement for the meeting of CPTK shareholders

and a prospectus relating to MKAR's common shares and warrants. The Proposed Business Combination was initially announced on 3 July, 2025. The filing of the Form F-4 by MKAR with the SEC marks an important milestone toward the expected completion of the Proposed Business Combination. Subject to the completion of the SEC review process and satisfaction of customary closing conditions, including approval by the shareholders of CPTK, MKAR's common shares and warrants are expected to be listed on the Nasdaq Stock Market under the symbols "MKAR" and "MKARW", respectively, upon the closing of the transaction.

- During Q1 2026, 4.1 tonnes of NdFeB powder was produced by HyProMag Ltd (UK). Revenue of $51,621 was generated from the sale of 6.1 tonnes alloy powder during the quarter. Currently, the main priorities for HyProMag Ltd (UK) and HyProMag GmbH (Germany) are the scale-up of operations and completion of commissioning, respectively, in parallel with customer engagement for magnet sales. Production and sales of NdFeB powder will also continue in parallel, with the quantities subject to equipment availability, optimisation and maintenance during this start-up phase of operations, and subject to internal NdFeB powder requirements for magnet manufacture. The company continues to receive numerous enquiries for supply of both NdFeB alloy powder and magnets.

1.1 Rare Earth Magnet Recycling and Manufacturing Projects

1.1.1 HyProMag Ltd (UK) ("HyProMag UK")

- First production runs of recycled neodymium iron boron ("**NdFeB**") alloy powder from the commercial scale Hydrogen Processing of Magnet Scrap ("**HPMS**") vessel at Tyseley Energy Park ("**TEP**") in Birmingham, UK, were announced in July 2025, with 9.2 tonnes produced to date, of which 7.4 tonnes has been shipped to customers. Of these amounts, 4.1 and 6.1 tonnes was produced and sold in Q1 2026, respectively.

- The TEP plant was officially opened by Chris McDonald MP, UK Minister for Industry in the Department for Energy Security and Net Zero and the Department for Business and Trade in January 2026.

- Evaluation is underway for a phased expansion of capacity starting next year, initially to 100-350 tonnes per annum ("**tpa**") of NdFeB alloys and magnets and subsequently to 1,000 tpa.

- Pre-processing of hard disk drives ("**HDD**") commenced during the quarter at TEP utilising the recently commissioned automated pre-processing unit, developed and manufactured by Inserma Anoia S.L. ("**Inserma Unit**"), which provides both magnet feedstock for HPMS processing and the opportunity for automated recovery of printed circuit board assemblies. The Inserma Unit has processed 10,000 drives to date.

- HyProMag UK is engaging with multiple potential customers and collaborations including Siemens AG, which has incorporated recycled NdFeB magnets produced by HyProMag into a SIMOTICS servomotor rotor recently presented at Hannover Messe 26, the world's largest industrial technology trade fair.

1.1.2 HyProMag GmbH (Germany) ("HyProMag GmbH")

- First commissioning runs of recycled NdFeB alloy powder from the commercial scale HPMS vessel at HyProMag GmbH's plant site in Pforzheim, Germany, were announced in April 2026. The sequential

commissioning of other major equipment is underway and will be completed in the coming months. The site is fully permitted for production of up to 750 tonnes per annum of NdFeB magnets and alloys.

- Once fully commissioned, the Plant will have a minimum initial capacity of approximately 100 tonnes per annum of NdFeB increasing to up to circa 350 tonnes per annum with multiple shifts. A further expansion to a targeted 750 tonnes per annum is under evaluation.

- The plant was officially opened by the German Federal Ministry for Economic Affairs on 28 April 2026, with the opening ceremony presided over by Stefan Rouenhoff, Parliamentary State Secretary of the Federal Ministry for Economic Affairs and Energy.

- On 27 April 2026, the bilateral Germany-UK Business Government Forum took place in Berlin, where Katherina Reiche, Federal Minister for Economic Affairs and Energy of Germany and The Right Honourable Peter Kyle MP, Secretary of State for Business and Trade for the United Kingdom signed a Joint Statement on cooperation on Critical Raw Materials with HyProMag.

- HyProMag GmbH is engaging with multiple customers for NdFeB alloy powder and magnets on an ongoing basis to support the scale-up of operations.

1.1.3 HyProMag USA LLC (USA) ("HyProMag USA")

- A lease agreement for HyProMag USA's proposed rare-earth magnet recycling and manufacturing facility in Dallas-Fort Worth, Texas was signed in December 2025. The site, located at the Ironhead Commerce Center, is strategically located next to critical infrastructure, including the BNSF intermodal rail link and the Alliance airport.

- In December 2025, HyProMag USA announced the planned expansion of magnet-making capacity and completion of an updated Class 2 AACE capital cost estimate as part of Detailed Engineering Design and Value Engineering Phase activities, which confirmed materially improved project economics and valuation using a 7% real discount rate.

    - $409 million post-tax Net Present Value ("**NPV**") and 27.6% real internal rate of return ("**IRR**") based on current market prices
    - $780 million post-tax NPV and 38.7% real IRR based on forecast market prices.

- Concept studies for expansion of the South Carolina and Nevada hubs were announced in January 2026, which would increase total HyProMag USA magnet and alloy production from 1,552 metric tons NdFeB to 4,656 tonnes NdFeB per annum, supporting scalable U.S. manufacturing strategy and reinforcing momentum towards a planned U.S. public listing on Nasdaq.

    - $1,143 million post-tax NPV[6] and 27.6% real internal rate of return (IRR) based on current market prices using a 7% real discount rate
    - $2 billion post-tax NPV and 38.7% real IRR for expanded hub developments, based on forecast market prices using a 7% real discount rate, support commencement of pre-feasibility studies for the expansions.

- HyProMag USA entered into an agreement with global electronics recycler, Intelligent Lifecycle Solutions, in July 2025 for feedstock supply and pre-processing site share in Nevada and South Carolina, with Inserma Units commissioned in South Carolina in March 2026.

1.2 Upstream Rare Earths Projects

- On 21 May 2026 MKAR, filed a public registration statement on Form F-4 (the "Form F4") with the SEC. The filing was made in connection with the previously disclosed proposed business combination contemplated by the business combination agreement dated July 2, 2025 among MKAR, certain other wholly-owned subsidiaries of Mkango, and Crown PropTech Acquisitions, a Cayman Islands exempted

company CPTK. The Form F4 includes a proxy statement for the meeting of CPTK shareholders and a prospectus relating to MKAR's common shares and warrants. The Proposed Business Combination was initially announced on July 3, 2025.

The filing of the Form F-4 by MKAR with the SEC marks an important milestone toward the expected completion of the Proposed Business Combination. Subject to the completion of the SEC review process and satisfaction of customary closing conditions, including approval by the shareholders of CPTK, MKAR's common shares and warrants are expected to be listed on the Nasdaq Stock Market under the symbols "MKAR" and "MKARW", respectively, upon the closing of the transaction.

- The Company filed an updated Technical Report (the "**Report**") under National Instrument 43-101 in relation to the Definitive Feasibility Study ("**DFS**") for the Songwe Hill Rare Earths Project ("**Songwe" or the "Project**") in Malawi, previously announced on March 19, 2026. The press release in relation to the DFS update is available on Mkango's website via the following link: Mkango Announces Results of Updated Feasibility Study for the Songwe Hill Rare Earths Project in Malawi. The Report is also available to be downloaded from Mkango's profile on SEDARplus (https://www.sedarplus.ca).

  Results of the updated DFS for Songwe were issued in March 2026. Songwe's post-tax NPV is approximately $339 million, using a 10% nominal discount rate, with an IRR of 24%, payback period of 3.4 years from start of full production and post-tax life-of-operations nominal cash flow of $1.55 billion.

  Results of a pre-feasibility study ("**PFS**") for the proposed Puławy Rare Earths Separation Plant ("**Puławy**") in Poland were issued in March 2026 alongside the Songwe DFS update. Pulawy's post-tax NPV is approximately $779 million, using a 10% nominal discount rate, with an IRR of 40%, payback period of 3.4 years from start of full production and a post-tax life-of-operations nominal cash flow of $4.95 billion.

- In September 2025, MKAR entered into a Project Development Funding Agreement with the U.S. International Development Finance Corporation (the "**DFC**"), to secure $4.6 million in reimbursable funding for Songwe, in September 2025. The funds are expected to support project development activities in the form of Front-End Engineering and Design ("**FEED**") and value engineering studies

1.3 Corporate Matters

- Mkango appointed London-based Hannam & Partners ("Hannam") as Joint Broker and corporate sponsored research provider, effective 1 December 2025. Hannam is authorised and regulated by the FCA. Together with Joint Brokers SP Angel and Alternative Resource Capital, Hannam will support Mkango's strong growth profile of advanced stage projects across the rare earths supply chain. Under the terms of the agreement (the "**Agreement**"), Hannam will provide corporate broking and research services to Mkango, general market intelligence, feedback on the market's view of the Company and market activity in the shares.

- On 31 March 2026, Mkango announced a proposed equity offering to raise gross proceeds of approximately £10 million ($13.5 million). The fundraise consisted of a placing to certain institutional and other investors, carried out by way of an accelerated bookbuild, a private placement to certain investors in Canada pursuant to the Listed Issuer Financing Exemption (or "**LIFE**", under Canadian securities laws) and to "qualified institutional buyers" in the US, as well as a separate retail offer in the UK and a direct subscription by certain investors outside of the US and Canada. A conditional retail offer of new Common Shares via RetailBook was also offered. The Fundraise was conducted via the issue of new common shares of no-par value in the capital of the Company at a price of 33 pence per common share.

- The results of the fundraise were announced on 1 April 2026. The fundraise generated strong demand, was significantly oversubscribed and resulted in an increase in gross proceeds to £12.5 million ($16.8 million) before expenses. The Company announced that a total of 37,878,788 new Common Shares in the capital of the Company had been conditionally placed with, or subscribed for by, new and existing investors at the placing price of 33 pence per common share. The new Common Shares to be issued in aggregate pursuant to

the Fundraise represented approximately 10.8% percent of the issued share capital of the Company prior to the Fundraise.

- On 21 April 2026 a Mkango option holder exercised 350,000 options over common shares in the Company at a price of $0.134 per common share.

1.4 Market Overview/Insights

The rare earths market experienced the impacts of unprecedented critical minerals-focussed geopolitical tension, policy intervention, and supply chain restructuring in 2025 and 2026 to date. Key themes include:

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

On 15 May 2026, the U.S. Trade Representative commented that Chinese export approvals had improved, but that delays continued, with export licensing for some materials remaining inconsistent.

On 13 May 2026, French officials publicly called for a restructuring of global rare-earth markets, arguing that rare earths were now a strategic market requiring coordinated action. The comments placed emphasis on rebuilding European magnet manufacturing and rare earth oxide supply chains, while highlighting China's pricing power and industrial overcapacity. On the same day, it was reported ahead of the imminent China-U.S. summit between President Xi and President Trump in Beijing, that rare-earth export controls remained a major unresolved issue, with Chinese exports of dysprosium, terbium, and yttrium remaining some 50% below pre-restriction levels. Germany and Japan remain heavily affected, with major supply shortages reported, and buyers are paying significantly higher prices for magnets containing heavy rare earths.

On 24 April 2026, the U.S. and the EU announced a Critical Minerals Trade Coordination Plan, to include rare earths, battery materials, and other strategic metals. The stated objective of the plan was to align sourcing rules, trade measures, and industrial-support mechanisms as a means of reducing dependency on Chinese supply chains.

On 15 April 2026, the U.S. Treasury Secretary urged the World Bank to move more quickly to help facilitate the financing of the infrastructure required for the critical minerals supply chain.

On 13 April 2026, the European Union launched the raw-materials section of its RESourceEU procurement platform, with an initial focus on rare earths, battery materials, and defence raw materials. Initiated to accelerate the EU's Critical Raw Materials Strategy, the intent of the RESourceEU platform is to aggregate European demand and to match potential buyers with suppliers, as a means of reducing dependence on Chinese producers.

On 12 April 2026, the U.S. and Australian governments announced their collective commitment of more than $3.5 billion to support projects in the Australian critical mineral sector, including rare earths, almost doubling the 2025 pledge via the associated cooperation framework. Such financing would be undertaken via Export Finance Australia and the US EXIM Bank.

On 27 March 2026, the Chinese government initiated two investigations into U.S. trade practices, stating that U.S. actions were impeding Chinese products and disrupting supply chains.

On 23 March 2026, Australia and the EU finalised a trade deal partly framed around easier EU access to Australian critical minerals. It was reported that Australia intended to include a floor price in its critical minerals reserve, and that France was among countries exploring more investment in Australia's sector.

On 20 March 2026, customs data showed that Chinese exports of rare-earth magnets rose 8.2% from a year earlier in the first two months of 2026, although shipments to the U.S. dipped.

On 19 March 2026, the U.S. and Japan announced an action plan to develop alternatives to China in critical minerals and rare earths supply, including discussion of coordinated trade policies and a potential border-adjusted price-floor mechanism, for a select group of minerals.

On 4 March 2026, Australia and Canada signed a new critical minerals agreement, with reports that Australia's reserve, starting with antimony, gallium and rare earths, would be more closely aligned with Canada's stockpiling regime. Reports also circulated that Japan, France, and Canada were discussing alternative or parallel mechanisms to secure critical minerals and rare earths, including quota systems and buyers' alliances.

On 27 February 2026, the President of the Dominican Republic made a statement during his annual State of the Nation address to the Dominican Congress that his country had discovered over 150 million tonnes of rare earth deposits.

On 20 February 2026, the U.S. Supreme Court found it illegal to establish trade tariffs under a law intended for national emergencies. Citing the availability of other alternatives, the U.S. President announced the imposition of a global 10% tariff on top of existing tariffs, using a different legal authority.

On 4 February 2026, the U.S. unveiled a plan to build a preferential trade bloc with allies for critical minerals, including discussion of coordinated price floors, thus internationalising its efforts.

On 2 February 2026, the U.S. government announced Project Vault, a $12 billion critical minerals stockpile backed by $10 billion from EXIM Bank and $2 billion in private funding. Rare earths were part of the stockpile rationale, along with other critical minerals.

Throughout 2025, international trade policy for rare earths and critical minerals shifted toward increased government intervention, security frameworks, and supply chain diversification. In response to export controls and tighter domestic regulations introduced by China early in the year, the United States, the European Union, and the United Kingdom launched targeted policy measures. The U.S. initiated a Section 232 national security investigation into processed mineral imports and established new funding pathways under the "Immediate Measures" order. Concurrently, the EU fast-tracked domestic processing capacity by approving its first list of Strategic Projects under the Critical Raw Materials Act (CRMA) —including Mkango's separation plant in Poland—and later adopted the RESourceEU action plan to accelerate critical raw material financing.

To establish alternative supply chains, governments formalized bilateral frameworks and direct financial support mechanisms. The U.S. concluded joint policy frameworks with Australia and Japan that committed billions of dollars toward project financing, streamlined permitting, stockpiling strategies, and joint supply monitoring groups. Government entities also introduced direct economic backstops to stabilize domestic production; the U.S. Department of Defense committed $400 million to MP Materials' permanent-magnet facility alongside a $110/kg minimum price floor for stockpiled or sold NdPr products, while the Australian government evaluated setting similar price floors via national offtake agreements.

Regulatory dynamics shifted toward the end of the year following bilateral trade negotiations between the U.S. and China. After expanding export controls in October to cover rare earth precursor ores, processing technology, and equipment, China suspended the global implementation of these specific restrictions for one year. Beijing subsequently introduced a new regulatory layer by issuing year-long general export licenses for designated overseas customers, replacing the previous case-by-case licensing system while maintaining its underlying control framework. Although this suspension eased immediate market supply concerns, buyers continued to experience administrative delays, leading to a structural rise in long-term contracts featuring price floors, take-or-pay clauses, and market premiums for ex-China materials.

2 MKANGO OVERVIEW

Mkango is focused on becoming a market leader in rare earth magnet recycling and manufacturing through its 79.4% owned subsidiary, Maginito, and Mkango's recently acquired 100% owned German subsidiary to be named Mkango GmbH which will facilitate the purchase of the rare earth magnet recycling assets of Remloy. Both entities are the focus for 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 unique platform, which combines 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.

Maginito's operations include:

- HyProMag UK (100% ownership) and HyProMag Germany (80% effective ownership): advancing short-loop rare earth magnet recycling in the UK and Germany;
- Mkango UK (100% ownership): focused on long-loop chemical recycling to produce rare earth oxides; and
- HyProMag USA: a 50/50 joint venture between HyProMag UK and CoTec Holdings Corp ("**CoTec**"), to drive expansion into the North American market.

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

Maginito is the vehicle for the commercialisation of the proprietary HPMS technology - a low-carbon, energy-efficient, non-chemical process for recovering NdFeB oxides from end-of-life magnetic products. Recycled powders are reintegrated into the supply chain through:

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

Subject to closing of the recently announced transaction to acquire Heraeus Remloy's assets, Mkango's newly acquired German subsidiary, will own a plant in Bitterfeld, Germany, which recycles end-of-life rare earth magnets via a melting process (medium loop recycling).

In addition, Mkango owns the advanced-stage Songwe Hill Project in Malawi through MKAR as well as the Pulawy rare earths separation 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 Business Combination Agreement ("**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 on the Nasdaq exchange and is expected to provide enhanced access to capital for advancing the Songwe and Pulawy projects.

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

MKAR filed publicly a registration statement on Form F-4 with the SEC. The filing was made in connection with the previously disclosed proposed business combination contemplated by the BCA. The Form F-4 includes a proxy statement for the meeting of CPTK shareholders and a prospectus relating to MKAR's common shares and warrants.

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

2.1 HyProMag UK

2.1.1 Recent Developments

In January 2026, Mkango announced the official launch of the rare earth magnet facility at Tyseley Energy Park in Birmingham which has been developed by the Magnetic Materials Group ("MMG") at the University of Birmingham and constructed and commissioned alongside commercial partner and exclusive licencee of HPMS technology, HyProMag UK. The Facility at Tyseley Energy Park has enabled the first commercial rare earth magnet production in the UK in 25 years.

In July 2025, Mkango announced the first production runs for the commercial scale HPMS vessel, and, to date, the equivalent of nine tonnes of oxidised recycled NdFeB alloy powder has been produced and seven tonnes of that production has been shipped to customers. Initial commercial production is based on 20% capacity utilisation, equivalent to a minimum of 20-25 tpa NdFeB.

During Q1 2026, 4.1 tonnes of NdFeB powder was produced by HyProMag UK. The main priority for HyProMag Ltd (UK) and HyProMag GmbH (Germany) at the moment is the scale-up of operations and completion of commissioning, respectively, in parallel with customer engagement for magnet sales. Production and sales of NdFeB powder will also continue in parallel, with the quantities subject to equipment availability, optimisation and maintenance during this start-up phase of operations, and subject to internal NdFeB powder requirements for magnet manufacture.

On 9 March 2026, a second automated HDD pre-processing Inserma unit at TEP was commissioned, enabling rapid separation of magnet assemblies and significantly increasing potential feedstock volumes. This development reflects a move into industrial optimisation and upstream integration, improving economics and supporting the transition from early commercial production toward scaled operations.

The Company is evaluating phased expansion to start next year, firstly to 100-350 tonnes of NdFeB alloys and magnets per year and then to 1,000 tonnes per year.

Very strong interest in the HyProMag UK short loop recycled magnets has been evidenced with magnet samples having been provided to over 20 potential customers, and magnet qualification processes and offtake discussions expected to accelerate once the TEP commercial scale magnet equipment is fully commissioned. Approximately 200 samples were produced in Q1 2026, with in excess of 500 samples being made for the year to date. Sample magnets are being tested for qualification in applications including audio, medical and original equipment manufacturers.

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.**

2.1.2 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. Originated by Professor Harris, the hydrogen decrepitation method, which is used to reduce NdFeB alloys to a powder, is now employed in worldwide magnet processing.

The Tyseley plant 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 now being commercialised by HyProMag.

2.1.3 Research and Development

HyProMag UK has and 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 £300,000 ($382,000) 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 £350,000 ($446,000) 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.

iBot4CRMs – HyProMag UK. This is a 48-month Horizon funded EU project that started on 1st December 2024 with 18 collaborative partners. The project has a large focus on automation and robotics, targeting a greater segregation of Critical Raw Materials from existing waste streams. By improving component capture prior to shredding, the accessibility of NdFeB-containing waste goes up significantly. Additionally, robotics partners within the project will work on automated systems for detection and removal of rotors from motors. HyProMag will work most closely with Volt motors, to recover magnets from their current e-machines and deliver new magnets (>95% recycled content), for testing and installation in a vehicle. €9.5m total project costs, of which HyProMag is €283,000, of which €198,000 is funded via Horizon.

REACT-UK – EMR will collect and process materials to make them ready for the University of Birmingham's HPMS process. HyProMag will lead the project and extract magnets from components using HPMS, then combine three recycling routes via HyProMag, Less Common Metals and Mkango UK to manufacture new magnets, combining grain boundary diffusion ("**GBD**") techniques being worked on by the University of Birmingham. Jaguar Land Rover will measure those magnets for their in-house traction motors. This is a three-year project, starting on 1st April 2026 with total costs of £6.5 million. HyProMag UK's associated costs within that are £3.2 million, of which £1.5 million is funded via the APC, and Mkango UK's associated costs within that are £2.2 million, of which £1.0 million is funded via the APC.

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

2.2 HyProMag Germany

2.2.1 Recent Developments

HyProMag Germany is progressing toward establishing a European manufacturing hub for recycled rare earth magnets. The Pforzheim plant ("**the Plant**") consists of a commercial scale rare earth sintered magnet recycling and manufacturing line, underpinned by the patented HPMS technology. The Plant site is fully permitted for production of up to 750 tpa of NdFeB magnets and alloys. Once fully commissioned, the Plant will have a minimum initial capacity of approximately 100 tpa of NdFeB, increasing to up to circa 350 tpa. A further scale-up to 750 tpa is currently under evaluation and HyProMag Germany is targeting a phased scale-up to this production level over the next three years.

First commissioning runs of the HPMS reactor were successfully completed, with sequential commissioning of other major equipment underway, as announced on 9 April 2026. HyProMag Germany continues to be in discussion with both scrap providers and customers seeking magnets and powder.

HyProMag Germany has successfully received its required operating and environmental approvals, including approval under the 4th Federal Immission Control Ordinance (4. BImSchV), building permit and change-of-use approval for magnet production capacity of up to 750 tonnes per year. Evaluation of expansion options to achieve this throughput are underway.

On 28 April 2026 Mkango announced that its subsidiary, HyProMag Germany, had officially opened its rare earth magnet recycling and manufacturing plant in Pforzheim. The opening ceremony was presided over by Stefan Rouenhoff, Parliamentary State Secretary of the Federal Ministry for Economic Affairs and Energy. On 27 April 2026, the bilateral Germany-UK Business Government Forum took place at the Haus der Deutschen Wirtschaft in Berlin. Katherina Reiche, Federal Minister for Economic Affairs and Energy of Germany and The Right Honourable Peter

Kyle MP, Secretary of State for Business and Trade for the United Kingdom signed a Joint Statement on cooperation on Critical Raw Materials.

HyProMag featured explicitly in the declaration, as a practical demonstration of both nations' commitment to diversifying supply chains, and in supporting resilient, sustainable, and responsible raw material value chains to enhance interlinkages and business collaborations. The joint declaration specifically noted HyProMag's expansion of its rare earth magnet recycling facilities to Germany and marks a major step in the de-risking of mutual supply chains, along with supporting the resilience of key industries such as automotive, as the transition to electric vehicles takes increasing effect.

2.2.2 Company Development

In November 2021, HyProMag UK established an 80%-owned subsidiary, HyProMag Germany, to enable expansion 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 €14 million ($15.5 million) 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.

Maginito has entered into a convertible loan with HyProMag Germany. Under the terms of the German Convertible Loan, Maginito has granted HyProMag Germany a loan facility for €2.5 million ($2.8 million) 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.

2.2.2.1 The REEsilience Project

On 30 May 2022, the Company announced that HyProMag Germany had been awarded funding of approximately €0.55 million under the Horizon Europe project "REEsilience", representing a funding rate of 70%, as part of a total project budget of approximately €13–14 million.

Following a project amendment in 2025, the HyProMag Germany project scope was expanded through the transfer of work packages from another project partner, as well as the transfer of a processing asset. As a result, the total project value attributable to HyProMag Germany increased to €1,506,919, of which €1,054,844 is funded.

The REEsilience project aims to develop a resilient and sustainable European rare earth magnet value chain by integrating primary and secondary raw material sources, with a particular focus on recycling and circular economy approaches. Within the project, HyProMag Germany contributes its HPMS (Hydrogen Processing of Magnet Scrap) technology to support the separation and recycling of end-of-life NdFeB magnets and the optimisation of short-loop recycling processes.

In summary, REEsilience is a collaborative European research and innovation project focused on strengthening supply security, reducing import dependency and increasing the use of recycled materials in permanent magnet production.

2.2.2.2 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. GREENE is a collaborative European research and innovation project focused on advancing sustainable technologies and strengthening circularity within the rare earth magnet sector.

The GREENE project aims to develop sustainable and innovative processes across the rare earth magnet value chain, with a focus on improving resource efficiency, reducing environmental impact and increasing the use of recycled materials. Within the project, HyProMag Germany contributes its HPMS technology to support the recycling of end-of-life NdFeB magnets and the development of circular material flows.

2.3 HyProMag USA

2.3.1 Recent Developments

On 15 December 2025, HyProMag USA expanded the magnet capacity of its first facility in Texas and updated the valuation of the Project with the completion of the Class 2 AACE capital cost estimate as part of the Detailed Engineering Design and Value Engineering Phase (the "Detailed Design"). The Class 2 AACE capital cost estimate and detailed value-engineering work confirm a significant increase in magnet production capacity and materially improved Project economics.

In parallel, HyProMag USA commenced a strategic review to evaluate a potential separate listing of the shares of HyProMag USA in the U.S. on the Nasdaq exchange, subject to successful execution of the Project and meeting the required regulatory approvals.

Key Highlights

- **Uplift in project valuation:** Detailed Engineering results for state-of-the art rare earth magnet recycling and manufacturing operation in the United States with a Texas Hub supported by two pre-processing spoke sites co-located at ILS sites in South Carolina and Nevada confirmed materially improved project economics and valuation using a 7% real discount rate.:
    - **$409 million post-tax NPV and 27.6% real IRR based on current market prices**
    - **$780 million post-tax NPV and 38.7% real IRR based on forecast market prices**
- **Increased magnet production capacity:** 941 metric tons per annum of recycled sintered NdFeB magnets and 611 metric tons per annum of associated NdFeB co-products (total payable capacity – 1,552 metric tons NdFeB) over a 40-year operating life
- **Competitive operating profile:** Low all-in sustaining cost ("**AISC**") of $22.3 per kg of NdFeB product versus current weighted average market price of $56.8 per kg of NdFeB products, with significant scope for price recovery from current market conditions
- **Scalable design with expansion potential:** The optimised layout allows for the inclusion of an additional two furnaces within three years following commissioning for an additional capital cost of approximately US$3 million
- **Up-front capital cost:** Total initial capital cost of $142 million (inclusive of an 8.2% contingency margin and Class 2 AACE estimated detailed design study and engineering costs) over a one-year construction phase https://hypromagusa.com/hypromag-usa-provides-positive-update-to-valuation-of-expanded-dallas-fort-worth-plant-and-commences-strategic-review-to-explore-a-u-s-listing/
- **Attractive payback profile:** https://hypromagusa.com/hypromag-usa-provides-positive-update-to-valuation-of-expanded-dallas-fort-worth-plant-and-commences-strategic-review-to-explore-a-u-s-listing/
    - Payback at current market prices in 3.1 years at a profitability index ("**PI**") of 2.89 https://hypromagusa.com/hypromag-usa-provides-positive-update-to-valuation-of-expanded-dallas-fort-worth-plant-and-commences-strategic-review-to-explore-a-u-s-listing/
    - Payback at forecast prices in 2.2 years at a PI of 5.5

- **Industrial and workforce impact:** The Planthttps://hypromagusa.com/hypromag-usa-provides-positive-update-to-valuation-of-expanded-dallas-fort-worth-plant-and-commences-strategic-review-to-explore-a-u-s-listing/ is expected to support revitalisation of the U.S. magnet sector and create 90-100 skilled magnet manufacturing jobs
- **Feedstock security:** The Company is continuing to develop its feedstock sources and supply through its partnership with ILS https://hypromagusa.com/hypromag-usa-provides-positive-update-to-valuation-of-expanded-dallas-fort-worth-plant-and-commences-strategic-review-to-explore-a-u-s-listing/
- **Carbon profile:** Independent ISO-compliant study for the feasibility study confirmed a very low carbon footprint of 2.35 kg CO_2-eq per kg of NdFeB sintered block Product
- **Detailed Engineering:** led by PegasusTSI Inc. (U.S.) and BBA USA Inc. (Canada), with support from HyProMag's international teams and the University of Birmingham

Detailed Design and Project Economics Update

The Detailed Design, undertaken by a multidisciplinary team appointed by CoTec and Mkango and led by independent engineers, PegasusTSI and BBA, is now circa 30% complete and part of the study included an optimisation of the operation as well as an updated capex profile. This has resulted in an increase in the post-tax NPV of the Project from US$262 million and an IRR of 23% based on current market estimate prices to an NPV of US$409 million and an IRR of 27.6%. Using forecast market prices, the post-tax NPV of the Project increases from US$503 million and an IRR of 31% to a post-tax NPV of US$780 million and an IRR of 38.7%.

The main driver of the improved economics was the debottlenecking of the magnet lines resulting in an increase in magnet production from about 750 tonnes of magnets per annum to 941 tonnes of magnets per annum. Furthermore, the Project is expected to provide 611 tonnes of NdFeB alloy co-products per annum. The average market price of NdFeB magnets increased by about US$10 per kg Product from the feasibility study. NdFeB alloy co-products make up 39% of overall production compared to 28% in the feasibility study with the additional third HPMS vessel, resulting in an increase in average market price of all NdFeB Products from US$55 per kg Product to US$57 per kg Product.

The Detailed Design review also resulted in an increase in capex from US$135 million to US$142 million due to the addition of magnet finishing equipment and advanced Grain Boundary Diffusion ("GBD") techniques. GBD allows the Texas Hub greater operational flexibility to make grades of magnets with higher coercivity (>20 kOe), which are capable of operating at higher temperatures.

Potential Future U.S. Listing

HyProMag USA's owners, CoTec and Mkango, believe that a separate listing of the shares of HyProMag USA in the U.S. could potentially provide the Company with access to a broader investor audience, increased sources of potential capital, increased research coverage from U.S. investment banks and institutions at a crucial time of rebuilding U.S. critical mineral supply.

On 12 January 2026, HyProMag USA updated its development strategy, expanding from a single Texas-based hub to a multi-state hub-and-spoke model incorporating additional processing and collection nodes in South Carolina and Nevada. This expansion significantly increased the planned system capacity from approximately 1,552 tpa to around 4,656 tpa of NdFeB equivalent, highlighting a step-change in scale and strengthening the long-term industrialisation case for U.S. rare earth magnet recycling.

2.3.2 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 November, 2024 U.S. Feasibility Study was updated on 15 December 2025 when HyProMag USA expanded the magnet capacity of its first facility in Texas and updated the valuation of the Project with the completion of the Class 2 AACE capital cost estimate as part of the Detailed Engineering Design and Value Engineering Phase (the "Detailed Design"). The Class 2 AACE capital cost estimate and detailed value-engineering work confirm a significant increase in magnet production capacity and materially improved Project economics.

In parallel, HyProMag USA commenced a strategic review to evaluate a potential separate listing of the shares of HyProMag USA in the U.S., subject to successful execution of the Project and meeting the required regulatory approvals.

The HyProMag USA rare earth magnet recycling and manufacturing project continues to advance through detailed engineering, with first revenue targeted for H2 2027. On 22 April 2025, HyProMag USA appointed lead engineers PegasusTSI and BBA to perform EPCM services for HyProMag USA to produce rare earth magnets in the United States.

On 12 June 2025, HyProMag USA received a MMIA domestic finance letter of interest from the U.S. 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 consider potential financing of up to $92 million of the project's costs with a repayment tenor of 10 years. The issuance of this letter of interest is aligned with Executive Order 2421 of 20 March 2025 "*Immediate Measures to Increase American Mineral Production*" which includes near-term actions to be determined and implemented by the agencies to fast-track permits, mobilise capital for mineral producers, and create offtake agreements for strategic stockpiling for minerals critical to the United States' defense, technology, and energy.

On 24 July 2025, HyProMag USA and ILS entered into a feedstock supply and pre-processing site share agreement. ILS is fully compliant to ISO 14001:2015, ISO 45001:2018 and "Responsible Recycling R2v3 Recycler" at its USA locations, will secure and store NdFeB feedstock from HDDs and other sources at its pre-processing sites in South Carolina and Nevada in advance of the commissioning of HyProMag USA's Texas Hub facility. 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 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 26 August 2025, it was announced that ILS had formally commenced its stockpiling of feedstock initiative pursuant to the feedstock supply and pre-processing site share agreement. Pre-processing of the feedstock had commenced by the end of 2025.

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.

On 15 September 2025, HyProMag USA provided an update on its EPCM Detailed Design phase with PegasusTSI and BBA for the advanced stage rare earth magnet recycling and manufacturing project at the Texas Hub. Detailed Engineering Design remained ongoing and is now more than 25% complete on time and within budget and the scope

of the Texas hub was 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 metric tons per annum to approximately 750 metric tons.

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 also commenced investigating the addition of a long loop chemical processing plant which will be complementary to the short loop process.

On 30 September 2025, HyProMag USA purchased three skid-mounted Inserma magnet and PCB separation units. These units rapidly remove (at <2 seconds per HDD) the VCM containing the rare earth magnet, providing a highly concentrated feed for subsequent HPMS by HyProMag USA at the Texas Hub. The technology package will further complete the separation and removal of the PCBs, which contains 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.

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 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, while discussions with several US federal and state government bodies to support funding and other incentive opportunities remain ongoing.

HyProMag USA expanded its feedstock supply agreement with global electronics recycling company ILS in November 2025. ILS is securing and storing NdFeB feedstock from HDDs 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. Additionally in December 2025, HyProMag USA finalised a lease agreement for its proposed rare-earth magnet recycling and manufacturing facility in Dallas-Fort Worth, Texas.

2.4 Mkango Rare Earths UK Limited

Mkango's long-loop recycling pilot activities progressed from early validation work into more structured process optimisation and scale-up preparation. From mid-2025, focus shifted toward long-loop feedstock validation, particularly mixed and lower-grade NdFeB scrap streams that require more complex separation and pre-treatment prior to hydrogen processing. During this period iterative pilot campaigns to test yield recovery, impurity tolerance, and alloy quality consistency across broader scrap inputs were conducted.

Mkango UK has 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.

2.5 Rare Earth Mining - Malawi

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 12 months ending 31 March 2026 and 31 March 2025.

Licence/Capital Project	Project	For the three months ended 31 March 2026	2025
Phalombe	***Songwe Hill Project***		
	Metallurgy expenses	-	4,579
	Government fees	420	350
	ESHIA (1)	-	-
	Technical studies	-	-
	Storage fees	13,163	-
	Malawi office and camp expenses	29,633	11,584
Phalombe total		43,216	16,513
Pulawy Project	Consulting fees	-	-
Thambani	Mineral project expenditures	-	-
Total mineral project and research and development expenses		43,216	16,513

(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 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.

2.5.1 Songwe Hill Project

2.5.1.1 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 $400 million, prior to transaction expenses and excluding any potential proceeds from PIPE financing or the CPTK 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.

On 21 May 2026, MKAR filed publicly a registration statement on Form F-4 with the SEC. The filing was made in connection with the previously disclosed proposed business combination contemplated by the BCA. The Form F-4 includes a proxy statement for the meeting of CPTK shareholders and a prospectus relating to MKAR's common shares and warrants.

During May 2026 MKAR applied for a large-scale mining license covering the Songwe Hill project area made up of four retention licenses which cover the area comprising the area of the future proposed mining license. Confirmation

has been received from the Government of Malawi that the Retention Licences will remain in good standing until the mining licence has been processed and formally issued.

2.5.1.2 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. Four of the Phalombe retention licences are currently being transferred into a Mining Licence.

2.5.1.3 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 mineralised 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.

2.5.1.4 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 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 has been 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 Mkango Rare Earths Malawi Limited (**"MKAR 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 – MKAR 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 CRMA.

On 29 September 2025, Mkango announced that Lancaster Exploration Limited ("**MKAR**," now renamed Mkango Rare Earths Limited) entered into a Project Development Funding Agreement with the U.S. International DFC, the U.S. government's development finance institution, to secure $ 4.6 million in reimbursable funding. The funds are expected to support Project 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.

2.5.2 Other targets in Phalombe Licences

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

2.5.2.1 Nkalonje Hill

2.5.2.1.1 Background

Nkalonje Hill is located 23 kilometres ("**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 Malawi's capital city of 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.

2.6 Rare Earth Separation - Poland

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 fertilisers, 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.

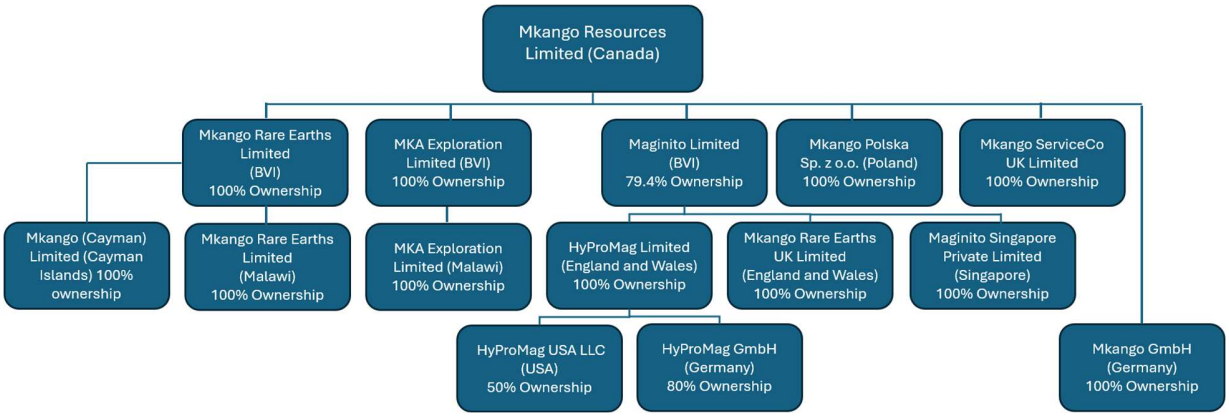
- Engagement with financial institutions is underway to accelerate development, and additional strategic partnerships, downstream developments and marketing opportunities are being evaluated.

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.

On 19 March 2026, Mkango announced the results of the updated Feasibility Study for the Songwe Hill Rare Earths Project in Malawi and Pre-Feasibility Results for the Proposed Puławy Rare Earth Separation Plant in Poland. Pulawy's post-tax NPV is approximately $779 million, using a 10% nominal discount rate, with an IRR of 40%, payback period of 3.4 years from start of full production and a post-tax life-of-operations nominal cash flow of $4.95 billion.

3 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.

MKAR Malawi was incorporated on 19 May 2011, under the laws of Malawi. MKAR 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. Minimal transactions had been processed through this company as at 31 December 2025.

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

On 20 May 2026, Mkango announced that it has signed an asset purchase agreement with Heraeus Amloy Technologies GmbH to acquire its Heraeus Remloy's rare earth magnet recycling business. Pursuant to this asset purchase agreement an entity to be named Mkango GmbH will be formed.

4 SUSTAINABILITY

4.1 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 UK facilities utilised by HyProMag UK, are additionally managed under a framework of policies and systems established by the UoB at the Tyseley Energy Park.

4.2 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.

4.3 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.

4.4 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 was conducted and found sufficient. As a result, HyProMag UK is now looking to become accredited to ISO45001.

4.5 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.

4.6 Decarbonisation

As Mkango has commenced commercial scale production of rare earths process optimisation will increasingly inform 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 with HyProMag USA having engaged Minviro to undertake a product carbon footprint analysis and HyProMag UK and HyProMag Germany have similarly completed internal analyses in advance of near-term commercial production and are expecting results of a 90% reduction in CO^2 emissions. 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/

4.7 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.

5 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 2025, 2024 and 2023:

As at 31 December	2025	2024	2023
Total assets	14,985,690	10,711,520	9,293,371
Total equity	(665,110)	6,433,611	4,561,306

Total assets

Total assets were $14,985,690 as at 31 December 2025 as compared to $10,711,520 as at 31 December 2024. Total assets increased by $4,274,170 as a result of further capital expenditure on both the HyProMag UK and HyProMag Germany recycling projects and significant acquisition towards commercial scale. Furthermore, the corporate office space lease for Mkango Services in London commenced in October 2025 resulting in an additional Right-of-Use asset being recognised during the year.

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.

As at 1 January 2025, the Company had an opening cash position of $1,159,807. Cash received during the year ended 31 December 2025 was $8,505,566 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 $4,219,190 and cash of $2,454,502 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 an increase of $88,461 during the year for a closing cash position of $3,058,561.

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.

Total shareholders' equity

Total shareholders' equity was ($665,110) as at 31 December 2025 compared to $6,433,611 as at 31 December 2024. The decrease of $7,098,722 is largely due to an increase in the retained deficit due to a significant fair value adjustment of $10,774,954 relating to outstanding investor warrants. The Company's financing strategy includes the issuance of shares with warrants, giving rise to investor warrant derivative liabilities that are sensitive to share price movements and have resulted in significant non cash fair value losses and derivative liabilities. Upon exercise, these liabilities will be reclassified to 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 proceeds relating to equity raises in April and September 2024.

5.1 Results of Operations

5.1.1 Summary Results of Operations

The following financial data is derived from the Company's consolidated financial statements as at 31 December 2025, 2024 and 2023:

	Year ended 31 December		
	2025	2024	2023
Mineral project and research and development expenditures	(106,370)	(89,677)	(358,542)
General and administrative expenses*	(6,787,164)	(3,110,097)	(4,134,980)
Other items**	(10,895,924)	2,635,253	254,475
Income tax	142,850	143,242	59,097
Total net loss after tax	(17,646,608)	(421,279)	(4,179,951)
Total net loss attributable to non-controlling interest	(680,012)	364,939	(122,926)
Total net loss attributable to the common shareholders	(16,966,596)	(786,218)	(4,057,025)

Basic and diluted loss per share	$ (0.0504)	$ (0.0029)	$ (0.017)
Weighted average number of common shares (basic and diluted)	330,943,421	272,447,996	238,757,233
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 2025 was $17,646,608 compared to the net loss reported for the year ended 31 December 2024 of $421,279. The net loss decreased by $17,225,330 for the comparable periods. The significant items contributing to the change include:

- The fair value adjustment of $10,774,954 related to outstanding investor warrants.
- Increased general and administrative expenses, slightly higher mineral project and increased research and development expenditures to advance growth initiatives across the Company, including the SPAC merger.

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 having not been met.
- Decreased general and administrative expenses and mineral project and research and development expenditures as a result of cost control initiatives across the Company.

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

5.1.2 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 quarter ended 31 March 2026.

	2026	**2025**				**2024**		
	Q1	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Expenses	(2,388,585)	(2,598,831)	(1,677,270)	(1,272,247)	(1,345,188)	(960,578)	(558,882)	(662,035)
Other items	2,441,052	1,158,765	(10,941,903)	26,677	(1,139,462)	2,536,768	173,978	(32,899)
Net profit/(loss) before tax for quarter	52,467	(1,440,066)	(12,619,173)	(1,245,570)	(2,484,650)	1,576,190	(384,904)	(694,934)

The financial data for the eight periods reported have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 Q1 2026 Mkango recognised a net profit before tax of $52,467, primarily due to the fair value adjustment of $2.6 million to the derivative liability associated with investor warrants. This was driven by a decrease in the share price

in Q1 2026 when compared to the Q4 2025 share price. The Q4 2025 share price was $0.62 at the close of the period versus $0.51 at the close of Q1 2026.

In addition to the fair value adjustment the company had reduced expenses of close to $250,000 compared to Q4 2025, resulting mainly from reduced HyProMag GmbH expenses due to government subsidies as well as reduced travel and marketing costs compared to the previous quarter.

In Q4 and Q3 2025, the net loss before tax of $1.4 million and $12.6 million were recorded by Mkango respectively, with a significant decrease noted in Q3 2025. The loss was primarily impacted by a fair value adjustment of $9.7 million in Q3 relating to the derivative liability associated with investor warrants, which resulted from the significant increase in the share price in Q3 2025.

Additionally, there was a further fair value adjustment of $438,179 for the derivative liability of the convertible loan note issued as part of the business combination with CPTK.

In addition, Mkango recognised a foreign exchange gain of $43,976 in Q4 compared to a loss of $697,953 in Q3 2025, reflecting the stabilisation of the US dollar against both the British pound and the Euro during the period. Additionally, operating expenses increased in Q4 and Q3 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.

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.

5.2 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 rental costs on behalf of Mkango. Mkango reimburses Leo Mining for these costs. As of 31 March 2026, the Company was owed an amount of $7,764 by Leo Mining (31 December 2025: $7,216). The amount is unsecured and due on demand.

CoTec is considered related as it has a 20.6% interest in Maginito. As of 31 March 2026, CoTec owed the Company $988 (31 December 2025: $117,240) relating to costs incurred by the Company relating to the roll-out of HPMS technology into the United States on behalf of HyProMag USA LLC. CoTec is responsible for these costs.

The amounts due to related parties were as follows:

	31 March 2026	**31 December 2025**
Due to key management and directors	115,551	108,293
Due to related parties with common directors (Leo Mining)	1,231	7,216
Total due to related parties	116,782	115,509

The amounts due from related parties were as follows:

	31 March 2026	**31 December 2025**
Due to key management and directors	2,302	11,106
HyProMag USA	38,143	91,871
CoTec	988	117,240
Leominex	8,995	-
Mkango Cayman	7,584	7,584
Total due from related parties	58,012	227,801

5.3 Expenditures

Total expenses attributable to common shareholders and non-controlling interest	Quarter ended 31 March 2026	Quarter ended 31 December 2025	Quarter ended 31 March 2025
Sales	51,621	-	-
Cost of sales	(65,141)	-	-
Gross loss	(13,520)	-	-
General and administrative			
Audit and tax management	(54,730)	(77,576)	(250,770)
Legal fees	(76,705)	(84,724)	(27,882)
Salaries and consulting fees	(756,983)	(661,734)	(488,486)
Rent, storage, telephone and insurance	(67,828)	(2,443)	36,875
Travel and marketing	(57,083)	(147,267)	(18,157)
Listing and brokerage expenses	(99,013)	(21,697)	(19,034
Share-based payments	(222,698)	(203,973)	(88,047)
Depreciation	(122,728)	(96,616)	(73,274)
Amortisation	(131,274)	(134,192)	(131,274)
Investor relations and marketing	(37,120)	(57,887)	(19,300)
Expected credit losses	(254)	(2,553)	-
HyProMag UK (excl salaries)	(88,758)	(113,352)	(49,676)
HyProMag Germany (excl salaries)	(24,460)	(546,339)	(53,016)
Mkango UK	(49,932)	(31,537)	(146,634)
SPAC related costs	(542,282)	(392,465)	-
Sub total - General and administrative	(2,331,849)	(2,574,335)	(1,328,675)
Mineral project expenditures			
Songwe Hill Project			
Metallurgy expenses	-	-	(4,579)
Government fees	(419)	(413)	(350)
ESHIA	-	-	-
Technical studies	-	-	-
Storage fees	(13,163)	-	-
Malawi office and camp expenses	(29,633)	(24,061)	(11,584)
REE Separation Plant Pre-feasibility Study	-	-	-
Thambani projects	-	-	-
Sub total - Mineral projects	(43,216)	(24,474)	(16,513)
Total expenses	(2,388,585)	(2,598,829)	(1,345,188)
Other income	41,907	30,001	
Interest income	5	2	4
Finance Expense	(122,085)	(118,673)	(11,165)
Share of associated company's losses	-	-	-
Fair value losses	-	-	-
Fair value adjustment – derivative liability	2,555,869	815,165	(1,136,344)
Fair value adjustment – convertible note liabilities	(42,065)	438,179	-
Foreign exchange gain/(loss)	(7,421)	(5,909)	8,043
Sub total – Other items	2,427,531	1,158,765	(1,139,462)
Net profit/(loss) before tax	**52,467**	**(1,440,065)**	**(2,484,650)**

Three months ended 31 March 2026 compared to the three months ended 31 December 2025

Total expenses decreased by $210,244 from $2,598,829 in Q4 2025 to $2,388,585 in Q1 2026, primarily as a result of the following:

a) General and administrative: General and administrative expenses decreased by $242,486 compared to the prior quarter. The decrease mainly related to reduced expenses in HyProMag GmbH as a result of government subsidies as well as reduced travel and marketing costs. These increases were partly offset by increased transaction costs relating to SPAC-related activities of $149,817 as the transaction progressed towards the F-4 filing. Additionally, there was increased spending on consultants and salaries by $44,196 (excluding the prior period correction of consulting expenses of $50,054) as Mkango engaged a corporate advisor and other consultants, and an increase in listing and brokerage expenses of $77,317 due to the payment of annual listing fees.

b) Mineral Projects: Mineral project expenditures of $43,216 represents an increase of $18,742 quarter-over-quarter, which was mainly attributable to higher metallurgical sample storage costs compared to the previous quarter and a slight increase in camp expenses for the quarter.

The Company recorded a fair value adjustment of $2,555,869 on the derivative liability related to investor warrants in Q1 2026, while the fair value adjustment for Q4 was $815,165. The adjustment reflects further share price depreciation during the quarter, with the share price moving from $0.62 as the close of Q4 2025 to $0.51 at the close of Q1 2026.

Three months ended 31 March 2026 compared to the three months ended 31 March 2025

Total expenses increased by $1,043,397 from $1,345,188 in Q1 2025 to $2,388,585 in Q1 2026, primarily as a result of the following:

a) General and administrative: General and administrative expenses increased by $1,003,174 year-over-year. The increase was driven by $542,282 increase in SPAC transaction related costs in connection with technical reports which were not incurred in the prior-year quarter, as well as increased salary and consulting fees of $268,497 with the reassignment of the HyProMag GmbH and HyProMag UK salaries into this line item. There was also an increase in spend in HyProMag UK of $39,082 reflecting the continued development of the recycling project and a decrease in expenditure in HyProMag GmbH and Mkango Rare Earths UK of $28,556 and $96,702 respectively due to the receipt of government subsidies.

b) Mineral Projects: Mineral project expenditures increased by $26,703 year-over-year, largely due to higher Malawi office and camp costs as well as higher metallurgical sample storage fees of $13,163.

In Q1 2026, the Company recorded a fair value credit of $2,555,869 on the derivative liability associated with investor warrants, compared to a fair value loss of $1,136,344 in Q1 2025, representing a movement of $3,692,213 due to changes in the share price. The Company also recognised an increase in finance expenses as a result of the convertible loan notes of $110,920 in Q1 2026 compared to finance expenses of $11,165 of Q1 2025. Additionally, there was fair value adjustment of $42,065 related to the convertible loan notes which weren't in existence in Q1 2025.

5.4 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 three months ended 31 March 2026 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.

5.5 Commitments

5.5.1 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 square km. Each retention licence is for a five-year period from 1 June 2021.

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.

5.5.2 HyProMag Germany Commitments

As at 31 March 2026, 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 12 months from 31 March 2026, total approximately $805,801 and are expected to be settled in line with the agreed manufacturing and delivery schedules.

5.6 Issued and Outstanding Share Information

As at the date of this report, the Company has 387,460,284 shares, 1,800,000 broker warrants, 21,660,000 investor warrants, 19,438,267 stock options and 9,679,434 restricted share units in issue.

5.7 Off Balance Sheet Arrangements

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

5.8 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.

5.9 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.

5.9.1 Risk 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, development and operations, 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**

  MKAR is largely a development-stage entity. The Songwe Hill Project and 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 specialised 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.

5.9.2 Risk Related to the Recycling and Manufacturing Business (HyProMag)

- **Commercialisation 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, the U.S.). 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.

5.9.3 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.

- **Going Concern Uncertainty**

  The Company has incurred losses since inception and continues to rely on securing additional financing to fund its operations, development activities, and working capital requirements. While the Company is actively pursuing the SPAC transaction and other financing options, there is no assurance that the Company will be able to raise sufficient funds, and the Company's continued existence as a going concern is dependent on its ability to obtain financing.

5.9.4 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 between CoTec Holdings Corp. (CoTec) and Maginito. 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.

5.9.5 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 specialised 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 specialised 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.

5.10 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 minimises 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 31 March 2026 and 31 December 2025, is most significantly influenced by the following cash amounts held in foreign currencies (amounts shown in US dollars):

	31 March 2026	31 December 2025
Cash:		
Canadian Dollar	1,644	295
United States Dollar	687,546	477,604
Pound Sterling	416,939	2,267,964
Euro	99,565	311,696
Malawian Kwacha	8,958	849
Australian Dollar	80	79
Polish Zloty	(56)	74
	1,214,676	**3,058,561**

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 $60,734 (31 December 2025: $152,928).

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 31 March 2026:

	Contractual Cash Flows	**Less than 1 Year**	**Greater than 1 Year**
Accounts payable and accrued liabilities	2,297,646	2,297,646	-
Due to related parties	116,782	116,782	-
Lease liability	1,172,122	201,816	970,306
Convertible loan note	662,765	662,765	
Derivative liability – Convertible loan notes	381,002	381,002	

The following table outlines the maturities of the Company's financial liabilities as at 31 December 2025:

	Contractual Cash Flows	**Less than 1 Year**	**Greater than 1 Year**
Accounts payable and accrued liabilities	2,321,528	1,776,882	-
Due to related parties	115,509	115,509	-
Lease liability	1,252,180	187,907	1,064,273
Convertible loan note	458,873	458,873	
Derivative liability – BCA Note	189,780	189,780	

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**	
	31 March 2026	**31 December 2025**	**31 March 2026**	**31 December 2025**
Cash	-	-	1,214,676	3,058,561
Receivables	-	-	281,956	238,843
Due from related parties	-	-	65,578	228,292
Total financial assets	**-**	**-**	**1,562,210**	**3,525,696**
Financial liabilities				
Accounts payable and accrued liabilities	-	-	2,297,646	2,321,528
Due to related parties	-	-	116,782	115,509
Finance lease liability	-	-	1,172,122	1,252,179
BCA Note			662,765	458,873
Derivative liability	8,042,419	10,598,289	-	-
Derivative liability – BCA Note	381,002	189,780	-	-
	8,423,422	**10,788,069**	**4,249,315**	**4,148,089**

5.11 Liquidity and Capital Resources

As at 31 March 2026, the Company reported net current liabilities of $10,036,894, compared to $10,076,130 at 31 December 2025. The position is largely driven by the derivative liability of $8,042,419 relating to 21,660,000 investor warrants which were outstanding at the end of the period, which included an additional 5,000,000 issued in connection with the October 2025 equity raise. 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 as well as adjustments to the derivative liability and convertible loan note liability of the business combination and F-4 agreements $381,002 and $662,765 respectively.

6 DIRECTORS AND OFFICERS

- William Dawes, Founding Director and Chief Executive Officer
- Alexander Lemon, Founding 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)
- Tim Slater, Interim Chief Financial Officer