



Este documento corresponde a información financiera de Aclara Resources Inc., sociedad controladora de REE Uno SpA.



ACLARA RESOURCES INC.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2025

Dated as of March 18, 2026

TABLE OF CONTENTS

ITEM 1: PRELIMINARY NOTES	5
1.1. GENERAL MATTERS	5
1.2. CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION	5
1.3. CAUTIONARY NOTE TO INVESTORS CONCERNING MINERAL RESERVE AND RESOURCE ESTIMATES	9
1.4. GLOSSARY OF TERMS AND UNITS	9
1.5. TECHNICAL INFORMATION	9
1.6. MINERAL RESERVE AND RESOURCE CATEGORIES (CLASSIFICATIONS)	10
1.7. CURRENCY AND METRIC EQUIVALENTS	11
ITEM 2: CORPORATE STRUCTURE	11
2.1. NAME, ADDRESS, AND INCORPORATION	11
2.2. INTERCORPORATE RELATIONSHIPS	12
ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS	12
3.1. OVERVIEW	12
3.2. THREE-YEAR HISTORY	13
ITEM 4: DESCRIPTION OF THE BUSINESS	25
4.1. OVERVIEW	25
4.2. PRINCIPAL MARKETS & PRODUCTS	26
4.3. SPECIALIZED SKILLS AND KNOWLEDGE	27
4.4. COMPETITIVE CONDITIONS	27
4.5. ECONOMIC DEPENDENCE	28
4.6. FOREIGN OPERATION	28
4.7. REGULATORY FRAMEWORK	32
4.8. ENVIRONMENTAL PROTECTION AND REGULATION	34
4.9. HEALTH AND SAFETY MATTERS	36
4.10. COMMUNITY RELATIONS	36
4.11. EMPLOYEES	38
4.12. SOCIAL AND ENVIRONMENTAL POLICIES	39
ITEM 5A: MATERIAL MINERAL PROJECTS	40
5.1. PENCO MODULE	40
5.1.(a) PROJECT DESCRIPTION, LOCATION, AND ACCESS	40
5.1.(b) HISTORY	41
5.1.(c) GEOLOGICAL SETTING, MINERALIZATION, AND DEPOSIT TYPES	42
5.1.(d) EXPLORATION	42
5.1.(e) DRILLING	43
5.1.(f) SAMPLING, ANALYSIS, AND DATA VERIFICATION	43
5.1.(g) MINERAL PROCESSING AND METALLURGICAL TESTING	44
5.1.(h) MINERAL RESOURCE ESTIMATES	45
5.1.(i) MINING METHODS	51
5.1.(j) PROCESSING AND RECOVERY OPERATIONS	53
5.1.(k) INFRASTRUCTURE, PERMITTING AND COMPLIANCE ACTIVITIES	53
5.1.(l) CAPITAL AND OPERATING COSTS	59
5.1.(m) CONFIRMATION OF THE PENCO MODULE FLOWSHEET	64
5.1.(n) UPDATED MINERAL RESOURCE STATEMENT	68
5.2. CARINA PROJECT	76
5.2.(a) PROJECT DESCRIPTION AND OWNERSHIP	76
5.2.(b) ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY	77
5.2.(c) HISTORY	78
5.2.(d) GEOLOGICAL SETTING, MINERALIZATION AND DEPOSIT TYPES	78
5.2.(e) EXPLORATION	82

5.2.(f) DRILLING	82
5.2.(g) SAMPLING, ANALYSIS, SECURITY AND DATA VERIFICATION	83
5.2.(h) MINERAL PROCESSING AND METALLURGICAL TESTING	85
5.2.(i) MINERAL RESOURCE ESTIMATES	86
5.2.(j) MINING METHODS	96
5.2.(k) RECOVERY METHODS	98
5.2.(l) PROJECT INFRASTRUCTURE	102
5.2.(m) MARKET STUDY AND CONTRACTS	105
5.2.(n) ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL OR COMMUNITY IMPACT	106
5.2.(o) CAPITAL AND OPERATING COSTS	107
5.2.(p) ECONOMIC ANALYSIS	108
5.2.(q) ADJACENT PROPERTIES	110
ITEM 5B: OTHER MINERAL PROJECTS	111
ITEM 6: RISK FACTORS	111
6.1. RISKS RELATED TO THE COMPANY'S FOREIGN OPERATIONS	112
6.2. RISKS RELATED TO THE COMPANY'S BUSINESS AND INDUSTRY	116
6.3. RISKS RELATED TO THE OWNERSHIP OF COMMON SHARES	137
ITEM 7: DESCRIPTION OF CAPITAL STRUCTURE	141
7.1. COMMON SHARES	141
7.2. PREFERRED SHARES	142
7.3. OMNIBUS LONG-TERM INCENTIVE PLAN	142
ITEM 8: DIVIDENDS AND DISTRIBUTIONS	142
ITEM 9: MARKET FOR SECURITIES	143
9.1. TRADING PRICE AND VOLUME	143
9.2. PRIOR SALES	143
ITEM 10: ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER	143
ITEM 11: DIRECTORS AND EXECUTIVE OFFICERS	143
11.1. DIRECTOR AND EXECUTIVE OFFICER INFORMATION	143
11.2. SHAREHOLDINGS OF DIRECTORS AND EXECUTIVE OFFICERS	147
11.3. CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS	147
11.4. CONFLICTS OF INTERESTS	148
ITEM 12: PROMOTERS	148
ITEM 13: LEGAL PROCEEDINGS AND REGULATORY ACTIONS	148
ITEM 14: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	148
ITEM 15: TRANSFER AGENT AND REGISTRAR	148
ITEM 16: MATERIAL CONTRACTS	148
ITEM 17: INTERESTS OF EXPERTS	154
ITEM 18: AUDIT COMMITTEE INFORMATION	154
18.1. AUDIT COMMITTEE CHARTER	154
18.2. COMPOSITION OF THE AUDIT COMMITTEE	154
18.3. AUDIT COMMITTEE OVERSIGHT	155
18.4. RELEVANT EDUCATION AND EXPERIENCE	155
18.5. PRE-APPROVAL POLICIES AND PROCEDURES	155
18.6. EXTERNAL AUDITORS AND SERVICE FEES	155
ITEM 19: ADDITIONAL INFORMATION	156
APPENDIX A GLOSSARY OF TERMS AND ABBREVIATIONS	1

APPENDIX B AUDIT COMMITTEE CHARTER.....1

ITEM 1: PRELIMINARY NOTES

1.1. GENERAL MATTERS

Unless otherwise noted or the context otherwise indicates, the “Company”, “Aclara”, “us”, “we”, or “our” refer to Aclara Resources Inc. and its direct and indirect subsidiaries and predecessors or other entities controlled by it or them. All information contained herein is current as at December 31, 2025, unless otherwise indicated.

1.2. CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This annual information form (“AIF”) contains certain “forward-looking information” and “forward-looking statements”, as defined under Canadian securities legislation (collectively referred to herein as “**forward-looking statements**”).

Forward-looking statements contained in this AIF may relate to the Company’s future financial outlook and anticipated plans, events, performance, or results and may include information regarding the Company’s business, financial position, business strategy, growth plans and strategies, budgets, operations, financial results, taxes, dividend policy, plans, and objectives. Particularly, statements concerning the Company’s expectations of future results, performance, achievements, prospects, or opportunities or the markets in which the Company operate constitutes forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or statements that certain actions, events, or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur”, or “will be achieved”. All statements other than those of historical fact are forward-looking statements, and in particular, any statements that refer to expectations, intentions, projections, or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates, and projections regarding future events or circumstances.

Forward-looking statements in this AIF include, but are not limited to, statements with respect to:

- permit and third-party consent (as may be required) timing and requirements;
- estimated completion dates for certain milestones;
- the impact of competition and applicable laws and regulations on the Company’s operations and results;
- government regulation of mining and industrial operations;
- expectations, strategies, and plans for the Penco Module and the Carina Project, including with respect to the estimation and realization of mineral reserves and mineral resources, the quantity, quality, and composition mix thereof, expected mine life, expected capital and operating expenditures, costs and timing of development of the Penco Module, the Carina Project and Project Dynamo;
- future objectives of the Company and growth and other strategies to achieve those objectives;
- future financial or operating performance of the Company;
- global markets for the demand and supply of rare earth elements (REEs);
- costs, location, and timing of potential future exploration and drilling;
- success of future exploration and development activities;
- environmental risks and hazards;
- continuous availability of required expertise and manpower;
- continuous access to capital markets;
- future trends that may affect the Company’s business and results of operations; and

- any other factors applicable generally to the industry in which the Company operates or those mentioned in the Company's other public disclosure documents.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control, which may cause the actual results, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others:

- risks related to the Company's foreign operations, including:
 - operating in a foreign jurisdiction, including political and socioeconomic problems in Chile, Brazil and the United States;
 - changes to mining laws and regulations and the termination or non-renewal of mining rights by governmental authorities;
 - jurisdictions in which the Company operates or might operate in the future may offer less certainty as to the judicial outcome or less effective forms of redress or a more protracted judicial process than in Canada and risks related to enforcement of judgments and effecting service of process on directors and officers;
 - the perception of higher risk in other emerging economies, resulting in adverse effects on the Chilean and Brazilian economies;
 - inflation in the Brazilian economy, efforts by the Brazilian government to combat inflation, and the potential for further downgrading of Brazil's credit rating may adversely impact the Brazilian economy; and
 - corruption and anti-bribery law violations by the Company's employees or other agents;
- risks related to the Company's business and industry, including:
 - failure to comply with the law or obtain or renew necessary permits and licenses;
 - social and environmental activism, which may negatively impact exploration, development and mining activities;
 - dependence on relations and agreements with local communities;
 - costs of compliance with environmental regulations;
 - actual production, capital, and operating costs that differ from those anticipated;
 - failure to successfully complete the construction and start-up of mines and new development projects;
 - volatile and lower-than-expected REE prices;
 - exposure to radionuclides and related regulatory requirements;
 - mining operation risks;
 - materially incorrect geologic, metallurgic, engineering, title, environmental, economic and financial assessments;
 - dependence on development stage mineral projects;
 - competition in the REE mining and separation industries;
 - the current dominance of China in the REE market;
 - dependence, in part, on the growth of existing and emerging uses for REE products;
 - risks related to earthquakes;
 - unanticipated adverse geological, hydrological and climatic events;

- uncertainty surrounding mineral exploration efforts;
- unanticipated losses due to currency fluctuations;
- operational risks that may result in increased costs or delays that prevent the successful implementation of the Company's projects;
- inability to industrialize the processing and recovery methods on the Company's operations;
- dependence on the skills of the Company's management and workforce for successful development and operation of the Carina Project, the Penco Module and Project Dynamo;
- higher operational costs during mining cycle peaks;
- industry consolidation, which may result in increased competition and lower revenue;
- inadequate infrastructure that constrains mining operations;
- fluctuations in the market prices and availability of commodities and equipment;
- cross-border logistics and trade exposure;
- risks related to ownership of properties;
- failure to maintain satisfactory labor relations;
- the Company's operations and potential liability that could result therefrom;
- the Company's limited experience in commercial operations in processing and separation facilities;
- risks relating to the development of the Company's processing and separation facilities;
- conflicts of interest;
- risks related to future acquisitions;
- failure of information systems or information security threats;
- legal proceedings;
- product alternatives that may reduce demand for the Company's products;
- changes in climate conditions and resulting legislation;
- risks related to indebtedness;
- dependence on outside parties;
- the capital-intensive nature of the Company's business;
- increased operating expenses resulting from increases in the price of electrical power, fuel, or other energy sources;
- changes in tax laws;
- risks normally incidental to the nature of mineral exploration, development, and mining;
- employee or third-party contractor misconduct;
- the absence of current sales or off-take agreements, and deliveries under future sales agreements may be suspended or cancelled by customers; and
- the implementation of proposed amendments to the Metropolitan Land-Use Plan of Concepción in Chile; and
- risks related to the ownership of Common Shares, including:
 - dilution and future sales of the Common Shares and their effects on the market price for the Common Shares;
 - suspension of the Common shares from trading or the Common Shares being delisted;

- volatility in the market price of the Company's equity securities, including the Common Shares;
- uncertainty surrounding current geopolitical tariffs impacting the market price of the Common Shares;
- sales by existing shareholders that reduce the market price of the Common Shares;
- sale of a significant portion of the Company's total outstanding Common Shares into the public market in the near future could cause the market price of the Common Shares to drop significantly;
- future sales of Common Shares by the Principal Shareholders (i.e., New Hartsdale, HM Holdings and CAP);
- the influence of the Principal Shareholders over the Company;
- future offerings of securities ranking senior to the Common Shares that affect its market price;
- any issuance of Preferred Shares could make it difficult for another company to acquire the Company or could otherwise adversely affect holders of Common Shares, which could depress the market price of the Common Shares;
- claims for indemnification by the Company's directors and officers;
- risks related to forward-looking information contained in this AIF;
- class action litigation against the Company following a decline in the market price of the Company's securities;
- risks related to global financial conditions; and
- risks related to the nature of the Company as a holding company and the corresponding dependence on its subsidiaries for cash to fund operations and expenses.

The Company has attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ from what is anticipated, estimated or intended. Those factors are described or referred to below in this AIF under "*Item 6 – Risk Factors*" and elsewhere herein. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations.

Readers are cautioned that the foregoing list of factors that may affect forward-looking statements is not exhaustive. Actual results and developments are likely to differ and may differ materially from those expressed or implied by forward-looking statements, including those contained in this AIF. Such statements are based on a number of assumptions, which may prove to be incorrect, including, but not limited to, assumptions about the following:

- the receipt of governmental and other third-party approvals, licenses, and permits on favorable terms;
- changes in laws, rules, regulations and global standards;
- the Company's ability to build market share;
- the Company's ability to retain key personnel;
- the Company's ability to successfully develop separation technology for heavy and light rare earths;
- future prices of REE;
- favorability of operating conditions, including the ability to operate in a safe, efficient and effective manner;
- obtaining required renewals for existing approvals, licenses and permits and obtaining all other required approvals, licenses and permits on favorable terms;
- sustained labor stability;
- financial and capital goods market stability;

- availability of equipment and the condition of existing equipment, as described in the Penco Technical Report and Carina Technical Report;
- the Company's ability to continue investing in infrastructure to support company growth;
- the Company's ability to obtain and maintain existing financing on acceptable terms;
- currency exchange and interest rates;
- the impact of competition; and
- changes and trends in the industry in which the Company operates and in the global economy.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements. All forward-looking statements, including those herein, are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information, future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

1.3. CAUTIONARY NOTE TO INVESTORS CONCERNING MINERAL RESERVE AND RESOURCE ESTIMATES

The mineral resource estimates (MREs) reported in this AIF were prepared in accordance with Canadian National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"), as required by Canadian securities regulatory authorities. The mineral resource data presented herein are estimates, and no assurance can be given that the anticipated tonnages, grades, and REE composition will be achieved or that the indicated level of recovery will be realized.

1.4. GLOSSARY OF TERMS AND UNITS

Appendix "A" of this AIF contains a glossary of terms and unit abbreviations used in this AIF.

1.5. TECHNICAL INFORMATION

Except where otherwise indicated, the scientific and technical information in this AIF in relation to the Penco Module is based on, and in certain cases, summarized from the technical report titled "Amended and Restated Technical Report – Preliminary Economic Assessment for Penco Module Project" with an effective date of September 15, 2021, prepared in accordance with NI 43-101 by Ausenco Engineering Chile Limited ("**Ausenco**") and authored by Francisco Castillo, Alejandro Solar, Manuel Hernandez, Luis Oviedo, Scott Weston, Scott Elfen and Gavin Beer, each such author being a "qualified person" and "independent" within the meanings of NI 43-101 (the "**Penco Technical Report**"). The Penco Technical Report is subject to certain assumptions, qualifications, and procedures described therein. Reference should be made to the full text of the Penco Technical Report, which has been filed with securities regulatory authorities pursuant to NI 43-101 and is available for review under the Company's profile on SEDAR+ at www.sedarplus.ca.

The laboratory results confirming the successful completion of the Penco Module project flowsheet as set out in "*Item 5.1(m) – Confirmation of the Penco Module Flowsheet*" of this AIF were reviewed and approved by Stuart Saich, a process engineering consultant, who is a fellow of the Australasian Institute of Mining and Metallurgy (FAUSIMM) and being a "qualified person" and "independent" within the meanings of NI 43-101.

The updated mineral resource statement in relation to the Penco Module as at October 13, 2022, as set out in "*Item 5.1(n) – Updated Mineral Resource Statement*" of this AIF, has been prepared, reviewed, and approved by Andres Beluzan, General Manager at ABelco Consulting SpA, an independent consultant for geostatistics and resource estimation. Mr. Beluzan is a "qualified person" and "independent" within the meanings of NI 43-101 (the "**Updated**").

Mineral Resource Statement). The scientific and technical information related to geology, drilling, mineralization, and geological modelling regarding the Updated Mineral Resource Statement has been reviewed and approved by Luis Oviedo, General Manager at Atticus Chile S.A. and an independent consulting geologist. Mr. Oviedo is a “qualified person” and “independent” within the meanings of NI 43-101.

Except as otherwise indicated, scientific and technical information in this AIF in relation to the Carina Project is based on, and in certain cases, summarized from the technical report titled “NI 43-101 Technical Report & Pre-Feasibility Study on the Carina Project, Goiás, Brazil” with an effective date of October 22, 2025, prepared in accordance with NI 43-101 by Hatch Ltd. (“**Hatch**”) and authored by Tyler Wilson, Luis Oviedo, Stuart Saich, Andres Beluzan, Paulo Laymen, Paulo Franca, Stefan Hlouschko, and Rolf Schmitt, each such author being a “qualified person” and “independent” within the meanings of NI 43-101 (the “**Carina Technical Report**”). The Carina Technical Report is subject to certain assumptions, qualifications, and procedures described therein. Reference should be made to the full text of the Carina Technical Report, which has been filed with securities regulatory authorities pursuant to NI 43-101 and is available for review under the Company’s profile on SEDAR+ at www.sedarplus.ca.

1.6. MINERAL RESERVE AND RESOURCE CATEGORIES (CLASSIFICATIONS)

The Company’s mineral resources have been estimated in accordance with NI 43-101, which has adopted the Canadian Institute of Mining, Metallurgy and Petroleum (“**CIM**”) *Standards on Mineral Resources and Reserves, Definitions and Guidelines* dated May 10, 2014 (the “**2014 CIM Definition Standards**”). The definitions for the CIM Definition Standards/NI 43-101 for mineral resources and mineral reserves are as follows:

- An “**indicated mineral resource**” is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An indicated mineral resource has a lower level of confidence than a measured mineral resource and may only be converted to a probable mineral reserve.
- An “**inferred mineral resource**” is that part of a mineral resource for which quantity and grade or quality is estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An inferred mineral resource has a lower level of confidence than an indicated mineral resource and must not be converted to a mineral reserve. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration. An inferred mineral resource is based on limited information and samples gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drillholes. Inferred mineral resources must not be included in the economic analysis, production schedules or estimated mine life in publicly disclosed pre-feasibility or feasibility studies, or in the life-of-mine (LOM) plans and cash flow models of developed mines. Inferred mineral resources can only be used in economic studies as provided under NI 43-101.
- A “**measured mineral resource**” is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A measured mineral resource has a higher level of confidence than either an indicated mineral resource or an inferred mineral resource. It may be converted to a proven mineral reserve or a probable mineral reserve.
- A “**mineral reserve**” is the economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of modifying factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which mineral reserves are defined, usually the point where the ore is

delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a mineral reserve must be demonstrated by a pre-feasibility study or feasibility study.

- A “**mineral resource**” is a concentration or occurrence of solid material of economic interest in or on the earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. Material of economic interest refers to diamonds, natural solid inorganic material or natural solid fossilized organic material including base and precious metals, coal and industrial minerals. The term mineral resource covers mineralization and natural material of intrinsic economic interest that has been identified and estimated through exploration and sampling and, within which mineral reserves, may subsequently be defined by the consideration and application of modifying factors.
- “**modifying factors**” are considerations used to convert mineral resources to mineral reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.
- A “**probable mineral reserve**” is the economically mineable part of an indicated mineral resource, and in some circumstances, a measured mineral resource. The confidence in the modifying factors applying to a probable mineral reserve is lower than that applying to a proven mineral reserve.
- A “**proven mineral reserve**” is the economically mineable part of a measured mineral resource. A proven mineral reserve implies a high degree of confidence in the modifying factors.

1.7. CURRENCY AND METRIC EQUIVALENTS

References to “US\$” or “U.S. dollar” are to the United States dollar and references to “\$” or “C\$” are to the Canadian dollar. On March 17, 2026, the last trading date before the date of this AIF, the exchange rate reported by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was US\$1.00=C\$1.3699. The following table sets forth the highest, lowest, average and year-end exchange rates of the Canadian dollar to the U.S. dollar for fiscal years 2023, 2024 and 2025 (rates are based on the exchange rates for U.S. dollars as reported by the Bank of Canada). Certain totals, subtotals and percentages throughout this AIF may not reconcile due to rounding.

	Fiscal Year Ended December 31		
	2025	2024	2023
	(C\$)	(C\$)	(C\$)
Highest rate during the period	1.4603	1.4416	1.3875
Lowest rate during the period	1.3558	1.3316	1.3128
Average rate for the period	1.3978	1.3698	1.3497
Rate at the end of the period ⁽¹⁾	1.3706	1.4389	1.3397

Note:

(1) Calculated based on the exchange rates on the last business day of the applicable period.

ITEM 2: CORPORATE STRUCTURE

2.1. NAME, ADDRESS, AND INCORPORATION

The Company was incorporated on May 5, 2021, under the name “1303714 B.C. Ltd.” pursuant to the *Business Corporations Act* (British Columbia) and changed its name to “Aclara Resources Inc.” on October 4, 2021. The Company was formed for the purposes of completing the Demerger Transactions, whereby as a result, among other things, Hochschild Mining, through its affiliate, transferred all of its ownership interest in its wholly owned subsidiary, REE Uno, to Aclara and 80% of the Company’s Common Shares were spun out to the ordinary shareholders of Hochschild Mining. Following the concurrent completion of the Demerger Transactions and Going Public Transactions, the Company became a separately listed company on the Toronto Stock Exchange (“**TSX**”).

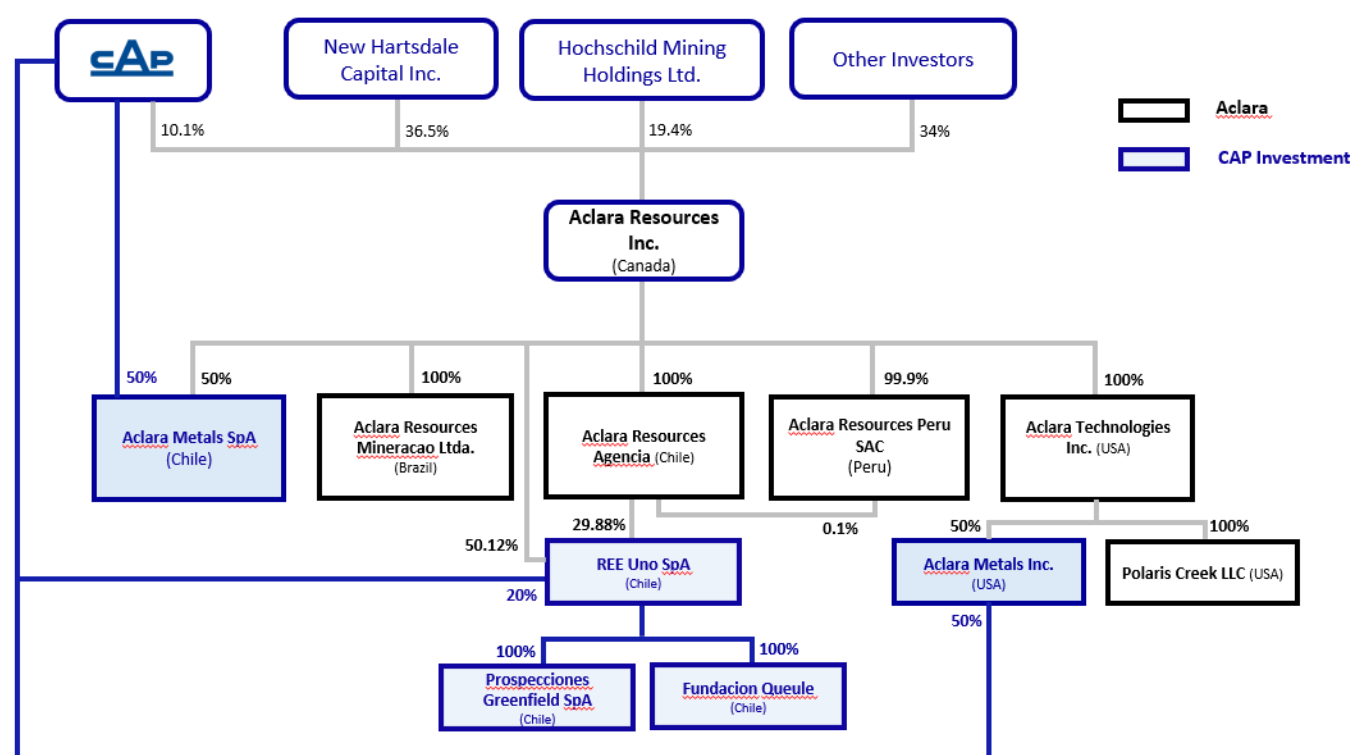
On December 9, 2021, and in connection with the completion of the Going Public Transactions, the Company amended its articles to create Preferred Shares as part of its authorized capital.

The Company's head office and registered office is located at Calle La Colonia 180, Urb. El Vivero, Santiago de Surco, Lima 15023, Peru.

The Company is a reporting issuer in each of the provinces and territories of Canada other than Québec, and the Company's Common Shares are listed on the TSX under the symbol "ARA."

2.2. INTERCORPORATE RELATIONSHIPS

The following chart identifies the Company's subsidiaries, their applicable governing jurisdictions and the percentage of their voting securities that are beneficially owned, controlled or directed, directly or indirectly, by the Company. Title to the Penco Module and other mining concessions in Chile described herein are held beneficially by the Company through its majority-owned subsidiary, REE Uno. Title to the Carina Project and mineral exploration concessions and certain rights to acquire additional mineral exploration concessions in Brazil described herein are held beneficially by the Company through its wholly-owned subsidiary, Aclara Resources Mineracao Ltda.



ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

3.1. OVERVIEW

Aclara is a company focused on the development of a vertically integrated supply chain for rare earths alloys used in permanent magnets. Aclara's business strategy is supported by its ionic clay mineral deposits in Brazil and Chile, which feature large concentrations of heavy rare earth elements (HREE), providing the Company with unique access to a reliable, long-term source of these critical materials. Aclara has also developed and patented an innovative technology to extract rare earths from ionic clay deposits through recycling and circular economy processes. This approach results in lower water consumption and minimal carbon emissions, helping position future projects utilizing the technology as sustainable worldwide.

Aclara's flagship project is the Carina Project, a 9,863-hectare (ha) HREE ionic clay project located in Nova Roma, Goiás, Brazil. The Company is also advancing the Penco Module, a 600 ha HREE ionic clay project located in

Biobío, Chile. The Carina Project and Penco Module will aim to produce mixed rare earth carbonates (“**MREC**”) through a processing plant that will be fed by clays from nearby deposits. In addition to the development activities in relation to the Carina Project and Penco Module, the Company is also engaged in exploration activities in relation to other mining concessions in Brazil and Chile beneficially held by the Company, in order to determine the presence of other mineral deposits with the potential of being economically developed while leaving a limited environmental footprint.

The Company, through its U.S.-based wholly owned subsidiary, Aclara Technologies Inc. (“**Aclara Technologies**”), is advancing its downstream integration strategy by developing a rare earth separation plant (the “**Processing Facility**”) in the United States (“**Project Dynamo**”). Aclara Technologies intends to source high-purity mixed MREC from the Company’s mining projects and process them into separated, high-purity individual rare earth oxides (“**REO**”). The commercial-scale Project Dynamo is planned to be located at the Port of Vinton, Louisiana, United States.

In addition, the Company, through its joint venture company, Aclara Metals Inc. (“**Aclara Metals**”), which is owned 50/50 with CAP, is developing rare earths alloy-making capabilities to convert refined oxides into the alloys needed for fabricating permanent magnets. The strategy to integrate vertically responds to the need for creating a geopolitically independent supply chain for permanent magnets, ensuring traceability, high environmental standards across the value chain, cost-competitiveness and a fast-track to market. As a result, Aclara is well-positioned to become the first vertically integrated HREE company outside of Asia, thereby supporting the viability of high-quality technologies used in the race against climate change.

3.2. THREE-YEAR HISTORY

2023

Chile

EIA Process and Updated Permitting Strategy

The Company initiated an Environmental Impact Assessment (“**EIA**”) of the Penco Module in 2018 (the “**Original EIA**”) but ultimately withdrew its application for the Original EIA in March 2022 to address certain concerns of the Environmental Assessment Service (“**SEA**”) raised with respect to protection of local flora and fauna. From April 2022 to the first quarter of 2023, the Company completed additional baseline field studies to address the issues raised by the SEA in connection with the Original EIA. The seasonal baseline field studies provided additional information and assessment aimed at addressing such issues, which were incorporated into a revised EIA application relating to the Penco Module (the “**Revised EIA**”) that the Company submitted to the SEA on April 28, 2023.

The Revised EIA included other significant improvements as compared to the previously withdrawn Original EIA in respect of both the technical aspects and potential social impacts of the Penco Module on the local community. Such improvements included certain pre-feasibility engineering studies and commitments to revegetate over 200 ha of land with native species, as well as the anticipated creation of over 2,000 direct and indirect jobs in connection with the construction and operation of the Penco Module.

On July 4, 2023, the Company received notice from the SEA of its decision to terminate the review of the Company’s application for the Revised EIA. This resulted from a termination request submitted by the National Forest Corporation (“**CONAF**”) to the SEA, based on CONAF finding that there are six (6) undisclosed citronella mucronate, commonly known as “naranjillo” trees, located in the area of the project. Naranjillo trees are considered “vulnerable species”, meaning their presence in or near one of the contemplated disposal areas of the project would result in classification of the region as a “preservation forest” and prevention of any related tree removal. According to the SEA, the Company’s non-disclosure of the information relating to the six (6) naranjillo trees resulted in the Revised EIA being incomplete, and thus required termination of the assessment process.

On September 25, 2023, the Company provided an update on its permitting and development strategy to address concerns associated with native forests, minimize delays in the Penco Module's development timeline and integrate technical enhancements into the Penco Module. To effectively implement the revised strategy, the Company proposed the preparation and submission of two (2) EIAs, which were collectively anticipated to cover the full life-of-mine of the Penco Module. Chilean regulations allow for the submission of a project to the SEA in two (2) or more stages, provided that they are at the same regulatory review level, as would be the case in respect of the two EIAs relating to the Penco Module.

Exploration Activities

During the first quarter of 2023, the Company announced Veronica Norte exploration results which confirmed: (i) REE mineralization through geological work, including geochemical sampling continued at depth; (ii) mineralization mainly in the first 15 m below surface, with an economic horizon of approximately 7 m; (iii) REEs are highly adsorbed onto ionic clays, resulting in a high percentage of exchangeable REE recovery; and (iv) recoverable values of HREEs, dysprosium and terbium (DyTb) as well as the light rare earth elements (LREEs), neodymium and praseodymium (NdPr). The results demonstrated that Veronica Norte mineralization remains open on its lateral extents at different topographic levels, which allowed for the generation of new target drilling zones through 2023.

During the second quarter of 2023, the Company began auger drilling operations in the Verónica and Petronila districts, completing a total of three (3) and five (5) holes in these districts, respectively. The auger drilling campaign reached depths of up to 14 m, validating the prospectivity of areas that had been previously identified through exploration activities.

During the third quarter of 2023, the Company decided to temporarily suspend the greenfield exploration activities in Chile due to the early termination of the Revised EIA in July 2023, and refocused its exploration efforts in Brazil.

Permitting

On January 31, 2023, the Company signed an agreement with the water utility company of Concepción, pursuant to which it secured a sufficient volume of treated industrial water to supply 100% of the water required for the Penco Module. This water, which is unpotable and would otherwise have been discharged into the sea, replaces the original concept of extracting – under an approved permit – fresh water from a small river that runs through the mine property. Utilizing treated industrial water highlights the Company's intention to enhance and improve the environmental attributes of the Penco Module.

Stakeholder Engagement

On March 9, 2023, the Company opened an information center in Penco, where members of the local community can directly engage with Company representatives on a daily basis. The main objectives of the information center in Penco are to: (i) provide information about the Penco Module and the REE industry; (ii) engage in continuous dialogue with the community to resolve concerns; and (iii) provide a space for the community to organize various collective activities. The Company continues to receive feedback from its engagement activities and ultimately seeks to co-develop the Penco Module with the community.

Consequently, the Company has strengthened community ties through various initiatives which have resulted in engagement with over 60 local, regional and national authorities and over 1,000 residents in Penco. The Company's information center also hosts a variety of free workshops designed to address local needs and promote community development, and over 400 guided visits to Aclara's pilot plant have been facilitated to allow for transparency and familiarity with the Company's processes. These measures have resulted in over 300 written suggestions from community stakeholders for the Penco Module, which, in tandem with input gathered from expert forums, provide guidance for the Company's future commitments and decisions.

Feasibility Study

Following the withdrawal of its application from the Original EIA approval process, the Company re-evaluated the

timing of the delivery of a feasibility study in connection with the Penco Module.

As part of the revised permitting strategy, the Company decided to delay the completion of its feasibility study and use the additional time to further refine the engineering aspects of the Penco Module by incorporating enhancements that are expected to result in reduced capital and operating costs and improved operational efficiency. These enhancements are the direct result of insights gained from piloting work and ongoing research and development initiatives.

Brazil

Exploration Activities

During the first quarter of 2023, the Company explored 723 m across 127 auger drillholes at the Carina Project. The first phase involving an auger drilling campaign (the “**Phase 1 Drilling Campaign**”) served to: (i) trace the high-grade domain of the ionic clays by providing information with respect to the lithological, analytical and topographic controls of the orebody; (ii) provide additional information to define the drilling spacing for a second phase reverse circulation drilling campaign (the “**Phase 2 Drilling Campaign**”); and (iii) provide additional geological information to support the development of 3-D geological models for resource estimations and geostatistical variograms.

During the second quarter of 2023, assay results from the drilling campaign were received and analyzed, with the bulk geochemistry integrated with geological mapping. This comprehensive dataset facilitated the redefinition of geological domains, which were subsequently modeled using 3-D geological software. This preliminary exercise identified a regolith mineralized with REE adsorbed in ionic clays. The auger drilling campaign was insufficient in depth to intercept the entire mineralized body, suggesting that the mineralization remains open to depth and extends laterally. The entire regolith profile was recognized in a relevant part of the area, indicating that the mineralized body, rich in REE-adsorbed ionic clay, was preserved.

During the third quarter of 2023, the Company continued the Phase 1 Drilling Campaign and executed 1,013 m within 109 auger drill holes, completing a total of 1,693 m of drilling within 236 auger drill holes. On October 11, 2023, the Company announced the Phase 1 Drilling Campaign results and emphasized the discovery of the Carina Project.

On December 12, 2023, the Phase 1 Drilling Campaign results supported an initial maiden mineral resource statement report for the Carina Project. Based on the results, the Company planned a deeper drilling campaign with reverse circulation drill rigs, which included 9,950 m within 303 drill holes. See “*Item 3.2: Three-Year History – 2024 – Infill Drilling*”.

Corporate Governance

On January 16, 2023, following the resignation of Diego Brieba as General Counsel and Corporate Secretary of the Company, Max Larraín was appointed as the new General Counsel and Corporate Secretary of the Company.

On February 9, 2023, the Company announced the appointment of Maria Olivia Recart to the Company’s board of directors to fill the vacancy created by the passing of Karen Poniachik in October 2022. Ms. Recart serves as Chair of the Sustainability Committee of the Company’s board of directors.

On June 16, 2023, Ignacio Bustamante Romero resigned as a member of the board of directors of the Company, and upon approval of the existing board of directors members, Jose Augusto Palma was appointed to replace him. In 2024, Mr. Palma was appointed as Executive Vice President of the Company and thus did not stand for re-election to the board of directors.

2024

Chile

Revised EIA Application

On June 10, 2024, the Company filed the first EIA (“**EIA 1**”), which encompasses the first six (6) years of life-of-mine of the Penco Module and encompass three (3) extraction zones (Victoria Norte, Luna and Maite), one (1) deposition zone (Neptuno) and the production facilities of the Penco Module. The production of these three zones is anticipated to be operationally balanced with the deposition zone, and is expected to cover the payback period of the initial capex of the Penco Module. EIA 1 aims to largely reduce the Penco Module’s exposure to native forests and address the SEA’s observations to date.

The SEA’s evaluation of EIA 1 is expected to take approximately between 18 and 24 months, and as of the date of this AIF, the Company aspires to receive EIA 1 approval during the second quarter of 2026. On July 8, 2024, the Company held its first technical meeting with various stakeholders at the SEA offices, followed by a technical field visit on July 9, 2024. During this visit, the SEA and other agencies evaluated the project site and conducted a preliminary assessment of potential environmental impacts of the Penco Module. On August 19, 2024, the Company informed that the EIA 1 evaluation process proceeded to the next stage, as none of the evaluating government agencies requested, within the applicable timeline, termination of the review process. Between July and September 2024, the technical services team provided their observations on EIA 1, which were contained in a consolidated clarification report (“**ICSARA**”) which the SEA notified the Company of on September 12, 2024.

In addition, on September 24, 2024, the SEA concluded the “Citizen Participation Process” that began on July 8, 2024. During this period, the Company participated in three (3) assemblies and four (4) town hall meetings, engaging nearly 300 participants who provided feedback on EIA 1. On December 12, 2024, the SEA notified Aclara of the consolidated citizen-informed ICSARA, which comprised 1,331 comments and questions.

The second EIA (“**EIA 2**”) will be prepared when the Company is ready to expand its production at the Penco Module to zones not covered by EIA 1 (namely, Victoria Sur, Alexandra Oriente and Alexandra Poniente) based on the availability of new deposition zones.

Stakeholder Engagement

In 2024, the Company continued its efforts to strengthen its relationship with the local community by maintaining open dialogue and incorporating community feedback into its plans for the Penco Module. During the third quarter of 2024, the Company made significant progress on its social investment programs for the local Penco community related to education, technical training, reforestation and athletics, among others. The Company trained 75 individuals in various technical aspects and supported over 120 children in a range of activities. Additionally, workshops on agriculture and reforestation were conducted for community leaders, resulting in the introduction of more than 1,800 native species in areas of Penco, located in the Biobío Region, that were affected by wildfires.

Moreover, prior to the submission of EIA 1, the Company conducted early citizen participation to allow for the development of a project with greater territorial relevance. Subsequently, after delivery of EIA 1, eight (8) instances of citizen participation were carried out in accordance with Chilean regulations.

The Company monitored the exposure of rare earths in the media in 2024, where over 220 news articles about rare earths in Chile were published. Of note, 74% of the spokespersons corresponded to positive statements from academics, opinion leaders, experts and representatives of the Company. Furthermore, during 2024 Aclara reached 22,000 followers, recorded over 80,000 interactions and achieved a reach of more than 2.5 million accounts across its social media platforms.

Process Engineering and Design

Following technical validation of the Penco Module's process flowsheet during the third quarter of 2022, the Company filed a second patent of its ionic clay production flowsheet in Chile, Brazil and Australia. On March 1, 2024, the Company received news that the patent was granted in Chile for a period of 20 years. Following validation of the Penco Module's process flowsheet, the Company continued to advance pilot plant design, with a primary objective of upsizing flowsheet parameters on a semi-industrial scale while targeting to improve recovery estimates, water recirculation and impurity management.

Biobío Industrial Strengthening Plan

In September 2024, the Chilean government unveiled a comprehensive "Industrial Strengthening Plan" for the Biobío Region, highlighting the Penco Module as one of the key projects selected to bolster the region's future economic growth. The announcement reaffirmed the strategic nature of the Penco Module for the Biobío Region and the Chilean government.

REE Uno RDI Grant

In November 2024, the Company's Chilean subsidiary REE Uno was awarded a research, development and innovation (RDI) grant of US\$730,000 from the Innovation Management Division of the Chilean Economic Development Agency. Combined with the Company's own investment, the initiative will have total funding of approximately US\$1 million for REE Uno to further develop and implement a new exploration technology using artificial intelligence models. The initiative harnesses advanced multi-variable machine learning models to analyze and interpret complex data, revolutionizing REE exploration. The algorithms are designed to process large volumes of geological and geospatial data, both generated internally and acquired from third parties, all of which is stored and organized within a centralized database developed by the Company. By rapidly processing very large datasets, this technology aims to identify high potential exploration targets while optimizing operational efficiency, reducing costs and minimizing environmental impact.

Brazil

Earn-In Agreement to Acquire the Carina Project Mining Rights

On February 25, 2024, the Company announced the execution of the second tranche of the earn-in agreement, thus securing 100% ownership of the 8,490 ha of mining rights comprising the Carina Project. The Company had previously exercised its option to acquire a 51% ownership interest on November 6, 2023.

Acquisition of New Concessions Adjacent to the Carina Project

On August 6, 2024, the Company secured two additional mining rights adjacent to its existing mineral tenure at the Carina Project through a public bidding process conducted by the Brazilian National Mining Agency (ANM). These new mineral rights provided meaningful exploration upside and the potential to expand the Carina Project's mineral resource and reserve base. During 2025, the Company completed a drilling campaign over these newly acquired areas, and the resulting mineral resources and reserves were incorporated into the Carina Technical Report.

Infill Drilling

The Phase 2 Drilling Campaign was planned to be carried out in two (2) stages, and on May 28, 2024, the Company announced the results of the first stage which included 1,998 m of drilling within 80 reverse circulation drill holes. During Q4 2024, the Company updated the second stage of the Phase 2 Drilling Campaign with the primary objective to convert the reported inferred mineral resources into a measured and indicated mineral resource

category. The Company reinitiated its Phase 2 Drilling Campaign in June 2024, which was subsequently completed during the second quarter of 2025 and comprised 25,990 m of drilling across 1,823 drill holes in total.

Carina Project Technical Development

During the first quarter of 2024, the Company awarded the Carina Project pre-feasibility study and feasibility study to Hatch. The Company began pre-feasibility study-related activities during the second quarter of 2024, which included site visits by Hatch to review potential locations for the processing plant and disposition zones, as well as potential water and power supply intakes and the completion of a trade-off analysis for the dry stacking facility. As a result of these activities, the Company delivered the Carina Technical Report on November 6, 2025. See “*Item 5a – Material Mineral Projects*”.

Semi-Industrial Scale Pilot Operation

The Company operated its semi-industrial scale pilot plant between January and February 2024 in Concepción, Chile and processed 25 tonnes of clays from the Carina Project. The pilot operation was aimed at assessing the compatibility of the patented circular mineral harvesting technology with the Carina Project ionic clays on a semi-industrial scale, producing a premium MREC product and initiating discussions with potential separators and other commercial stakeholders to identify optimization opportunities within the processing flowsheet.

In February 2024, the Company hosted a delegation of representatives from the State of Goiás, Brazil, in Concepción, Chile. The purpose of the visit was to demonstrate the environmentally sustainable features of its patented technology, which has been implemented at the Company’s pilot plant and which will be used at the Carina Project, located in Goiás, Brazil.

Permitting

Throughout 2024, the Company successfully completed a majority of the baseline studies for the Carina Project, and focused on preparing the necessary reports for the environmental impact assessment (“**Carina EIA**”) it submitted in the second quarter of 2025.

On August 16, 2024, the Company signed a MoU with the State of Goiás and the municipality of Nova Roma, recognizing the strategic nature of the Carina Project. This strategic relationship aims to accelerate the analysis and evaluation of the permitting process and support the execution, implementation and development of the Carina Project. The Company has also committed to hiring and developing the local workforce, as well as local suppliers. As a result of these efforts, the Company will reinforce its positive impact on the social and economic development of the Nova Roma and Goiás regions, further positioning Brazil as a key player in the sustainable supply of critical minerals. Further details regarding the Carina Project can be found under “*Item 5a – Material Mineral Projects*”.

United States

Aclara Technologies Inc.

On April 3, 2024, Aclara announced the incorporation of Aclara Technologies to develop its rare earths separation capabilities in the United States. This development allowed the Company to better position itself to carry out all necessary stages prior to the production of metal and alloys for high performance permanent magnets, following the announcement that the Company had entered into a joint venture with CAP to develop metal and alloys capabilities.

Project Dynamo

On October 15, 2024, the Company announced the completion of a conceptual engineering study for its REE separation project. The conceptual flowsheet, based on solvent extraction technology, was developed in collaboration with the Saskatchewan Research Council and provided the foundation for Hatch to complete a Class

5-AAACE CAPEX and OPEX estimate, while also incorporating robust environmental features such as significant waste reduction.

Sustainability Commitments

On May 3, 2024, the Company announced that it has joined the United Nations Global Compact (the “**Global Compact**”), further demonstrating its commitment to sustainable development practices. Launched in 2000, the Global Compact is a multi-stakeholder platform for the development, implementation and disclosure of responsible business practices, with over 24,000 participating companies across 160 countries. By joining the Global Compact, the Company will be expected to comply with certain principles on human rights, labour, environment and anti-corruption. Participation signifies a commitment to both sustainability and transparency, requiring annual reporting on the Company’s progress towards these goals.

On December 11, 2024, the Company announced that it has been recognized by the Global Compact Chile Network for its groundbreaking circular mineral harvesting process. The Company’s contribution to advancing Global Compact Sustainable *Development Goal 6: Clean Water and Sanitation*, was honoured during the CONECTA 2024 Business Awards in Santiago, Chile on December 10, 2024, in which it received the third place in the Interconnection category.

Commercial Updates

In furtherance of its development goals, on July 9, 2024 the Company announced that it signed a MoU with VACUUMSCHMELZE GmbH & Co. KG (“**VAC**”). The MoU establishes a preliminary agreement between the Company and VAC to jointly approach potential clients as a “mine-to-magnets” solution for the production of ESG-compliant permanent magnets. VAC, whose main permanent magnet facility is located in Hanau, Germany, is considered the largest producer of rare earths magnets outside of Asia. Pursuant to the MoU, both parties will engage in collaborative efforts through a preferred supplier-purchaser relationship with cooperative marketing, customer relations and related matters. The Company hosted representatives from VAC in November 2025 to provide VAC’s technical and commercial teams with a first-hand look at the advances achieved at the Carina Project pilot plant.

Corporate Governance

On February 22, 2024, the Company announced the appointment of Jorge Born and Joao Miranda to the Company’s board of directors, thereby increasing the size of the board of directors from eight (8) to ten (10) members.

On April 4, 2024, the Company announced the appointment of Jose Augusto Palma as Executive Vice President of the Company effective June 1, 2024. As a result, Mr. Palma did not stand for re-election to the Company’s board of directors (as a nominee of HM Holdings) at the 2024 annual general meeting of shareholders (the “**2024 AGM**”). In his stead, Eduardo Landin was put forth as a nominee of HM Holdings and was elected as a director of the Company at the 2024 AGM.

CAP Investment Agreement

On March 12, 2024, the Company entered into a strategic investment agreement with CAP, a publicly listed company on the Chilean Stock Exchange, providing for, amongst other things: (i) a US\$29.1 million capital contribution to be made by CAP in REE Uno in exchange for a 20% equity ownership interest, payable in three tranches upon closing and subsequently in January 2025 and 2026; (ii) the grant of an option to invest an additional US\$50 million by CAP in REE Uno for an additional 20% equity ownership interest upon the Company obtaining the requisite environmental permit in respect of the Penco Module; (iii) the grant of an option exercisable by CAP to acquire up to 19.9% of the Company’s outstanding Common Shares in any private placement or public offering of shares made by the Company within the 36 month period following the effective date of the agreement, including a residual top-up right to maintain pro-rata voting rights; (iv) a demand subscription right for up to an aggregate of 19.9% of the Company’s outstanding Common Shares exercisable upon the satisfaction of certain conditions and

continuing for a maximum period of 18 months beginning on the third anniversary of the agreement; and (iv) the terms on which CAP and the Company will form a joint venture to develop metals and alloys for the rare earths permanent magnet industry and contemplates an investment of US\$3 million in consideration for 50% of the ownership interests in such joint venture entity (the “**CAP Investment Agreement**”).

On April 17, 2024, the Company announced the closing of CAP’s 20% acquisition of REE Uno pursuant to the CAP Investment Agreement, and receipt by the Company of the initial payment of approximately US\$9.7 million as contemplated under the CAP Investment Agreement. On January 15, 2025, REE Uno received the second payment of approximately US\$12.5 million as contemplated under the CAP Investment Agreement. The third and final payment was received in January 2026. Further details regarding the CAP Investment Agreement can be found under “*Item 16 – Material Contracts*”.

Announcement of 2025 Private Placement

On December 23, 2024, the Company announced a non-brokered private placement financing of 51,303,573 Common Shares for aggregate gross proceeds of US\$25,000,001 at a price of C\$0.70 per Common Share (the “**2025 Private Placement**”). In connection with the 2025 Private Placement, the Company entered into subscription agreements (each, a “**Subscription Agreement**”) with each of CAP, HM Holdings and New Hartsdale, whereby the Company agreed to offer, sell and issue an aggregate of 51,303,573 Common Shares and each of CAP, HM Holdings and New Hartsdale agreed to subscribe for and purchase 22,163,143, 10,260,715 and 18,879,715 Common Shares, respectively.

2025

Closing of 2025 Private Placement

On February 13, 2025, the Company held a special meeting of shareholders (the “**Special Meeting**”) to allow disinterested shareholders (being those shareholders other than HM Holdings, New Hartsdale, Eduardo Hochschild and Eduardo Landin) to vote on an ordinary resolution approving the proposed 2025 Private Placement. As announced on February 13, 2025 in the Company’s Report of Voting Results, the requisite number of disinterested shareholder votes were cast in favour of the resolution, and the 2025 Private Placement was thereby approved.

On February 20, 2025, the Company announced the closing of the 2025 Private Placement. As a result of the 2025 Private Placement, the total number of issued and outstanding Common Shares of the Company increased from 166,409,223 to 217,712,796. Additionally, each of CAP, HM Holdings and New Hartsdale respectively hold 22,163,143, 42,787,104 and 80,340,876 Common Shares, representing approximately 10.07%, 19.45% and 36.52% of the Company’s issued and outstanding Common Shares.

2025 Investor Rights Agreement

Concurrent with the closing of the 2025 Private Placement, the Company and CAP executed an investor rights agreement (the “**2025 Investor Rights Agreement**”) whereby, so long as CAP maintains a 10% or greater ownership of the Company’s Common Shares (on a non-diluted basis), CAP will have the right to nominate one (1) individual to the Company’s board of directors and will also be granted pre-emptive and top-up rights to maintain its percentage interest in the outstanding Common Shares in connection with any future issuances of the Company’s securities, subject to certain exclusions. In addition, the 2025 Investor Rights Agreement grants CAP a demand subscription right providing it with the ability to increase its ownership interest in the Company to 19.9% (on a non-diluted basis) subject to certain conditions. See “*Item 16: Material Contracts*”.

Chile

Updates to Revised EIA Application

On March 31, 2025, the Company announced its submission of an addendum to EIA 1, which addressed the 394 technical observations raised in the ICSARA as well as the 1,331 observations gathered by the SEA during the

citizen participation process. The SEA and other reviewing government agencies subsequently provided a second round of technical observations (“**Second ICSARA**”) in May 2025, consisting of 205 questions regarding technical aspects of EIA 1.

The Company announced its submission of a second addendum to EIA 1 on October 14, 2025. The second addendum provided comprehensive responses to all observations raised in the Second ICSARA and represents part of the final stages of the environmental evaluation process for the Penco Module.

On November 25, 2025, the Company received the third and final round of comments from the SEA and other reviewing governmental agencies (“**Third ICSARA**”), consisting of 114 questions. The Company has until April 30, 2026 to file its response to the Third ICSARA.

As part of the environmental evaluation process, in October 2024, the SEA initiated an Indigenous consultation process, conducted between the Company and the two urban indigenous organizations of the Penco municipality, under the guidance and supervision of the SEA (the “**Indigenous Consultation Process**”). The Indigenous Consultation Process was conducted in accordance with the provisions of Convention No. 169 of the International Labour Organization (ILO) and its applicable regulations in Chile, prioritizing the principles of good faith, informed dialogue and respect through the provision of complete, clear, and understandable information. Each participating organization was represented by authorities from the Indigenous communities involved, as well as by technical and legal advisors of their choosing.

The Indigenous Consultation Process was successfully completed in December 2025. The process included the active participation of the Company and involved the Koñintu Lafken Mapu Indigenous Association and three families from the Lawen Mahuida Cultural Group, adequately addressing the impacts identified in the Penco EIA, particularly those related to cultural and traditional practices and access to natural resources used for medicinal purposes. In December 2025, the process concluded with an agreement with the three families of the Lawen Mahuida Cultural Group, which removes restrictions on access to sites of cultural significance and incorporates concrete measures to enhance and safeguard their ways of life and customs. In addition, although no agreement was reached with the Koñintu Lafken Mapu Indigenous Association, the process was conducted in accordance with the standards of ILO Convention N°. 169.

In connection with EIA 1, on December 15, 2025 the Company announced the early renunciation of all of its water rights from the Penco, El Cabrito, Bellavista and Popen streams located in Concepción, Chile. The decision is incorporated within the Voluntary Environmental Commitments of EIA 1 and reflects the Company’s commitment to further strengthening sustainability measures for the Penco Module through the use of a 100% recycled water source. The recycled water will be supplied by Essbio, the Concepción water utility, which collects and treats urban water prior to its discharge into the environment. This collaborative solution between the Company and Essbio aims to preserve local hydric resources and will establish the first fully recycled water supply project in the Biobío Region.

Brazil

Semi-Industrial Scale Pilot Operation

Following relocation of the Company’s semi-industrial scale pilot plant facility from Concepción, Chile, to Aparecida de Goiania, Brazil in 2024, the Company announced the official inauguration of the facility on April 28, 2025. Key government authorities from the State of Goiás attended the ceremony, as well as representatives from federal agencies and international embassies. During the event, the Company conducted a comprehensive tour of the facility and showcased its proprietary circular mineral harvesting technology. The pilot plant incorporates several process optimizations designed to enhance efficiency, lower operating costs and improve purity of the final product.

During the third quarter of 2025, the Company successfully completed the semi-industrial scale pilot operation in Aparecida de Goiania, Brazil. The pilot campaign operated continuously, incorporating the optimized configuration of the Company’s circular mineral harvesting process. Key objectives of the campaign were to: (i) confirm the processing parameters and final process flowsheet design for the Carina pre-feasibility study and feasibility study; (ii) generate high-purity MREC for separation trials in support of future off-take agreements; and (iii) demonstrate

to relevant stakeholders the environmental sustainability of the process design. At completion, the pilot plant processed approximately 130 tonnes of ionic clay, producing over 150 kg of high-purity MREC.

Carina EIA Application

On May 29, 2025, the Company submitted the Carina EIA for its Carina Project to the Secretariat of the Environment and Sustainable Development (“**SEMAD**”). Submission of the Carina EIA marked a key step towards the Company achieving commercial production of rare earths in 2028. The Carina EIA represents the first “Category Six” (highest complexity) application submitted by a company under SEMAD’s new and innovative environmental licensing system. The Carina EIA met all established requirements of the IPE system, however, as the IPE system continues to evolve, additional submissions may be required from the Company to align with future procedural and formatting updates to be implemented by SEMAD.

On October 1, 2025, the Company informed that SEMAD had completed the update of the IPE system and as such, as previously anticipated and disclosed, the Company had refiled its Carina EIA to conform to the new procedural and formatting requirements implemented by SEMAD.

On December 8, 2025, SEMAD notified Aclara with 237 requests for additional information, comments and/or questions (“**SEMAD Observations**”). The Company plans to file its comprehensive response to the SEMAD Observations during the month of March 2026 as SEMAD completes additional updates to the IPE System. The Company continues to work with the authorities and local stakeholders to complete the Carina EIA evaluation process as soon as possible to be able to achieve our objective of making an investment decision with respect to the Carina Project in the third quarter of 2026.

Updated Mineral Resource Estimate

On October 1, 2025, the Company announced its updated MRE for the Carina Project, representing a key component of the Carina Project pre-feasibility study and reflecting considerable geological and technical advancements compared to the previously reported inferred mineral resource statement. See “*Item 5a: Material Mineral Projects*”.

Carina Technical Report

On November 6, 2025, the Company announced the filing of the Carina Technical Report, which reaffirmed the project’s robust economic feasibility including: (i) net present value at an 8% discount rate of approximately \$1.1 billion; (ii) estimated internal return rate of 22% over the 18-year life-of-mine and payback period of 4.5 years; (iii) average annual net revenue and EBITDA of \$487 million and \$352 million, respectively (excluding the first year of ramp-up and last year of ramp-down); and (iv) average net smelter return of \$49.5 per tonne processed, compared to an average production cost of \$13.0 per tonne processed. Further details regarding the Carina Technical Report can be found under “*Item 5a: Material Mineral Projects*”.

United States

Following completion of a conceptual engineering study for the Company’s first U.S.-based REE separation project in the third quarter of 2024, on October 24, 2025, the Company announced its partnership with the State of Louisiana to establish the project at the Port of Vinton, located within the Lake Charles region. Louisiana was selected as the preferred location due to its Louisiana Economic Development (“**LED**”) Certified Site designation, which ensures fully serviced infrastructure and fast-track construction due to the prior completion of substantial permitting and zoning due diligence, as well as its proximity to major chemical suppliers and port facilities, all of which are expected to contribute to lower capital and operating costs. The project also benefits from Louisiana’s pro-business environment, skilled industrial workforce and robust industrial ecosystem. As part of the partnership, the Company will receive approximately \$46.4 million in state-level incentives, including benefits under the Industrial Tax

Exemption Program, High Impact Jobs Program, Infrastructure Grant and the LED FastStart Workforce Development Program.

Commercial Updates

On July 16, 2025, the Company announced a strategic collaboration with Stanford University to accelerate the development of artificial intelligence (“AI”) innovations aimed at securing a resilient and sustainable supply chain for HREEs. The partnership was initiated through a long-term letter of intent between Aclara Technologies and Stanford’s Mineral-X initiative, a leading research initiative focused on transforming the critical minerals supply chain through advanced technologies.

Key objectives of the collaboration include: (i) joint development of AI-powered predictive models to better understand and target REE mineralization in regolith and ionic clays; (ii) academic and technical exchange between researchers, students and professionals; (iii) innovation opportunities in sustainable exploration, traceability and responsible development of REE supply chains; (iv) co-authorship of scientific publications and joint management of intellectual property related to AI applications in exploration; and (v) designing a roadmap for a long-term strategic alliance.

On August 11, 2025, the Company announced a strategic partnership with Virginia Polytechnic Institute and State University (“**Virginia Tech**”) for the operation of a REE separation pilot plant at the Virginia Tech Corporate Research Centre. The partnership was initiated through a non-binding MoU between Aclara Technologies and Virginia Tech, which lays the groundwork for a long-term academic and scientific alliance, formalized through definitive agreements between the parties.

The pilot plant has been specifically designed based on the characteristics of the Carina Project MREC production. The Processing Facility will be distinguished by its access to a sustainable source of heavy rare earth feedstock supplied by the Company’s pilot plant in Goiania, Brazil. The Processing Facility is expected to produce over 99.5% pure didymium (MdPr), terbium (Tb) and dysprosium (Dy), demonstrating the seamless integration of the Company’s Brazil and U.S. operations.

On September 2, 2025, the U.S. International Development Finance Corporation (“**DFC**”) committed up to \$5 million in project development funding (the “**Project Development Funds**”) for the Carina Project. The funding, provided under DFC’s Project Development Program, will primarily support the Carina Project feasibility study, which was initiated in July 2025 and is expected to be completed in the first quarter of 2026. The Carina Project feasibility study is being conducted by Hatch as a continuation of the Carina Technical Report delivered on November 6, 2025.

Under the terms of DFC’s commitment, the Project Development Funds may be converted into equity of the Company upon completion of a single financing event of more than \$50 million, or multiple financing events totaling at least \$75 million within a twelve-month period, related to the construction of the Carina Project. DFC will also have a preferential option to be mandated to directly provide and/or arrange for financing or investment in the Carina Project upon the occurrence of such financing event. The Project Development Funds bear no interest, and no security interest will be granted by the Company in connection therewith. Repayment of the Project Development Funds may be triggered upon the Company achieving a qualifying financing event for the construction of the Carina Project. During 2025, the Company received a reimbursement of \$0.83 million under the DFC commitment.

On December 4, 2025, the Company announced the visit by a European Union delegation comprised of 11 ambassadors and diplomatic representatives to the Penco Module. During the visit, the delegation learned about the production stages for strategic rare earths and technological advances developed in partnership with the Company’s strategic partners. The visit reflected the group’s strong interest in establishing strategic partners with Chile and the Biobío Region for the sustainable production of critical minerals, within the framework of its energy transition and supply security policies.

Sustainability Commitments

On May 21, 2025, the Company announced that it has become a partner of Securing American's Future Energy ("SAFE"), a nonpartisan organization dedicated to shaping policies that foster the growth and security of critical mineral and metal supply chains essential for United States economic and national security.

SAFE collaborates with its Energy Security Leadership Council, which is a coalition of former 4-star admirals and generals and Fortune 500 CEOs, to promote secure, resilient and responsible energy solutions. Additionally, SAFE's Center for Critical Minerals Strategy is dedicated to securing all aspects of supply chains for critical minerals, including rare earth elements, to help ensure the national and economic security of the United States and its allies.

On December 17, 2025, the Company announced that it won third place in the Human Rights category for its Local Suppliers Network initiative at the Global Compact Chile Network's award ceremony. This recognition reaffirms the Company's conviction that the future of mining must be built together with communities and with a deep commitment to territorial development.

Corporate Governance

On January 6, 2025, the Company announced the appointment of Murilo Nagato as Country Manager of its wholly-owned subsidiary Aclara Resources Mineracao Ltda. In this role, Mr. Nagato will lead all aspects of the Carina Project and oversee the Company's activities in Brazil, including supervising the licensing process and technical development of the Carina Project. Additionally, Mr. Nagato will play a key role in expanding the Company's asset portfolio in Brazil through the advancement of mineral exploration activities.

On March 13, 2025, the Company announced the appointment of Juan Enrique Rassmuss to the Company's board of directors as a nominee of CAP pursuant to the 2025 Investor Rights Agreement. The Company's board of directors increased from 10 to 11 directors upon the appointment of Mr. Rassmuss, and shortly thereafter returned to 10 directors upon the resignation of Joao Miranda as a director, effective as of March 24, 2025.

On June 16, 2025, the Company announced the appointment of Hugh Broadhurst as Chief Operating Officer. Mr. Broadhurst is based in the United States and has assumed a technical leadership role across the Company's upstream projects (including the Carina Project and Penco Module), as well as its downstream United States initiatives in rare earths separation, metals and alloys.

Subsequent Events

On January 15, 2026, the Company announced a Cooperative Research and Development Agreement (CRADA) with Argonne National Laboratory ("ANL" or "**Argonne**"), a U.S. Department of Energy national laboratory, through its wholly-owned subsidiary, Aclara Technologies. Under the CRADA, Aclara and Argonne will develop an artificial intelligence-enabled digital twin for Aclara's heavy rare earth separation process, leveraging Argonne's SolventX modeling platform, along with Argonne's leadership in advanced computing, process modeling, and artificial intelligence, and incorporate Aclara's proprietary pilotscale data.

During January 2026, significant wildfires occurred in south-central Chile, including in the Biobío Region. The fires were driven by extreme heat and dry conditions and resulted in evacuations and damage to certain local infrastructure and forestry areas. The wildfires affected the City of Penco and the area of the Penco Module, where approximately 40% of the surface area was completely destroyed. No injuries were suffered by the Company's personnel. The Company's response to the Third ICSARA will now include a special annex describing the situation of the project area after the fires. The Company is working with the regional government and civil society to assist in recovery measures after the fires.

On February 2, 2026, the Company announced the appointment of Enrique Donoso Moscoso as Country Manager of its majority-owned subsidiary REE Uno. In this role, Mr. Donoso will lead all aspects of the Penco Module, including supervising the licensing process and technical development, and oversee the Company's activities in

Chile. This leadership appointment strengthens Aclara's organizational structure as the Company advances the Penco Module through an accelerated technical development toward construction readiness.

ITEM 4: DESCRIPTION OF THE BUSINESS

4.1. OVERVIEW

Aclara is a company focused on the development of a vertically integrated supply chain for rare earths alloys used in permanent magnets, and it is listed on the TSX under the ticker symbol "ARA".

Aclara's business strategy is supported by its ionic clay deposits in Brazil and Chile, which feature large concentrations of HREE, providing the Company with unique access to a reliable, long-term source of these critical minerals. Aclara has also developed and patented an innovative technology to extract rare earths from ionic clay deposits through recycling and circular economy processes, which results in low water consumption and minimal carbon emissions.

Aclara's flagship project is the Carina Project, a 9,863 ha HREE ionic clay project located in Nova Roma, Goiás, Brazil. The Company is also advancing the Penco Module, a 600 ha HREE ionic clay project located in Biobío, Chile. The Company has successfully completed the pre-feasibility study ("**PFS**") for the Carina Project and the preliminary economic assessment ("**PEA**") for the Penco Module, the results of which are respectively detailed in the Carina Technical Report and the Penco Technical Report.

The Company holds an aggregate of approximately: (i) 83,185 ha of mining rights in Chile, distributed in the regions of Maule, Ñuble and Biobío; and (ii) 50,266 ha of mining rights in Brazil, distributed in the states of Goiás, Bahia, Minas Gerais and Paraná. The Company aims to identify additional opportunities to enhance potential future HREE production through its greenfield exploration programs in Chile and Brazil, alongside the development of further project "modules" within its mining concessions.

The Company, is focused on enhancing product value through the development of its Project Dynamo, sourcing high purity MREC from Aclara's mining projects to further refine and separate it into individual REOs. Additionally, the Company, through its joint venture company, Aclara Metals Inc., is developing rare earths alloy-making capabilities to convert refined oxides into the alloys needed for fabricating permanent magnets. The Company's vertical integration strategy seeks to address the demand for a geopolitically independent supply chain of permanent magnets, focused on traceability, high environmental standards throughout the value chain, cost-competitiveness and expedited access to market. The Company is well-positioned to become the first vertically integrated HREE company outside of Asia.

The Company's goals include advancing: (i) the development of the Carina Project and Penco Module, and expanding mineral resources through completing additional technical and economic studies of other potential projects located within its mineral exploration and mining concessions; (ii) the development of its Project Dynamo by continuing to advance the engineering and piloting of a separation process in its pilot plant in the state of Virginia and the engineering and permitting of a commercial-scale separation industrial facility in the state of Louisiana; and (iii) its metallization strategy to develop metals and alloys for the rare earths permanent magnet industry, as discussed below.

- **Development of the Carina Project:** The Company plans to start early works on site by mid-2026 to prepare for full fast-track construction in 2027 and estimates initial production and ramp-up through by mid-2028. The Carina Technical Report projected an initial return rate of 22% over the 18-year life-of-mine with a payback period of 4.5 years. The updated MRE for the Carina Project, announced on October 1, 2025, reported that 79% of previously inferred mineral resources were successfully upgraded to the indicated mineral resource category, resulting in 236 Mt of indicated mineral resources and 48 Mt of inferred mineral resources, compared to 298 Mt of inferred mineral resources reported in 2024. Further details regarding the Carina Project can be found under "*Item 5a – Material Mineral Projects*".

- **Development of the Penco Module:** A current emphasis of the Company is the development of its resources through the Penco Module, which covers a surface area of approximately 600 ha and contains ionic clays rich in REEs. The execution of the Penco Module development project is expected to benefit from low estimated initial capital expenditures (driven by access to existing nearby key infrastructure including power, motorways, ports, and airports and a local professional workforce). The Company expects to achieve commercial REE production from the Penco Module in mid-2028, with a mine life of 14 years. The Penco Technical Report, prepared in 2021, estimates total measured and indicated mineral resources of approximately 20.7 Mt of mineralized material containing approximately 50 kt of REO at an average grade of approximately 0.24% REO, and inferred mineral resources of approximately 2.1 Mt of mineralized material containing approximately 4.8 kt of REO at an average grade of approximately 0.23% REO. On December 1, 2022, the Company updated its Penco Module MRE increasing the initial estimate to 27.5 Mt of measured and indicated mineral resources containing approximately 62.9 kt of REO at an average grade of approximately 0.23% REO and 1.7 Mt of inferred mineral resources containing approximately 3.4 kt of REO at an average grade of approximately 0.20% REO. Further details regarding the Penco Module can be found under “*Item 5a – Material Mineral Projects*”.
- **Exploration of Growth Opportunities:** In parallel with the development of the Carina Project and Penco Module, the Company intends to define additional opportunities to increase potential future HREE and LREE production via intensive greenfield exploration programs and the development of additional project “modules” within the Company’s mining concessions. Further details regarding the other mineral projects can be found under “*Item 5b – Other Mineral Projects*”.
- **Semi-Industrial Scale Pilot Operation:** As further discussed under “*Item 3.2: Three-Year History – 2025 – Brazil – Semi-Industrial Scale Pilot Operation*”, the Company successfully completed its semi-industrial scale pilot operation in the third quarter of 2025, following the relocation of the facility from Concepción, Chile to Aparecida de Goiania, Brazil in 2024. Key objectives of the campaign were to: (i) confirm the processing parameters and final process flowsheet design for the Carina pre-feasibility study and feasibility study; (ii) generate high-purity MREC for separation trials in support of future off-take agreements; and (iii) demonstrate to relevant stakeholders the environmental sustainability of the process design. At completion, the pilot plant processed approximately 130 tonnes of ionic clay, producing over 150 kg of high-purity MREC.
- **Project Dynamo:** The Company has partnered with the State of Louisiana to construct the first HREE separation facility in the United States, with the development planned for an 82-acre Louisiana Economic Development certified site at the Port of Vinton, Louisiana. Upon the Company achieving the expected secured sustainable feed from its two ionic clay deposits in Brazil and Chile, the project will become the first HREE separation plant in the U.S. which prioritizes HREE production and with an integrated HREE feed from two ionic clay deposits in friendly jurisdictions. Notably, the State of Louisiana is supporting the project through an estimated US\$46.4 million in tax incentives and grants, in addition to the Company’s own estimated investment of US\$277 million. The project is scheduled for completion in 2027, contingent upon the timely completion of funding and offtake agreements. In addition, the Company, through its joint venture company, Aclara Metals, is developing rare earths alloy-making capabilities to convert refined oxides into the alloys needed for fabricating permanent magnets. As part of this work, Aclara Metals is advancing with an internal prefeasibility study which is expected to include, among other items, (i) detailed production process design; (ii) modular development strategy for the industrial facility, aligned with Aclara’s Project Dynamo; (iii) Class 4 CAPEX and OPEX estimates for each development stage; and (iv) an economic analysis considering various scenarios and sensitivities. With the completion of the internal PFS, the Company expects to begin the implementation of a demonstration plant in Chile to produce rare earth metals and alloys using molten salt electrolysis technology.

4.2. PRINCIPAL MARKETS & PRODUCTS

As a development-stage company focused on building a mine to permanent magnets solution of REE for clean-tech companies and technologies integral to green energy, the Company does not currently produce or distribute marketable products. As it matures, the Company intends for the Carina Project and the Penco Module to produce a high-purity MREC, which the Company will separate into individual REOs in its separation facility in the United States. MREC separation alternatives that management believes will be available to the Company include: (i) use

of the Company's U.S.-based subsidiary, Aclara Technologies, to vertically integrate the Company's MREC production towards the manufacturing of permanent magnets; (ii) existing plants in Silmet, Estonia (owned by Neo Performance Minerals), India (owned by Toyota), Norway (owned by Reetec), and La Rochelle, France (owned by Solvay); and (iii) new separation plants that are either under construction in the U.S. (owned by MP Materials or Lynas) or may potentially be built in the future (planned by Pensana in the UK, Ucore and Ionic Rare Earths in the United States, Carester in France, and Iluka in Australia). Following production, the Company anticipates targeting various original equipment manufacturers who may be seeking long-term traceable HREE supply and would value geopolitically independent, high-quality and sustainable REE products.

4.3. SPECIALIZED SKILLS AND KNOWLEDGE

The nature of the Company's business requires specialized skills, knowledge and technical expertise in the areas of geology, engineering, mine planning, mine operations, metallurgical processing, separation and downstream processing and metallization (metals and alloys), and environmental compliance. In addition to the specialized skills listed above, the Company also relies on staff members, contractors and consultants with specialized knowledge of logistics, operations and engagement of local stakeholders in Chile, Brazil and the United States. To attract and retain personnel with the required specialized skills and knowledge, the Company maintains competitive remuneration and compensation packages.

To date, the Company has been able to meet its staffing requirements and is currently led by a management team who has the skills and capabilities to develop and operate mines and metallurgical processing in Chile and Brazil and separation and downstream processing and metallization (metals and alloys) in the United States, conduct exploration activities in South America, establish commercial relationships in the emerging western REE industry and emulate the corporate and environmental, social and governance strengths of Hochschild Mining, one of the Company's Principal Shareholders, with a track record of profitable and environmental, social and governance-focused operations in South America.

4.4. COMPETITIVE CONDITIONS

As a development-stage company focused on building a mine to permanent magnets solution of REE for clean-tech companies and technologies integral to green energy, the Company's competitive position is primarily determined by the high quantities of HREE within the MREC that its two mining assets, the Carina Project and the Penco Module, can provide. The Company's competitive position will also be impacted by the Company's vertical integration strategy to advance beyond MREC into separation and metallization (metals and alloys), with the objective of offering a traceable mine-to-magnets supply proposition and capturing additional value across the value chain. The Company is advancing separation capabilities in the U.S. through its Project Dynamo, including a separation pilot facility in partnership with Virginia Tech, and the development of an artificial intelligence-enabled digital twin for the Company's heavy rare earth separation process in collaboration with ANL, a U.S. Department of Energy national laboratory. In addition, the Company is advancing its metallization capabilities through Aclara Metals, its joint venture with CAP.

The Company's ability to maintain financial integrity through metal price cycles will be determined by the value of the REE basket composition deriving from Company operations. The Company has also entered into an MoU with VAC to collaborate in jointly approaching potential customers and presenting a mine-to-magnets solution; the collaboration is established as a preferred supplier-purchaser relationship and cooperation on marketing, customer relations and related matters, including VAC's intended support on product specifications for metals and alloys and joint analysis of mine-to-magnet cost structure.

In addition, the Company benefits from support from its Principal Shareholders, which the Company believes supports long-term financial stability and execution capacity for mining and industrial development.

Notwithstanding the foregoing, prices for REE are determined by international markets – largely dominated by China in mining and downstream processing – over which the Company has no influence or control. Costs are governed to a large extent by the grade, nature and location of the Company's mineral resources as well as by input costs and the level of operating and management skill employed in the production process. In contrast with diversified mining and industrial companies, the Company is primarily focused on the exploration, development and future

production of its REE deposits and the implementation of its vertical integration strategy and is therefore subject to distinct competitive advantages and disadvantages related to REE prices. If REE commodity prices increase, the Company will be in a stronger competitive position compared to diversified mining companies that explore, develop and produce minerals in addition to REE if the prices of those other minerals do not also increase. Conversely, if REE commodity prices decrease, the Company will be at a competitive disadvantage relative to diversified mining companies. See “*Item 6: Risk Factors*”.

The mining industry is competitive, particularly in the acquisition of mineral reserves and additional mineral resources in all phases of operation, and the Company competes with other companies possessing similar or greater financial and technical resources. It also competes with other mining companies and third parties over sourcing raw materials, equipment and supplies in connection with its exploration, development and production operations in addition to the need for skilled and experienced personnel and transportation capacity. See “*Item 6: Risk Factors*”.

4.5. ECONOMIC DEPENDENCE

The Carina Project, the Penco Module and our Dynamo Project are the only material properties of the Company and are development stage projects located in Brazil, Chile and the United States, respectively. Any adverse condition affecting the development of the Carina Project and/or the Penco Module and/or the Dynamo Project could have a material adverse effect on the Company’s business, operations, results of operations, financial condition and future prospects.

4.6. FOREIGN OPERATION

Aclara holds mining concessions and mineral exploration concessions in Chile and Brazil in respect of certain mineral properties. Additionally, the Company is developing its separation business in the United States. As of the date of this AIF, foreign operations accounted for 100% of the Company’s assets and, accordingly, the Company is entirely dependent on its foreign operations for the exploration and development of mineral properties and for production of oxides and metal alloys.

Brazil and Chile are well-known as mining jurisdictions globally. The countries boast robust supplier networks, experienced and skilled mining workforce and historically mining friendly governments and relatively stable economies. Chile has an investment grade credit rating, while Brazil is rated one or two notches below investment rating by major rating agencies. Approximately 25% and 55% of the Company’s expenses and investments are denominated in Chilean peso and Brazilian real, respectively. As at the date of this AIF, the Company has not hedged its exposure to Chilean peso/U.S. dollar or Brazilian real/U.S. dollar exchange rate fluctuations, or any other exchange rate fluctuations applicable to its business and is therefore exposed to currency fluctuation risks. See “*Item 6: Risk Factors – Risks Related to Our Business and Industry – Currency fluctuations may result in unanticipated losses*”. The Company’s operations are subject to Chilean, Brazilian and United States regulations pertaining to environmental protection, industrial zoning, the use and development of mineral properties, and the acquisition or use of rural properties by foreign investors or local companies under foreign control and various other regulatory frameworks in foreign jurisdictions. See “*Item 4.7: Regulatory Framework*”.

Corporate Structure Controls

The risks of the corporate structure of the Company and its subsidiaries are risks that are typical and inherent for issuers who have material assets and property interests held indirectly through foreign subsidiaries and located in foreign jurisdictions. As a result, the Company’s business and operations are exposed to various levels of political, economic and other risks and uncertainties associated with operating in foreign jurisdictions such as differences in laws, business cultures and practices, banking systems and internal controls over financial reporting. For a description of risks associated with the Company’s operations in Chile, Brazil and the United States, please see “*Item 6.1: Risk Factors – Risks Related to the Company’s Foreign Operations*”.

Such risks are mitigated by the Company’s board of directors exercising control over the entire corporate structure by having members appointed to the boards of directors of the Company’s subsidiaries, by the use of local experts

(legal, accounting, tax and directors) and exercising controls over the use of cash, performing regular reviews of the consolidated books and records at the Company's head office and frequent personal inspection and visits to the offices and project locations of the foreign subsidiaries by the Company's key management on a regular basis.

Management of the Company has control over each of its material subsidiaries. Therefore, the management of the Company: (i) through the Company's direct and indirect shareholdings of its subsidiaries, can impact the appointment and dismissal of its subsidiaries' directors and officers; (ii) can effectively instruct its subsidiaries' directors and officers to pursue the Company's business activities; and (iii) has legal rights, through the Company as a direct or indirect shareholder, as applicable, to require the directors and officers of the Company's subsidiaries to comply with their fiduciary obligations and can also enforce such rights by way of shareholder remedies available to it. As a result, senior management of the Company can effectively align the Company's business objectives and effect the implementation of same at the corporate subsidiary level.

The Company has the ability to remove and appoint directors and officers of its subsidiaries by the signing and filing of resolutions of the board of directors related thereto with the respective company registry. The Company's board of directors, through its corporate governance practices, regularly receives management and technical updates and progress reports in connection with the Carina Project, the Penco Module and Project Dynamo and its other exploration activities in Chile and Brazil and, in so doing, is able to maintain effective oversight of operations. The opening and closing of bank accounts of the Company's subsidiaries is controlled and approved by the Company's Chief Executive Officer or Chief Financial Officer. The Company's board of directors is able to cause the Company's subsidiaries to transfer funds and accomplish the various operating aspects of the business by way of its ability to exert effective control over each such entity as discussed above. No money can transfer without at least one senior officer of the Company approving, be it the Chief Executive Officer or the Chief Financial Officer. The Company's board of directors is not restricted in accessing minute books and corporate records and documents of any of its subsidiaries.

Management Experience in Chile, Brazil and the United States

As of the date of this AIF, the Company's business is mainly conducted in Chile, Brazil and the United States, and the Company. The majority of the Company's officers have experience conducting business in markets across the Americas. Moreover, the Company's officers frequently review relevant materials created by its Chilean, Brazilian and U.S. legal counsel and communicate with Chilean, Brazilian and U.S. legal counsel, the officers of the Company's subsidiaries, and local consulting staff whereby they are apprised of new developments in the legal regime and new requirements that come into force from time to time such that management is kept aware of relevant material developments in Chile, Brazil and, as applicable, the United States, as they pertain to and affect the Company's business and operations. Any material developments are to be discussed with the directors of the Company. Additionally, directors and officers of the Company will attend seminars and presentations from time to time provided by legal and accounting firms on developments in Chile, Brazil and, as applicable, the United States. The Company's directors and officers also work closely with the Company's Chilean Brazilian and U.S. counsel and local consulting staff to understand and subsequently adjust firm strategies and practices in connection with changes in Chilean, Brazilian and U.S. laws and regulatory regimes.

Operations in Chile

Certain of the senior officers and directors of the Company reside in Chile, and other senior officers and directors of the Company also visit Chile on a regular basis. Taken together, this ensures that the Company retains effective control and management of the operations of the Company in Chile. The Company also relies on the expertise and advice of Chilean counsel in conducting its business operations in accordance with local business culture and practices. In addition, the Company hires and engages local experts and professionals (i.e., legal, accounting and tax consultants) to advise the Company with respect to current and new regulations in respect of banking, financial and tax matters in Chile. The Company utilizes and will continue to utilize large, established and well recognized financial institutions in both Canada and Chile.

The Company also arranges for meetings with local management, the Company's consultants and vendors, and other local officials and service providers, as deemed appropriate. Each of the Company's directors has or will be required to visit the Company's properties in Chile, and attended corporate presentations outlining the Company's

local activities, operations and applicable laws, among other matters. The Company's board of directors intends to hold at least one meeting in Chile each year. Additional visits by directors will also occur on an as-needed basis.

Operations in Brazil

A senior officer of the Company resides in Brazil and key members of the Company's management team have experience running business operations in emerging markets, including Brazil. The Company's board of directors plans to regularly seek management and technical updates, risk assessments and progress reports in connection with its development of the Carina Project. Through its corporate governance practices, the Company regularly receives management and technical updates, risk assessments and progress reports in connection with its operations in Brazil. The Company utilizes and will continue to utilize large, established and well recognized financial institutions in both Canada and Brazil.

Operations in the United States

Certain of the senior officers of the Company reside in the United States, including the Company's global Chief Operating Officer and the U.S.-based Chief Financial Officer, and the Company also maintains a dedicated U.S.-based operations and technical team supporting the development of the Company's separation business. Taken together, this supports effective oversight, control and management of the Company's activities in the United States. The Company relies, as appropriate, on the expertise and advice of U.S. counsel and other local experts and professionals (including legal, accounting and tax consultants) to assist the Company in conducting its activities in accordance with applicable laws, regulatory requirements, and local business practices. The Company utilizes and will continue to utilize large, established and well recognized financial institutions in Canada and, as applicable, in the United States.

The Company's board of directors intends to regularly seek management and technical updates, risk assessments and progress reports in connection with its U.S.-based activities. The Company also arranges meetings with local management, consultants and vendors, and other local officials and service providers in the United States, as deemed appropriate, and directors and officers may visit from time to time on an as-needed basis.

Business Language in Chile

Business in Chile is primarily conducted in Spanish and English. All of the senior officers of the Company, as well as Chilean counsel to the Company, are fluent in both Spanish and English. It is intended that any additional advisors to the Company in Chile will be fluent in English. The primary language used in meetings of management and board of directors is English. Material documents relating to the Company that are provided to its board of directors are in English. To the extent that any original documentation is in Spanish, Chilean counsel or the respective officers of the Company or other consultants located in Chile can assist with any translation needs. The Company does not currently have a formal communication plan or policy in place and has not to date, experienced any communication-related issues. The Company has not experienced and does not anticipate experiencing communication related issues in connection with its operations in Chile. Numerous service providers and consultants under the Company's employ are fluent in Spanish and English and assist the Company as required. The Company will, from time to time, re-evaluate whether a formal communication policy is necessary.

Business Language in Brazil

Business in Brazil is primarily conducted in Portuguese and English. All of the senior officers of the Company, as well as certain counsel to the Company, are fluent in English. The primary language used in meetings of management and board of directors is English. Material documents relating to the Company that are provided to its board of directors are in English. To the extent that any original documentation is in Portuguese, the Company has Brazilian staff, including the Country Manager and Senior Counsel and other consultants located in Brazil that can assist with any translation needs. The Company does not currently have a formal communication plan or policy in place and has not to date, experienced any communication-related issues. The Company has not experienced and does not anticipate experiencing communication related issues in connection with its operations in Brazil. Numerous service providers and consultants under the Company's employ are fluent in Portuguese and English and assist the

Company as required. The Company will, from time to time, re-evaluate whether a formal communication policy is necessary.

Business Language in the United States

Business in the United States is primarily conducted in English. All of the senior officers of the Company, including U.S.-based management, and U.S. counsel to the Company are fluent in English. The primary language used in meetings of management and the board of directors is English. Material documents relating to the Company that are provided to its board of directors are in English. To the extent that any original documentation is in a language other than English, the respective officers of the Company, U.S. counsel or other consultants engaged by the Company can assist with any translation needs. The Company does not currently have a formal communication plan or policy in place and has not to date, experienced any communication-related issues. The Company has not experienced and does not anticipate experiencing communication related issues in connection with its operations and activities in the United States. The Company will, from time to time, re-evaluate whether a formal communication policy is necessary.

Internal Control Over Financial Reporting in Chile

The Company maintains internal control over financial reporting with respect to its Chilean operations by taking various measures. Differences in banking systems and controls between Canada and Chile are addressed by having controls over cash in both locations; particularly over access to cash, cash disbursements, appropriate authorization levels, and performing and reviewing bank reconciliations on a monthly and quarterly basis. Cash balances are provided weekly to the Company's management. Certain subsidiaries of the Company maintain various cash and investment accounts with Chilean banks and have extensive finance and treasury functions, based in Chile, under the direction of the Company's Chief Financial Officer.

The difference in cultures and practices between the two countries is addressed by employing competent staff in both countries who are familiar with the local laws, business culture and standard practices, have local language proficiency, are experienced in working in the respective jurisdictions and dealing with the respective government authorities, and have experience and knowledge of the local banking systems and treasury requirements. The Company documents and assesses the design of internal controls over financial reporting on an annual basis. Furthermore, key controls for the accounts in scope are tested across the Company on an annual basis. This process is undertaken by the Company's Chief Financial Officer.

Internal Control Over Financial Reporting in Brazil

The Company employs similar strategies and measures to maintain internal control over financial reporting in respect of its Brazilian operations. Differences in banking systems and controls utilized in Canada and Brazil are addressed by ensuring that access to cash and cash disbursements are controlled in both locations, and bank reconciliations are performed and reviewed on a monthly and quarterly basis. As in Chile, the Company's Chief Financial Officer directs such efforts and ensures there are active cash and investment accounts with Brazilian banks.

To address differences in cultures and practices between Canada and Brazil, the Company employs competent staff in each country who are familiar with the local laws, business culture and standard practices, have local language proficiency, are experienced in working in the respective jurisdictions and dealing with the respective government authorities, and have experience and knowledge of the local banking systems and treasury requirements. To this end, the Company's Chief Financial Officer annually reviews the design of internal controls over financial reporting and tests key controls for the Brazilian accounts in scope.

Internal Control Over Financial Reporting in the United States

The Company employs similar strategies and measures to maintain internal control over financial reporting in respect of its operations and activities in the United States. Differences in banking systems and controls utilized in Canada and the United States are addressed by ensuring that access to cash and cash disbursements are

controlled in both locations, appropriate authorization levels are maintained, and bank reconciliations are performed and reviewed on a monthly and quarterly basis. Cash balances are provided regularly to the Company's management. The Company maintains cash and, as applicable, investment accounts with U.S. financial institutions, and such finance and treasury functions are performed under the direction of the Company's global Chief Financial Officer.

To address differences in cultures and practices between jurisdictions, the Company employs competent staff who are familiar with applicable local laws, business culture and standard practices, are experienced in working in the respective jurisdictions and dealing with applicable authorities and have experience and knowledge of local banking systems and treasury requirements. The Company documents and assesses the design of internal controls over financial reporting on an annual basis. Furthermore, key controls for accounts in scope are tested across the Company on an annual basis. This process is undertaken by the Company's global Chief Financial Officer.

4.7. REGULATORY FRAMEWORK

Mining Regulations in Chile

The Company's activities are subject to Chilean laws and regulations which are generally applicable to all companies in the mining sector. The legal framework which regulates the Company as a holder of mining concessions is contained in the Chilean Mining Legislation. Under the Chilean Mining Legislation, the Chilean State is the owner of all mineral and fossil substances, regardless of who owns the surface land in which such substances are located. Private persons and companies may obtain mining concessions for exploration and exploitation of mineral resources. These concessions are granted by judicial resolutions in accordance with the Mining Code (Law 18,248 of October 14, 1983) (the "**Mining Code**").

Mining concessions are transferable, mortgageable and irrevocable and regulated by the same civil law that regulates real estate rights generally. Generally, the owner of a mining concession may occupy as much of the surface land as is necessary for mining activities upon the creation of a mining easement or by other rights granted upon other authorization given by the owner of the surface land, such as a lease agreement, easement or other title. Mining easements can be obtained by way of direct negotiation with the surface landowner or, if the latter refuses to grant such rights, by way of a summary procedure before the relevant court. Regardless of how the mining easement is obtained, the party granting the easement is entitled to compensation should the mining activities and works caused by the owner of the mining concession cause damage. Exploitation concessions have an indefinite duration. Exploration concessions are granted for two years and may be extended for a maximum of two additional years subject to waiving at least half of the area originally allocated. Prior to the expiration of the first or the second two-year period, exploration concessions can be converted to exploitation concessions. If they are not so converted, the exploration concession terminates.

On December 19, 2023, the Chilean Congress approved a bill that modified the mining license regime effective as of January 1, 2024. The Company may encounter increased costs associated with its Chilean operations, as annual mining licenses for exploration mining concessions have increased from US\$1.40 per ha to US\$4.20 per ha, and certain increases to exploitation concession licenses granted on a discretionary basis have been announced beginning in 2025. The Company may, however, be entitled to continue paying the current exploitation mining concession license of US\$6.80 per ha beyond 2025 if its operations fit within certain defined criteria, such as commencing works that permanently and continuously allow the development of mining operations, among others.

During 2025, owners of mining concessions must pay an annual fee equivalent to approximately US\$4.49 per ha in the case of exploration concessions and approximately US\$7.58 per ha in the case of exploitation concessions. However, the latter fees, within certain limits, may be credited to income taxes originated through the exploitation of the concession. Payments of the annual fees must be made in March of each year. Failure to make the annual fee payments may result in the loss of title to the concession through its auction.

The Company holds mining concessions granted by the Chilean Ordinary Courts for its exploration and exploitation operations with respect to the Penco Module. In 2023 and 2024, the Company paid total concession fees of US\$471,286 and US\$382,924, respectively. In 2025, the Company paid total concession fees of US\$404,887.

Pursuant to the Mining Code, all mining concessions, as well as certain raw materials, assets and other property permanently dedicated to the exploration or extraction of minerals cannot be subject, except in extremely limited circumstances, to an order of attachment.

Any material change in Chile's constitutional framework and/or in regulations including, among other things, the Chilean Mining Legislation, or shifts in political attitudes in Chile, are beyond the control of the Company and may adversely affect its business. Future development and operations may be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to restrictions on development, production, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use, land claims of local people, mine safety and receipt of necessary permits. The effect of these factors cannot be accurately predicted. See *"Item 6: Risk Factors"*.

Mining Regulations in Brazil

The Company has made advances in Brazil, where it holds 50,266 ha of mineral exploration rights and has begun exploration drilling activities. The regulatory framework for mining activities in Brazil is discussed below.

In Brazil, the Agência Nacional de Mineração (the **"ANM"**) regulates the conduct of exploration, development and mining operations. In relation to material payable amounts owed by a mineral rights holder, the ANM requires: (i) certain fee payments for exploration authorizations, known as the Annual Fee per ha; (ii) payment of damages to the landowner; (iii) certain royalty payments to be made to the federal government for the mining concessions, known as Financial Compensation for the Exploitation of Mineral Resources (**"CFEM"**); and (iv) royalty payments to be made to the landowner during the exploitation stage if the surface rights are not held by the holder of the mineral rights, which may be waived by the landowner. There is also a monthly inspection fee related to the transfer and commercialization of certain minerals in some Brazilian states. The Brazilian government is currently considering the adoption of new mining legislation that would include increases in royalties.

In order to build, develop and operate projects in Brazil, companies are subject to a licensing process with the Brazilian Institute for Environmental and Renewable Resources or the Environmental Agency of the State in which a project is located. Such licensing process is comprised of obtaining three types of permits:

- The Preliminary License (**"LP"**): The LP is granted in the preliminary planning phase of a project or activity and approves the location and concept of a project, evaluates the project's environmental viability and feasibility, and establishes the basic requirements and conditions for the next phase of the permitting process. The LP is valid for up to five years.
- The Installation License (**"LI"**): The LI authorizes the installation or construction of a project in Brazil, in accordance with the specifications presented at the LP stage and subject to further conditions so as to mitigate and compensate any negative impacts. The LI is valid for up to six years.
- The Operating License (**"LO"**): The LO is granted to commence the operational phase of a project or activity in Brazil, subject to further conditions. The LO is valid from four to ten years and may be renewed.

The governmental agencies that issue environmental licenses in Brazil have the power to impose conditions for the operation of a company's business. Such conditions are established in accordance with applicable legislation. If these conditions are not fulfilled, the applicable agency has the power to suspend the licenses until the conditions are regularized. See *"Item 6: Risk Factors – Risks related to the Company's Foreign Operations"*.

All local agencies in Brazil have the right to monitor and evaluate compliance with environmental permits, even though such monitoring tends to be minimal in scope and nature. Any changes to the exploration activities that result in a greater environmental impact require approval.

4.8. ENVIRONMENTAL PROTECTION AND REGULATION

Environmental Regulations in Chile

The Penco Module is located in Chile and is subject to national, regional, and local regulations as well as international treaties subscribed to by Chile and enacted as Chilean domestic laws regarding the protection of the environment, natural resources, and their effects on human health and safety. This includes any laws and regulations concerning water, air and noise pollution, the handling, disposal and transportation of hazardous wastes and occupational health and safety.

In particular, Company operations are subject to stringent environmental laws and regulations, including the General Environmental Law (Law No. 19.300), enacted in 1994 and modified by Law No. 20.417, enacted in 2010 (collectively, the “**General Environmental Law**”). The General Environmental Law establishes the general environmental legal framework in Chile, including a range of environmental management mechanisms collectively known as the Environmental Impact Assessment System, the Emission Standards, and the Environmental Quality Standards. Chilean environmental laws and regulations, and the enforcement thereof, have become increasingly stringent since 2010 and even more due to recent changes. Such amendments include, among other significant modifications, the creation of a new institutional framework comprised by: (i) the Ministry of the Environment (*Ministerio del Medio Ambiente*); (ii) the Council of Ministers for Sustainability (*Consejo de Ministros para la Sustentabilidad*); (iii) the Environmental Assessment Service (*Servicio de Evaluación Ambiental*); (iv) the Bureau of the Environment (*Superintendencia del Medio Ambiente*); and (v) the Environmental Courts (*Tribunales Ambientales*), each of which are in charge of designing, evaluating and enforcing laws and regulations relating to projects and activities that could have an environmental impact. These institutions are fully operational and are engaged in different stages of a project, ranging from regular environmental assessment to participating during potential legal and administrative challenges. Recent legal and regulatory changes are likely to impose additional restrictions or costs on the Company as well as increased fines due to non-compliance with such laws and regulations, relating to environmental litigation and protection of the environment, particularly those related to flora and fauna, wildlife protected areas, water quality standards, mine closure, air emissions and soil pollution. Since the Bureau of the Environment became fully operational on December 28, 2012, infringement of environmental regulations may result in fines of up to approximately US\$8.7 million, the closure of facilities and the revocation of environmental approvals.

The General Environmental Law, as complemented by additional regulations, enables the Chilean government to: (i) bring administrative and judicial proceedings against companies that violate environmental laws; (ii) close non-complying facilities; (iii) revoke required operating licenses; (iv) require that companies submit their projects for environmental evaluation as required by applicable law; and (v) impose sanctions and fines when companies act negligently, recklessly or deliberately in connection with environmental matters.

Pursuant to the General Environmental Law, in addition to the various enabling powers granted to the Chilean government to enforce the General Environmental Law, affected citizens are also granted rights to bring civil actions against companies that are not in compliance with environmental laws and regulations when such companies have caused “environmental damage,” as defined in such law, after such non-compliance has been established by a judicial proceeding. Additionally, citizens affected by environmental pollution may file a petition for relief to Chilean Courts of Appeal, requiring the suspension of the offending activity and the adoption of protective measures through the judicial process called *recurso de protección* (constitutional protection action).

The Company incurs, and may be required in the future to continue to incur, substantial capital and operating costs related to environmental compliance. However, many of these costs, including those related to EIAs with respect to the Penco Module and any future project or prescribed activity, workplace safety policies and procedures, mine closure safety plans and operational standard compliance, are inextricably intertwined with the operation of the Company’s business as a whole. See “*Item 6: Risk Factors*”.

The General Environmental Law and its regulations contain certain rules on environmental impact assessment, effective since April 1997, which provide that the Company must evaluate the environmental impact of any future project or activity listed in Article 10 of the General Environmental Laws by means of an environmental impact declaration or an environmental impact study depending on the significance of the environmental impacts

associated. The Company has conducted these environmental impact studies pursuant to the General Environmental Law. See “Item 5.1(k) – Infrastructure, Permitting and Compliance Activities – Permitting Considerations”.

Environmental Regulations in Brazil

In Brazil, environmental licensing is a central regulatory instrument of the National Environmental Policy (Law No. 6.938/1981) structured under CONAMA Resolutions 01/1986 and 237/1997. States generally hold primary authority to conduct licensing for mining projects, unless the activity has interstate or federal relevance, in which case the Federal Environmental Agency or another federal agency may assume responsibility. In Goiás, SEMAD is the competent authority for issuing licenses for mining and industrial projects. The licensing system typically follows a triphasic model:

- Preliminary License (LP): issued during the planning stage to approve the project’s location and concept, attest to its environmental feasibility, and set conditions for subsequent phases;
- Installation License (LI): authorizes construction and implementation provided that the conditions of the LP and associated environmental programs are met; and
- Operational License (LO): granted once compliance with previous licenses is verified, authorizing the start of operations and establishing operational conditions.

Under Brazilian law, any individual or legal entity (whether public or private) that directly or indirectly causes harm to the quality of the environment may be held liable for the recovery, remediation or compensation of the damages that were generated, without regard to whether there is a direct or indirect connection between their act (or omission) and the damage caused to the environment. There are three types of liabilities that may be applied cumulatively: (i) civil, (ii) administrative, and (iii) criminal.

Civil liability for environmental damages is strict, requiring that the responsible parties remediate the damage in full or pay compensation when remediation is not possible. Civil liability also applies jointly and severally to those who facilitate, benefit from, and contribute to the occurrence of environmental damage. As a result, the party bringing the environmental claim may freely choose whom to sue. There is no limit to the amount that Brazilian courts may award to cover the costs of repairing the damage. If the damage cannot be repaired, Brazilian courts may order the payment of an indemnity. Environmental civil liability is not subject to a statute of limitations under Brazilian law.

With respect to criminal liability, Federal Law 9,605/98 provides that the legal entity and its individual representatives whose criminal actions were taken for the benefit of such entity can be held liable for criminal offences against the environment. In the case of the liability of the individual representatives, there needs to be some element of willful misconduct. In the case of the legal entity, a strict liability rationale applies: the legal entity can be charged regardless of the implication of any other individual representatives if it is confirmed that willful misconduct was undertaken for the benefit of the legal entity and by a decision of its representatives. Criminal sanctions applicable to legal entities include fines, the partial or total suspension of activities and embargos, prohibitions on contracting with governmental entities, as well as on obtaining subsidies, grants or donations, for a maximum period of ten years.

Administrative liability arises from any action or omission in violation of the Federal Decree No. 6,514/2008, which sets out the administrative environmental infractions and the corresponding penalties, setting fines amounting to a maximum of R\$50 million, as well as suspension of activities. Such liability can be pursued against the legal entity or the individual person that may incur any such infraction. Federal Law No. 12,334/2010 provides for the application of warning penalties, other daily fines, construction or activity embargo, construction demolition, partial or total suspension of activities, seizure of ores, goods and equipment, expiry of the title and restrictive sanction of rights (which includes suspension of license, registration, concession, permission or authorization, cancellation of license, registration, concession, permission or authorization, loss or restriction of tax incentives and benefits, and loss or suspension of participation in credit lines from official credit institutions).

4.9. HEALTH AND SAFETY MATTERS

Health and Safety in Chile

Health and safety in the workplace are among the Company's highest priorities, and the Company employs policies and procedures seek to eliminate accidents. Chilean regulations were enacted in February 2004 governing safety standards for mining operations. Pursuant to these regulations, all mining companies, including Aclara, are required to provide closure plans for their mining facilities, demonstrating compliance with safety standards. These plans must be updated every five years and must consider the requirements set forth in the environmental authorization issued for the respective facility, if any. In addition, Law N° 20,551 dealing with mine closure requirements was made effective in 2012, which provides for health, safety and environmental requirements along with mandatory provisions that require financial guarantees. Mining is an inherently dangerous activity that involves substantial risks.

Health and Safety in Brazil

In Brazil, health and safety regulations in the mining industry are governed by a complex framework aimed at ensuring the well-being of workers and protection of the environment. The Brazilian mining industry is subject to stringent laws and regulations, including (in part) workplace safety, equipment standards, environmental protection measures and community engagement.

Regulatory Standard No. 22 ("**NR 22**") is the primary regulatory guidance concerning occupational health and safety in mining activities. Established by the Brazilian Ministry of Labor and Employment, it focuses on ensuring the health and safety of workers in the mining industry and providing comprehensive guidelines and requirements aimed at preventing accidents, injuries and occupational illnesses associated with mining operations. NR 22 establishes several obligations upon employers, including risk assessment, emergency preparedness, personal protective equipment, machinery safety, training programs and environmental protection measures. It further mandates that mining companies implement effective safety management systems, provide adequate training to employees and establish protocols for monitoring and controlling workplace hazards. NR 22 also emphasizes the importance of regular inspections, audits and risk assessments to identify and mitigate potential health and safety risks in mining operations. Compliance with NR 22 is essential to promote a safe work environment in the Brazilian mining industry.

Health and Safety in the United States

The health and safety of all employees, contractors, and visitors at the Aclara USA Research Center are paramount to our operations. To ensure compliance with OSHA standards 29 CFR 1910.1450 and 29 CFR 1910.1200, the Aclara USA Research Center maintains a written Chemical Hygiene & Lab Safety Manual. This manual outlines the health and safety requirements associated with Aclara's pilot plant laboratory operations. The manual is maintained as a living document and is periodically reviewed and updated to reflect evolving regulatory requirements, operational changes, and organizational best practices.

4.10. COMMUNITY RELATIONS

Community Relations in Chile

During 2023, the Company continued prior initiatives to strengthen its relationship with the community and local stakeholders, aiming to highlight positive attributes of the Penco Module and address potential concerns. In the first quarter of 2023, the Company opened an information center in Penco to provide a space for members of the local community to directly engage with Company representatives. Through operation of the information center, the Company has been able to provide information about the Penco Module and the REE industry, engage in continuous dialogue with the community to resolve concerns, and solicit feedback to inform the development of the Penco Module.

During 2024, the Company reached over 10,000 neighbours and defined its community engagement strategy based on the pillars of building trust, opportunities and social value for the territory in which it operates. Within the

framework of these pillars, the Company developed programs across five lines of work: (i) social leadership; (ii) healthy living through sports and culture; (iii) environment and biodiversity in action; (iv) education through innovation and technology; and (v) promotion of local employment and entrepreneurship. The Company's information center also hosts a variety of free workshops designed to address local needs and promote community development, and over 400 guided visits to Aclara's pilot plant have been facilitated to allow for transparency and familiarity with the Company's processes. These measures have resulted in over 300 written suggestions from community stakeholders regarding the Penco Module, which, in tandem with input gathered from expert forums, will be used as guidance for the Company's future commitments and decisions.

During 2025, the Company reached more than 16,000 neighbors, including 3,269 direct beneficiaries through its community programs, strengthening its territorial engagement strategy based on the pillars of building trust, creating opportunities, and generating social value. Aclara continued to promote initiatives across its five areas identified in 2024. In addition, Casa Aclara received around 150 visits per week and hosted free workshops to support local development. During the year, the Company was also recognized by Chile's most important industry association (SOFOFA) for its Open Doors policy, an initiative that has allowed the Company to host delegations of national and international authorities, including 55 European authorities (among them 12 ambassadors) as well as representatives from business associations, academia, and more than 800 neighbors, strengthening transparency, dialogue, and public understanding of the project.

These activities continue to provide valuable input for the development of the Penco Module, helping to maximize the Company's social value in the territory.

Community Relations in Brazil

In 2023, the Company engaged a consulting firm with extensive expertise in community relations to establish a communication plan with local communities located within the Carina Project's project site and conduct the social baseline studies required to file for the LP. In addition, the Company retained a consulting firm with extensive experience and expertise to conduct the preliminary baseline study of the Quilombola Community, located near the Carina Project.

Quilombola communities in Brazil originated from settlements created by enslaved people who escaped during the colonial era. Today, the term refers to their descendants, who maintain historical and cultural ties to their territories, as well as their own organizational practices. The 1988 Constitution of Brazil recognizes their collective right to the lands they traditionally occupy. The INCRA (National Institute for Colonization and Agrarian Reform) is the federal entity that oversees the identification, delimitation, and titling of Quilombola territories in Brazil. INCRA is also responsible for conducting the free, prior, and informed consultation (FPIC) process required by ILO Convention 169, on behalf of the State of Brazil.

There is a small Quilombola community (Familia Magalhães) near the Carina Project. The Familia Magalhães comprises 11 families (approximately 30 people). The community will not be physically displaced or resettled. However, given the community's proximity (2.7 km) to the Carina Project, the Company must conduct an assessment of the potential indirect impacts that the Carina Project may have on the community and conduct a FPIC process with the oversight of INCRA. The Company has completed the preliminary social and cultural assessment of the Familia Magalhães Quilombola community and INCRA has approved the terms of reference and the work plan proposed by the Company for the elaboration of the required Quilombola study and FPIC process. The workplan has been delivered to the members of the Familia Magalhães Quilombola community. The next step is for the workplan to be implemented and the study to be completed with the participation of INCRA as a guarantor of the process.

During 2025, the Company continued to implement its social engagement strategy focusing on transparency, building trust with stakeholders, and preparing the territory for the opportunities and challenges associated with the Project. To achieve this, the Company worked on (i) strengthening institutional relations with the municipal government, (ii) community engagement and communication, (iii) promotion of local development; and (iv) supporting the community of Nova Roma with investments in key areas.

Institutionally, periodic meetings were held with the municipal government and with the City Council to establish formal communication channels to update the authorities on the progress of the Project, clarifying doubts, and identifying institutional and territorial needs. The initiative strengthens institutional alignment and contributes to maintaining an environment of cooperation between the Company and the public authorities. The Company also regularly meets with economic and social stakeholders, including local businesses, rural unions, and representatives of productive sectors.

In terms of community engagement, regular meetings and visits are carried out with the leaders of rural communities, including the Familia Magallanes Quilombola community. Interactions occur through collective meetings and direct contact with local leaders, promoting qualified listening, clarifying any questions and sharing updated information. The Company has also established formal communication channels with the community to receive questions, suggestions, and complaints, ensuring that demands are recorded and answered. The strategy seeks to strengthen a relationship of trust with the communities and consolidate a "good neighbor" policy, preventing the dissemination of misinformation.

In the area of local development, several initiatives were implemented. For professional development, the Company partnered with a state institution (SENAI) to train residents of the municipality. Courses for electricians, heavy machinery mechanics, tractor mechanics, and masonry bricklayers were held, as well as a program designed to improve employability of the local population by teaching them how to prepare for the job market.

In terms of economic development, the Company launched its local supplier development program to prepare the productive sectors of Nova Roma to meet the future demand of goods and services of the Carina Project, strengthening the local business environment and stimulating the productive chain.

The Company also partnered with the local government to support sociocultural and environmental activities, participating in community events such as Mother's Day, Children's Day, Environment Week, and Tree Day. The Company also donated an ambulance, renovated the municipal gymnasium and began an architectural project for the revitalization of the municipal lake and park. The Company also partnered with the Municipality the fire department to install a temporary station during the dry season. The Company provided accommodation for teams of firefighters and logistical support through water trucks and other materials to expand the municipality's capacity to respond to wildfires and forest fires.

Finally, as part of the territorial governance strategy, a "Working Group" was established with representatives from municipality and the Company to discuss actions and investments necessary to minimize potential impacts associated with the implementation of the Carina Project.

Community Relations in the United States

During 2025, the Company initiated engagement with the local community in Port of Vinton, Louisiana, with the objective of introducing the Project and communicating its expected benefits, including job creation and regional investment. As part of these efforts, the Company participated in a Vinton City Council meeting, an open public forum organized by the Mayor of Vinton, where representatives presented the Project and addressed questions from community members.

In addition, the Company retained a local public relations firm with extensive experience and a broad network across Louisiana to support its community engagement and communications strategy. Throughout the year, the Company also engaged with a range of local stakeholders, including government officials, community colleges, and regional contractors, with the objective of building strong relationships and fostering support for the Dynamo Project.

4.11. EMPLOYEES

The Company and its subsidiaries employ a total of 107 employees as of the date hereof.

4.12. SOCIAL AND ENVIRONMENTAL POLICIES

The Company is committed to the health and safety of its employees, operating in a manner that promotes safety and environmentally sound development, and meeting all applicable statutory and regulatory requirements throughout all stages of the Penco Module's and the Carina Project's LOM.

Code of Ethics and Human Rights Policy

The Company has adopted a written code of ethics (the "**Code of Ethics**") that applies to all Company officers, directors, employees, and contractors as well as agents acting on the Company's behalf. The Code of Ethics provides guidelines for maintaining the Company's commitment to integrity, trust, and respect and addresses, among other things, compliance with laws, rules, and regulations, conflicts of interest, confidentiality, commitment, preferential treatment, financial information, internal controls and disclosure, protection and proper use of Company assets, communications, fair dealing, fair competition, due diligence, illegal payments, equal employment opportunities and harassment, privacy, political and charitable activities, and reporting any violations of laws, regulations, or the Code of Ethics. The Code of Ethics requires all violations of laws, regulations, or the Code of Ethics of which one becomes aware to be reported to any of the Company executive officers. The Company also has a policy on human rights (the "**Human Rights Policy**") which should be read in conjunction with the Code of Ethics. The Human Rights Policy applies to the entire workforce of Aclara and its subsidiaries, and reiterates the Company's commitment to the protection of universal human rights through the promotion of and compliance with the laws, regulations and social codes of the countries and jurisdictions within which the Company operates. The Company's Human Rights Policy is focused on ensuring the rights, cultures, customs and values of the people and communities who are impacted by the Company's corporate actions are respected.

Anti-Bribery Policy

The Company has also adopted an anti-bribery and anti-corruption compliance policy (the "**Anti-Bribery Policy**") which establishes the Company's commitment to compliance with Canada's *Corruption of Foreign Public Officials Act* and the United States *Foreign Corrupt Practices Act* of 1977 and any local and foreign anti-bribery or anti-corruption laws and regulations that may be applicable to the Company. The Anti-Bribery Policy, which is administered by the Company's board of directors, principally provides guidelines to ensure the legal and ethical conduct of the Company's business and rules prohibit the giving or receiving of improper payments and questionable inducements. Further, the Anti-Bribery Policy provides consequences for non-compliance and sets out strategies adopted by the Company to mitigate bribery and corruption risk. Subject to oversight by the Company's board of directors, the Compensation, Nominating and Corporate Governance Committee of the board of directors is responsible for monitoring compliance with the Anti-Bribery Policy and initiating investigations of reported violations.

Sustainability Committee

The Company is committed to the environmental, health, safety, and welfare of the communities where it conducts operations and development and exploration activities. As such, the Company has maintained a Sustainability Committee since 2021 that is charged with overseeing and making all necessary recommendations to the board of directors in connection with environmental and sustainability issues as they affect Company operations. In particular, the charter of the Sustainability Committee focuses on compliance with national and international standards to ensure that the Company adopts an effective system of standards, procedures, and practices with respect to all Company operations. The Sustainability Committee ensures that the Company's sustainability policy (the "**Sustainability Policy**") is properly implemented within the Company. The Sustainability Policy's purpose is to commit Aclara to conducting its business activities in accordance with respect for human rights, the safety health and development of its people, for environmental culture, good corporate governance and social engagement. Furthermore, the Company has an environmental policy (the "**Environmental Policy**") which applies broadly to the Company and its employees, and recognizes Aclara's commitment to reducing its impact on the environment while working towards preserving essential natural resources for future generations.

ITEM 5A: MATERIAL MINERAL PROJECTS

As of the date of this AIF, the Penco Module and Carina Project discussed under this “Item 5a – Material Mineral Projects” are the Company’s only material properties for the purposes of NI 43-101.

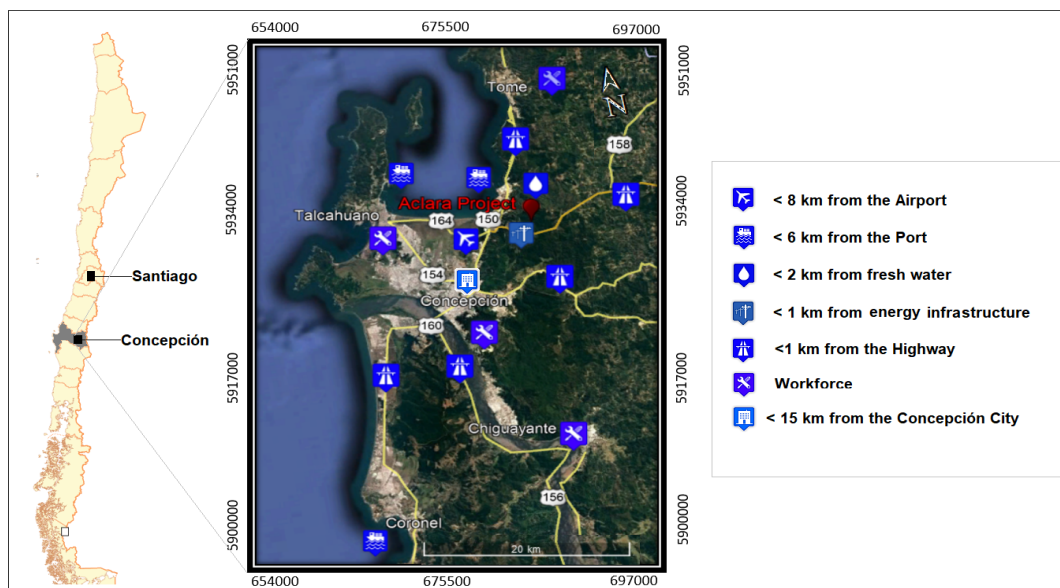
5.1. PENCO MODULE

Except as otherwise stated, the information that follows relating to the Penco Module is based on and is current as of the date of the Penco Technical Report. Where appropriate, certain information contained in this AIF provides updates or expansions upon information excerpted from the Penco Technical Report. The Penco Technical Report contains more detailed information and qualifications than are set out below, and readers are encouraged to review it in its entirety. The following summary is subject to all the assumptions, information, and qualifications set forth in the Penco Technical Report and the detailed disclosure contained therein is hereby incorporated by reference. The Penco Technical Report has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available under the Company’s profile on SEDAR+ at www.sedarplus.ca. The timing related statements set out in the Penco Technical Report do not reflect the delay in overall timing relating to the development and construction of the Penco Module resulting from the withdrawal by the Company of the Original EIA and should not be relied upon as such. The Company will provide additional clarity on the timing of the Revised EIA as well as the development and construction of the Penco Module following additional consultation with relevant authorities, its technical consultants, and other advisors.

5.1.(a) PROJECT DESCRIPTION, LOCATION, AND ACCESS

Project Location

The Penco Module is located within the boundaries of the Penco and Concepción districts in the Biobío Region, Chile as depicted below. Most of the deposits associated with the Penco Module are in the Penco district.



Project Ownership

REE Uno is a capital company incorporated as a corporation by shares in accordance with articles 424–446 of the Code of Commerce of the Republic of Chile. REE Uno is the sole holder and owner of the Penco Module. Pursuant to the Demerger Transactions, all REE Uno shares, which were previously owned by HM Holdings, were acquired by the Company on October 15, 2021.

Mineral Tenure, Surface Rights, Water Rights, Royalties, and Agreements

Indirectly through REE Uno and Prospecciones Greenfield SpA (“**Prospecciones Greenfield**”), the Company owns 253,285 ha of mining rights comprising 28 exploitation concessions and 866 exploration concessions, distributed in the Maule, Ñuble, Biobío, and Araucanía regions of Chile.

The properties of REE Uno comprise 116 exploration concessions and 28 exploitation concessions covering a total area of 36,385 ha, and the properties of Prospecciones Greenfield comprise 750 exploration concessions covering a total area of 216,900 ha. The Penco Module currently has acquired sufficient surface rights to support construction and development of the planned mining-related infrastructure. At the effective date of the Penco Technical Report, the terms and compensation of a mining land use easement had been agreed with the owner of the Luna extraction area's surface rights. This land use easement would cover all of the Luna extraction area, and would be valid for the period of time required to exploit the Luna extraction area. The Company subsequently entered into a formal agreement with respect to such land use easement. The Company is also currently drafting and negotiating a cooperation agreement for the use of surface lands that are owned and/or controlled by third parties.

On January 21, 2022, 1,365 exploration concessions were transferred by REE Uno to Prospecciones Greenfield, for the purposes of being managed by Prospecciones Greenfield on a going-forward basis. Subsequent to the effective date of the Penco Technical Report, as a result of the Company's evaluation of its mineral rights for potential future development, the Company discarded certain mining rights, reducing the aggregate size of its mining rights to 82,885 ha as of the date of this AIF.

REE Uno holds water rights that meet the projected water requirements of the Penco Module. There are no third-party royalties, back-in rights, payments, or other encumbrances associated with the Penco Module.

5.1.(b) HISTORY

From 2012 to 2018, Minera BioLantánidos (“**MBL**”) was majority owned (94%) by FIP Lantánidos, a Chilean private fund controlled by the private equity firm, Minería Activa. During 2018 and 2019, HM Holdings invested in the Penco Module, acquiring a 6.2% equity stake in REE Uno, with an option to further increase its ownership. At the end of 2019, HM Holdings acquired the remaining 93.8% of the Penco Module.

In 2012, MBL began an exploration program in the Penco area following an ion adsorption clay modeling study for lanthanides, with a focus on the migmatites and pegmatites of the Coastal Batholith, leading to the discovery of the garnet-bearing granitoid (peraluminous granite) of Penco.

In 2014, HREE anomalies were detected in outcrops and new roadcuts via radiometric flights, NanoTEM® near-surface geophysical mapping, topographic LiDAR (Light Detection and Ranging), and inductively coupled plasma analysis of surface samples. This sampling confirmed that the peraluminous granite is strongly correlated with the radiometric thorium anomaly. In early 2015, concentrate samples were produced using a pilot plant in the project area.

During the same period, MBL began sonic drilling for saprolite without water injection or additives. In September 2014, a second sonic machine was introduced. The program was concluded in June 2015 after it completed 4,888 m in 166 sonic drillholes and 1,171 m in 11 diamond drillholes. During this period, Marisol, Alexandra, Victoria Norte and Victoria Sur, Luna, and Maite were the defined zones of mineralized material. In August 2015, MBL began a new phase, completing 3,239 m with 125 sonic drillholes. The last phase during 2017–2018 completed 5,522 m in 176 sonic drillholes.

In 2020, MBL undertook an estimation drilling program (6,486 m in 220 sonic drillholes) to characterize the mineralogy and analyze the total REEs and exchangeable REE grades for a new updated resource model. From December 2020 to March 2021, a new brownfield and infill campaign was executed with a total of 6,418 m in 259 sonic drillholes to extend the known mineralized orebodies, totalling 6,700 samples.

5.1.(c) GEOLOGICAL SETTING, MINERALIZATION, AND DEPOSIT TYPES

The Penco property covers a 6 x 3 km (1,800 ha) area in the Coastal Range in the Biobío Region in south-central Chile and is hosted in a carboniferous granitoid batholith complex intruding the eastern metamorphic basement series. Four main rock complexes are recognized: Metapelites (Paleozoic basement), Eastern Concepción Plutonic Complex (oldest intrusion, east of the Penco Module), Penco Granitoid Complex (host of REE-rich orebodies), and quartz-diorite (youngest intrusion). Locally, REE anomalies were detected using a portable X-ray fluorescence gun in roadcut exposures. These findings were better defined by radiometric flights, NanoTEM® near-surface geophysical mapping, and topographic LiDAR, confirming that the garnet-bearing granitoid is strongly correlated with the radiometric anomaly of thorium.

These rock complexes contain an extensive and deeply weathered regolith (± 40 m), which contains abundant clay minerals that are locally enriched in REEs in the favorable horizons. MBL carried out a geochemical program in the zone that found significant yttrium, cerium, and thorium anomalies.

The regolith profile developed clay minerals with the capacity for cation adsorption. Among the clay minerals, the garnet-bearing granitoid is the source of the REE mineralization and is the richest in exchangeable REEs. Other lithologies, such as biotite-bearing diorite and metapelites, contain decreasing levels of exchangeable REEs moving away from the garnet-bearing granitoid due to secondary enrichment of REE-rich fluids sourced from the garnet-bearing granitoids following lateral migration under specific geochemical (pH, alteration) conditions. Thus, mineralization depends on garnet-bearing granitoid weathering intensity and topography (flatter relief allows for thicker regolith profiles and preserves orebodies).

The Penco regolith profile is up to 35 m thick and comprises, from the bottom up: unaltered bedrock, transitional zone, semi-weathered zone, completely weathered zone, pedolith, and topsoil.

The regolith profile is identified as containing the biotite-bearing diorite, metapelite, and garnet-bearing granitoids. The granitoids were used as the model rocks. Apart from core logging, geochemistry (major elements and total REEs), mineralogy, pH, and exchangeable REEs (with ammonium sulfate) were used to define the geologic units.

In this type of regolith deposit, typical hydrothermal alterations and structures do not seem to be useful for the definition of mineralization units because they do not seem to control the occurrence.

5.1.(d) EXPLORATION

Analyzing soil geochemistry in roadcut exposures for yttrium, cerium, and thorium using a portable X-ray fluorescence gun detected HREE anomalies. These findings were subsequently tested by radiometric flights and NanoTEM® near-surface geophysical mapping, confirming a strong correlation between the garnet-bearing granitoid and a radiometric thorium anomaly. In 2014, a drilling program was carried out, including 4,888 m in 166 sonic drillholes and 1,171 m in 11 diamond drillholes. Additional campaigns completed 3,239 m in 125 sonic drillholes during 2015, and 5,522 m in 176 sonic drillholes during 2017–2018.

In 2020–2021, MBL completed a drilling infill-exploration campaign to characterize the mineralogy and establish a new geological domain with a resource estimation of the Maite, Victoria Norte and Victoria Sur, Luna, and Alexandra orebodies, totaling 12,909 m in 479 sonic drillholes. Based on this database, geological domains for the four mineralized bodies were determined.

Subsequent to the effective date of the Penco Technical Report, during the fourth quarter of 2021 and the first quarter of 2022, a total of 3,011 m of drilling over 100 drillholes were carried out at Alexandra Poniente, a new exploration area within the Penco Module project. Alexandra Poniente is located in the western part of Alexandra Oriente as an extension of the mineralization given by the presence of garnet granitoid and the development of soil horizons. In addition, the Company completed an infill drilling campaign of 75 drillholes and 2,286 m aimed at converting the approximately 2 Mt of inferred mineral resources from Luna, Victoria Norte and Victoria Sur, Alexandra Oriente, and Maite into measured and indicated mineral resources. The purpose of these drilling

campaigns was to improve the mineral resource base at the Penco Module project. Results were included in the Updated Mineral Resource Statement issued by the Company on December 1, 2022.

The geological characteristics of the area show good possibilities of finding more prospects of this type. Geochemical mapping shows other anomalies to the northeast; the geological environment to the north and south of the Penco Module is very similar. Thus, exploration will prioritize looking for more garnet-bearing granitoid occurrences in this belt.

5.1.(e) DRILLING

Sonic drilling generates high-frequency (approximately 150 Hz) vibrations, which reduce the friction in the drilling bit and prevent clay from sticking to the bit. To retrieve a sample, it is necessary to completely remove the drilling column until reaching the drilling barrel. Then, with the help of sonic vibration plus pneumatic pressure, the sample is expelled from the interior of the drilling barrel into a polyethylene sleeve installed on the outside of the barrel. Occasionally, it is necessary to inject pressurized water.

All drills were vertical. The drilling diameter was 11.43 cm (4.5 in.), and the core diameter was 8.25 cm (3.25 in.). The typical sample length was 2 m (except for limits between geological horizons or structures requiring a 1-m sample), which generated 15–20 kg of sample. The drills averaged 30–40 m in depth (range 10–50 m). The cores were logged, photographed, mapped, and split lengthwise manually. The minimum sample mass required to adequately produce representative samples of the core's original granulometric distribution was taken into account for the sample collection and preparation protocols and quality assurance / quality control ("QA/QC") program.

In general, the drillcores were in good condition and validated the transcription of grades from the certificates to the database. Ausenco also reviewed portions of the certificates, finding no errors. Likewise, during the field visit, the logs were partially inspected, verifying that they are representative of what was observed in cores from each sector. In addition, the sonic drilling sample collection, handling, logging, and QA/QC protocols as well as the manual for administration of the database and QA/QC program (GEMM software) have a sufficient level of detail, confirming that the sample management processes are appropriate and the data handling processes are safe and secure.

5.1.(f) SAMPLING, ANALYSIS, AND DATA VERIFICATION

The MBL exploration and production work was conducted using documented procedures and involved the verification and validation of exploration and production data prior to consideration for geological modeling and mineral resource estimation. During drilling, experienced geologists implemented industry standard measures designed to ensure the consistency and reliability of the exploration data. Quality control failures are investigated, and appropriate actions are taken when necessary, including requesting re-assaying of certain batches of samples.

The first site visit was conducted on December 3 and 4, 2020, by Luis Oviedo (P. Geo.), Senior Geologist, and Francisco Castillo (P. Eng.), Ausenco Principal Resource Engineer. Both men are "qualified persons" under NI 43-101. The second site visit on July 28, 2021, by the same qualified persons verified the work produced by the new drilling program. The main difference with this campaign was the quality of the mineral resource, with a substantial increment in measured and indicated mineral resource values and a minor increase in the total volume of the mineral resource.

During the visits, all aspects that could materially impact the integrity of the drillholes and sampling databases (core logging, sampling, and database management) were reviewed with local staff. Also, Ausenco representatives were able to interview staff to ascertain exploration procedures and protocols. Ausenco toured the area and observed drill sites, collars, and the field status of the demarcations and examined cores from several drillholes. They determined that the logging information accurately reflected the actual core. The lithology and grade contacts checked by Ausenco matched the information reported in the core logs. Ausenco reviewed the drillhole databases for the preparation of this AIF report and concluded that it is adequate to produce block models, tonnage, and grade evaluations to a satisfactory degree. A complete review of the QA/QC data did not identify any significant problems.

Ausenco believes that—within the standard limitations of the aforementioned desktop and on-site reviews—the level of data verification is adequate. No verification samples were taken; however, a representative of Ausenco visited the Penco Module on two occasions and reviewed in detail the complete process of production of the samples and the database. The boreholes were reviewed with the geologists and project technicians. The number of samples required to make a valid verification must be a geostatistical accepted quantity, which implies a high number of them. Also, the process of handling and analysis of these samples is complex and unusual, and there is, at least in Chile, no third-party laboratory other than the one used by the Company to perform these analyses. The QA/QC samples were reviewed in detail, and the results were satisfactory. Ausenco believes that all this indicates that verification samples were not necessary.

5.1.(g) MINERAL PROCESSING AND METALLURGICAL TESTING

The metallurgical tests developed by the University of Concepción (Chile) and the University of Toronto (Canada), together with the tests developed on a pilot scale in Chapi (Peru), provide enough information to propose a process design. Numerous tests developed over a 7-year period have allowed the process and parameters necessary for the production of REE carbonates to be defined. The main variables studied are the following:

- REE leaching reagent and its optimal concentration and pH;
- REE and impurity precipitation reagent (including evaluation of sodium hydroxide) and optimal pH;
- solid:liquid extraction ratio;
- leaching kinetics;
- REE and impurity precipitation kinetics;
- leaching temperature;
- countercurrent extraction configuration and number of stages;
- effectiveness of a clay-washing stage
- effect of particle size on REE extraction;
- effect of agitation on REE extraction;
- sulfuric acid consumption;
- use of flocculant and its effect on leaching; and
- effect of seeds on crystal growth.

The process design results are as follows:

- REE leaching reagent is ammonium sulfate at pH 3.0–4.0;
- precipitation reagent, ammonium bicarbonate, is added to achieve pH 5.5–6.0 for impurities and 7.0–7.5 for REEs;
- optimal solid:liquid extraction ratio is 1:3;
- extraction time is greater than 7 min.;
- precipitation time is 120 min. for REEs and 30 min. for impurities;
- a sequential extraction circuit is possible because the REE concentration in the solution increases as the circuit progresses; process water can be reused without loss of extraction capacity; and
- REEs can be fully recovered and the ammonium retained in the clays can be fully removed via a clay-washing process in the sequential extraction circuit.

The net process REE recovery determined in metallurgical testing and the product quality are shown in the following tables. The high total REE recovery (98.1%) and quality (91.9%) result from the high efficiencies of the REE precipitation reactions, the technology, the solid / liquid separation system, and the washing process.

LEACHING AND PLANT RECOVERY

Element	Leaching	Plant Recovery	Total Recovery
	%	%	%
Y	46.39	98.4	45.63
La	13.35	99.1	13.24
Ce	2.31	98.1	2.26
Pr	14.68	98.9	14.53
Nd	15.33	99.1	15.19
Sm	19.10	98.0	18.72
Eu	36.55	97.3	35.56
Gd	23.68	99.1	23.46
Tb	32.72	95.8	31.34
Dy	36.36	92.7	33.71
Ho	39.35	97.1	38.22
Er	40.35	96.5	38.94
Tm	38.49	95.1	36.59
Yb	36.28	94.4	34.24
Lu	37.91	90.5	34.29
REE Total	18.49	98.1	18.13

Description – Dry Filtered Product	Value
Dry carbonate (t/year)	1,275
REE grade (%)	51.4
REE2 (CO ₃) grade (%)	91.9
REO equivalent grade (%)	91.9

Section 13 of the Penco Technical Report presents additional details on the tests developed and their results and conclusions.

5.1.(h) MINERAL RESOURCE ESTIMATES

Modeling and mineral resource estimation were conducted using Leapfrog 6.0, Sage2001, and Datamine Studio Software. The data collected from the 2020 and 2021 drilling and mapping programs support the MRE, comprising: 381 sonic drillholes (10,493 m of drilling) and 5,009 samples (185 in the Victoria area, 87 in the Maite area, 38 in the Luna area, and 71 in the Alexandra area).

The lithologies are garnet granitoid (GG), diorite (DRT), and metapelite (MP) transformed in four layers of regolith (A–D). These lithologies and regolith layers were modeled and later combined according to the previously described geology to obtain the GU model (geological units). The Company and Ausenco agreed to estimate only levels B1, B2, and C1 because they contain the mineralization. Levels A, C2, and D were excluded because they did not present grades of economic interest.

Using Pearson's correlation coefficient, two groups were defined to represent the total REE grades directly related with HREEs and LREEs. Europium was not correlated with any group and was analyzed separately.

Group 1 HREEs:

- dysprosium;
- terbium;
- lutetium;

- yttrium;
- gadolinium;
- erbium;
- holmium;
- ytterbium; and
- thulium.

Group 2 LREEs:

- neodymium;
- praseodymium;
- lanthanum;
- samarium; and
- cerium.

A length of 2 m was applied to generate the composite intervals, respecting the contacts between the different estimation domains. Contact plots for each domain to determine REEs were prepared to estimate if the contact between the domains is soft or hard. The cumulative probability distribution by estimation domain was used to define grade outliers, which can cause grade overestimation by smearing anomalous high grades. Restriction was applied to high grade values, and the value was replaced with the value of the defined outlier limit.

Down-the-hole and directional correlograms were constructed for HREEs and LREEs for all sectors to provide search distance and anisotropy direction to be used in the estimation. Blocks of 10 m x 10 m x 2 m (non-rotated) were considered. The grades of the 15 total REEs were estimated by domains using ordinary kriging (OK). The grade estimation was completed in three passes using samples at least three drillholes on the first pass, two in the second and one in the third pass.

The mineral resource classification should integrate criteria addressing at least the following four parameters:

- (1) geological continuity (confidence in location, geometry, and thickness between drillholes);
- (2) grade continuity;
- (3) data quality and support (multiple points of support); and
- (4) reasonable prospects for economic extraction.

Measured Mineral Resources

The Penco Module has no production data to date, so the short-range continuity has not been studied in detail. Thus, the level of confidence defined in this category is suitable for generating volumes associated with quarterly or broader production plans, where the error produced should not exceed 15% for 90% of the cases.

The category includes blocks estimated with at least three drillholes if the nearest sample < 40 m away from the block being estimated or with two drillholes if the nearest sample < 24 m away from the block being estimated.

Indicated Mineral Resources

The defined level of confidence is suitable for volumes that are associated with one-year production plans, where the error produced should not exceed 15% for 90% of the cases.

This category includes blocks estimated with at least three drillholes if the nearest sample is < 75 m away from the block being estimated or fewer than three drillholes if the nearest sample is ≤ 40 m away from the block being estimated.

Inferred Mineral Resources

This category includes estimated blocks that have not been classified as measured or indicated mineral resources. For the Luna and Alexandra sectors, peripheral perimeters were generated with a 50-m distance from the edge of the last drilling run to ensure that the classification of measured or indicated mineral resources was not affected by blocks that could potentially be considered extrapolated.

During the development of the resource estimation and mining studies, MBL detected that its previous methodology to determine the extraction value had a bias of approximately 5% average downward, considering all the elements. Therefore, correction factors were applied for HREEs, LREEs, and europium. This correction was applied only to the extraction values within the estimation domains corresponding to the GG lithology.

Reasonable prospects of eventual economic extraction were addressed by applying a resource pit shell defined using Whittle software and the parameters outlined in the following tables. Pit slope angles were derived from a study by Lancuyén Ingeniería (2021). The valuation of each block was calculated using the Net Smelter Return (NSR) methodology.

METAL PRICES

Element	US\$/kg
Dy ₂ O ₃	566.37
Nd ₂ O ₃	97.34
Tb ₄ O ₇	1,415.92
Lu ₂ O ₃	707.96
Y ₂ O ₃	7.39
Er ₂ O ₃	34.64
Gd ₂ O ₃	37.16
Pr ₆ O ₁₁	106.19
Ho ₂ O ₃	111.50
Yb ₂ O ₃	17.66
La ₂ O ₃	2.86
Eu ₂ O ₃	49.35
Sm ₂ O ₃	2.45
Ce ₂ O ₃	2.01
Tm ₂ O ₃	0.00

OPERATING AND FINANCIAL PARAMETERS

Element	Conversion Factor
Dy ₂ O ₃	1.1477
Nd ₂ O ₃	1.1664
Tb ₄ O ₇	1.1761
Lu ₂ O ₃	1.1371
Y ₂ O ₃	1.2699
Er ₂ O ₃	1.1435
Gd ₂ O ₃	1.1526
Pr ₆ O ₁₁	1.2081
Ho ₂ O ₃	1.1455
Yb ₂ O ₃	1.1386
La ₂ O ₃	1.1727
Eu ₂ O ₃	1.1580
Sm ₂ O ₃	1.1596
Ce ₂ O ₃	1.1712
Tm ₂ O ₃	1.1421

CONVERSION FACTORS

Item	Unit	Value
Processing Cost	US\$/t processed	7.13

CONVERSION FACTORS

General & Admin.	US\$/t processed	2.66
Discount	US\$/kg concentrate	7
Selling Cost	US\$/kg concentrate	0.032
Concentrate Purity	%	92.61
Concentrate Moisture	%	<1

MINING COST

Item	Unit	Victoria N.	Victoria S.	Luna	Alexandra	Maite
Mining Cost	US\$/t material	2.00	1.86	1.96	2.14	2.25

INTRA RAMP AND OVERALL SLOPE ANGLES

Parameter	Silty Clay (Dry Talus)	Maicillo (Dry Tallus)
Overall Slope (degrees from horizontal)	25	30

Mineral Resource Statement

Mineral resources consider geology, mining, processing, and economic constraints and have been confined within appropriate Lerchs Grossmann pit shells; therefore, they are classified in accordance with the 2014 CIM Definition Standards. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

The Penco Module MRE was prepared by Luis Oviedo, Senior Geologist, and Francisco Castillo, Ausenco Principal Resource Engineer. Both individuals are “qualified persons” (as defined under NI 43-101) for the purposes of the estimate and are registered members of the Chilean Mining Commission. The effective date of the MRE is August 19, 2021.

The mineral resources are not mineral reserves because they do not have demonstrated economic viability. Mineral resources are presented in the following tables applying a cut-off NSR of 9.79 US\$/t.

MINERAL RESOURCES STATEMENT

Category	Tonnage (t)	NSR (US\$/t)	TREE (ppm)	TREO (ppm)	Recovery (%)
Measured	15,357,416	28	2,080	2,467	18
Indicated	5,323,628	25	1,945	2,309	17
M + I	20,681,044	27	2,045	2,426	18

MINERAL RESOURCES STATEMENT

Category	Tonnage (t)	NSR (US\$/t)	TREE (ppm)	TREO (ppm)	Recovery (%)
Inferred	2,083,200	24	1,936	2,299	16

MINERAL RESOURCES STATEMENT BY SECTOR

Sector	Category	Tonnage (t)	NSR (US\$/t)	TREE (ppm)	TREO (ppm)	Recovery (%)
Victoria Norte	Measured	5,210,244	29	2,394	2,837	18
	Indicated	791,558	22	2,285	2,706	14
	Inferred	177,568	20	2,368	2,803	13

MINERAL RESOURCES STATEMENT BY SECTOR (cont'd)

Sector	Category	Tonnage (t)	NSR (US\$/t)	TREE (ppm)	TREO (ppm)	Recovery (%)
Victoria Sur	Measured	1,496,982	24	1,639	1,943	19
	Indicated	563,052	26	1,864	2,211	18
	Inferred	369,265	23	2,021	2,397	15
Luna	Measured	1,104,992	30	1,353	1,617	26
	Indicated	708,122	25	1,185	1,418	25
	Inferred	311,517	26	1,105	1,321	31
Alexandra	Measured	2,160,105	26	2,082	2,473	15
	Indicated	1,450,332	23	2,053	2,439	14
	Inferred	749,167	23	2,038	2,420	14
Maite	Measured	5,385,093	28	2,046	2,427	18
	Indicated	1,810,565	26	2,033	2,410	17
	Inferred	475,684	26	2,094	2,482	17

MINERAL RESOURCE STATEMENT BY RARE EARTH ELEMENT

Category	Tonnage (t)	Y (ppm)	La (ppm)	Ce (ppm)	Pr (ppm)	Nd (ppm)	Sm (ppm)	Eu (ppm)	Gd (ppm)	Tb (ppm)	Dy (ppm)	Ho (ppm)	Er (ppm)	Tm (ppm)	Yb (ppm)	Lu (ppm)
Measured	15,357,416	359	346	696	75	326	54	3	52	9	63	13	39	6	35	5
Indicated	5,323,628	349	316	640	73	300	50	3	50	9	61	13	38	5	34	5
M + I	20,681,044	356	338	682	74	319	53	3	52	9	62	13	39	6	35	5

Category	Tonnage (t)	Y (ppm)	La (ppm)	Ce (ppm)	Pr (ppm)	Nd (ppm)	Sm (ppm)	Eu (ppm)	Gd (ppm)	Tb (ppm)	Dy (ppm)	Ho (ppm)	Er (ppm)	Tm (ppm)	Yb (ppm)	Lu (ppm)
Inferred	2,083,200	352	313	631	74	297	50	3	50	9	61	13	38	6	35	5

MINERAL RESOURCE STATEMENT BY RARE EARTH ELEMENT AND SECTOR

Sector	Category	Tonnage (t)	Y (ppm)	La (ppm)	Ce (ppm)	Pr (ppm)	Nd (ppm)	Sm (ppm)	Eu (ppm)	Gd (ppm)	Tb (ppm)	Dy (ppm)	Ho (ppm)	Er (ppm)	Tm (ppm)	Yb (ppm)	Lu (ppm)
Victoria Norte	Measured	5,210,244	384	420	831	76	384	61	3	57	9	65	14	41	6	38	5
	Indicated	791,558	336	405	822	76	372	59	3	53	9	58	12	37	5	33	5
	Inferred	177,568	343	410	865	82	385	60	2	54	9	60	13	38	6	35	5
Victoria Sur	Measured	1,496,982	279	267	547	59	260	46	3	46	8	53	10	28	4	25	4
	Indicated	563,052	316	308	626	67	293	50	3	50	9	58	12	34	5	31	4
	Inferred	369,265	348	332	681	75	312	51	3	52	9	62	13	38	6	35	5
Luna	Measured	1,104,992	380	172	333	43	171	31	3	42	8	65	14	42	6	38	5
	Indicated	708,122	347	149	278	37	150	27	3	37	7	57	13	38	5	33	5
	Inferred	311,517	307	146	274	36	141	25	3	34	7	51	11	33	5	29	4
Alexandra	Measured	2,160,105	394	330	662	81	317	54	3	54	10	68	15	44	6	40	6
	Indicated	1,450,332	394	323	650	79	310	53	3	54	10	68	15	43	6	39	6
	Inferred	749,167	381	327	645	81	312	54	3	54	9	66	15	42	6	38	6
Maite	Measured	5,385,093	338	338	696	83	323	53	3	51	9	60	12	37	5	33	5
	Indicated	1,810,565	330	339	697	83	322	53	3	50	8	59	12	36	5	32	5
	Inferred	475,684	343	348	718	85	330	54	2	51	9	60	12	37	5	33	5

MINERAL RESOURCE STATEMENT BY RARE EARTH OXIDE (REO) GRADE

Category	Tonnage (t)	REO Grade	Y ₂ O ₃	La ₂ O ₃	Ce ₂ O ₃	Pr ₆ O ₁₁	Nd ₂ O ₃	Sm ₂ O ₃	Eu ₂ O ₃	Gd ₂ O ₃	Tb ₄ O ₇	Dy ₂ O ₃	Ho ₂ O ₃	Er ₂ O ₃	Tm ₂ O ₃	Yb ₂ O ₃	Lu ₂ O ₃	TREO (t)
			(ppm)															
Measured	15,357,416	2,467	456	406	816	91	380	62	3	60	11	72	15	44	6	40	6	37,887
Indicated	5,323,628	2,309	443	371	749	88	350	58	3	57	10	70	15	43	6	39	6	12,292
M + I	20,681,044	2,426	452	397	798	90	372	61	3	59	10	71	15	44	6	40	6	50,178
Inferred	2,083,200	2,299	447	367	740	89	346	58	3	57	10	70	15	44	6	40	6	4,788

Notes: ppm = parts per million

MINERAL RESOURCE STATEMENT BY REO ELEMENT AND SECTOR

Category	Tonnage (t)	REO Grade	Y ₂ O ₃	La ₂ O ₃	Ce ₂ O ₃	Pr ₆ O ₁₁	Nd ₂ O ₃	Sm ₂ O ₃	Eu ₂ O ₃	Gd ₂ O ₃	Tb ₄ O ₇	Dy ₂ O ₃	Ho ₂ O ₃	Er ₂ O ₃	Tm ₂ O ₃	Yb ₂ O ₃	Lu ₂ O ₃	TREO (t)
		(ppm)																
		Victoria Norte																
Measured	5,210,244	2,837	487	493	973	91	448	71	3	66	11	74	16	47	7	43	6	14,782
Indicated	791,558	2,706	427	475	963	91	434	69	3	62	10	67	14	42	6	38	5	2,142

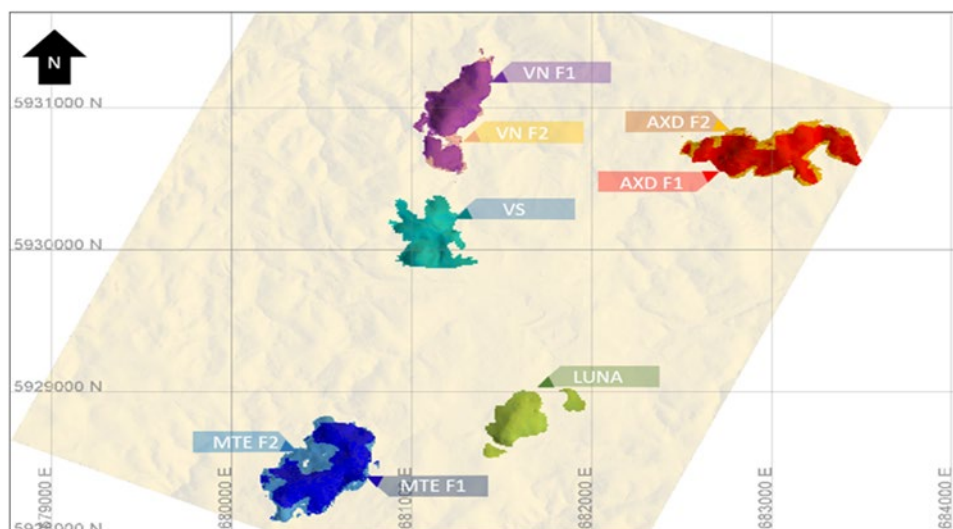
Category	Tonnage (t)	REO Grade	Y ₂ O ₃	La ₂ O ₃	Ce ₂ O ₃	Pr ₆ O ₁₁	Nd ₂ O ₃	Sm ₂ O ₃	Eu ₂ O ₃	Gd ₂ O ₃	Tb ₄ O ₇	Dy ₂ O ₃	Ho ₂ O ₃	Er ₂ O ₃	Tm ₂ O ₃	Yb ₂ O ₃	Lu ₂ O ₃	TREO (t)
		(ppm)																
M + I	6,001,802	2,820	479	491	971	91	446	71	3	65	11	73	16	47	7	43	6	16,924
Inferred	177,568	2,803	436	481	1,014	99	449	70	3	62	10	69	15	43	6	40	6	498
Victoria Sur																		
Measured	1,496,982	1,943	354	313	641	72	303	54	3	53	9	61	12	32	5	28	4	2,909
Indicated	563,052	2,211	401	361	733	82	342	58	3	57	10	66	13	39	6	35	5	1,245
M + I	2,060,034	2,016	367	326	666	74	313	55	3	54	10	62	12	34	5	30	4	4,154
Inferred	369,265	2,397	442	389	798	90	364	60	3	60	11	71	15	43	6	39	6	885
Luna																		
Measured	1,104,992	1,617	482	202	390	51	200	35	3	48	10	75	16	48	7	43	6	1,787
Indicated	708,122	1,418	440	175	325	45	175	31	3	43	9	65	15	43	6	38	5	1,004
M + I	1,813,113	1,539	466	192	364	49	190	34	3	46	9	71	16	46	6	41	6	2,791
Inferred	311,517	1,321	389	171	320	43	164	29	4	39	8	59	13	38	5	34	5	411
Alexandra																		
Measured	2,160,105	2,473	500	387	775	98	369	62	3	62	11	78	17	50	7	45	7	5,341
Indicated	1,450,332	2,439	500	379	761	96	361	62	3	62	11	78	17	49	7	45	6	3,537
M + I	3,610,437	2,459	500	384	769	97	366	62	3	62	11	78	17	50	7	45	6	8,878
Inferred	749,167	2,420	484	384	755	98	364	62	3	62	11	76	17	48	7	43	6	1,813
Maite																		
Measured	5,385,093	2,427	430	396	816	100	377	62	3	58	10	69	14	42	6	38	5	13,067
Indicated	1,810,565	2,410	420	398	817	100	375	61	3	57	10	67	14	41	6	37	5	4,364
M + I	7,195,658	2,422	427	396	816	100	376	62	3	58	10	69	14	42	6	38	5	17,431
Inferred	475,684	2,482	436	408	841	103	385	63	3	59	10	69	14	42	6	38	5	1,181

Notes: ppm = parts per million

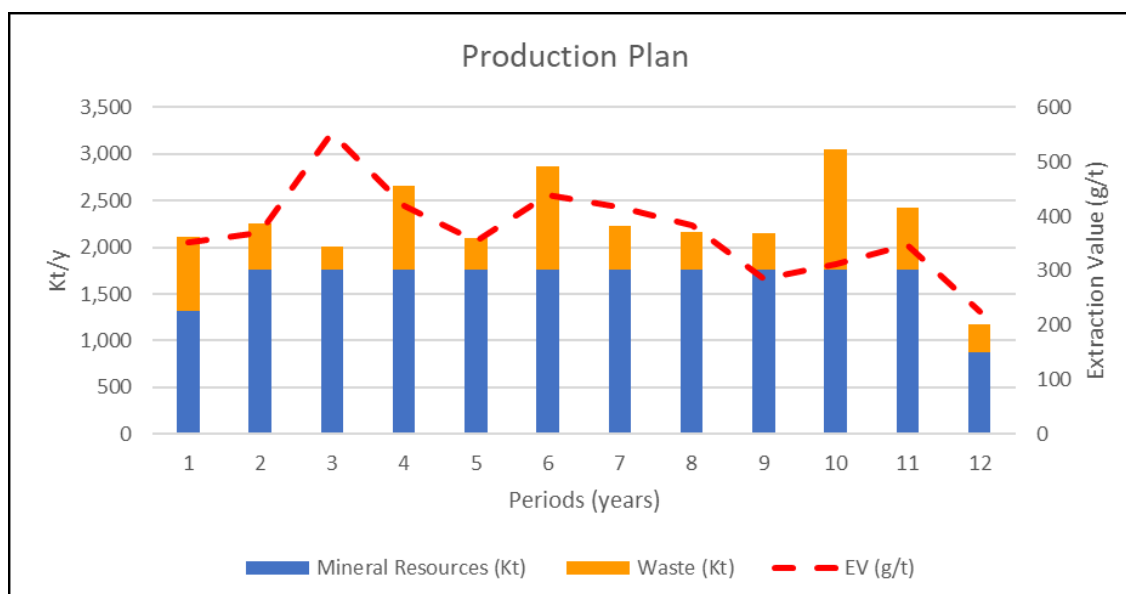
5.1.(i) MINING METHODS

As the aforementioned technical studies for the preliminary economic assessment of the Penco Module were developed, the following outcomes were obtained based on the available information:

- The mining sequence corresponds to Victoria Sur – Victoria Norte – Luna – Maite – Alexandra.
- The exploitation of a given sector is carried out once mining is completed in the previous sector (sequential).
- The final pit shells selected by sector are shown in the following figure of the mining phases.



- Overall pit angles per rock type were used in the pit optimization analysis. No final pit and mining phase designs were generated during this stage of the project.
- The Penco Module consists of five pits (Victoria Norte, Victoria Sur, Alexandra, Maite, and Luna), two waste disposal facilities (“WDFs”), Jupiter and Neptuno, and three temporary topsoil deposits or stockpiles.
- Three types of materials are obtained from mining the deposits, mineralized material, waste filtered tailings (mineralized materials that have already been processed), and topsoil, which are destined for processing plant, WDFs, and temporary stockpiles, respectively.
- The production plan in the figure below reflects a production rate of 1,765,680 t dry per year of mineralized material, resulting in a project life of 12 years, considering a ramp-up (75% of the expected process plant feed) and final period of six months.



- Together, Jupiter and Neptuno have a total capacity of approximately 21.2 million m³, therefore, they have 12% of the available volume.
- The three temporary topsoil stockpiles combined have a capacity of 1.5 million m³. The estimated volume of topsoil to be managed is approximately 900 m³ (without considering the volumes of topsoil for additional

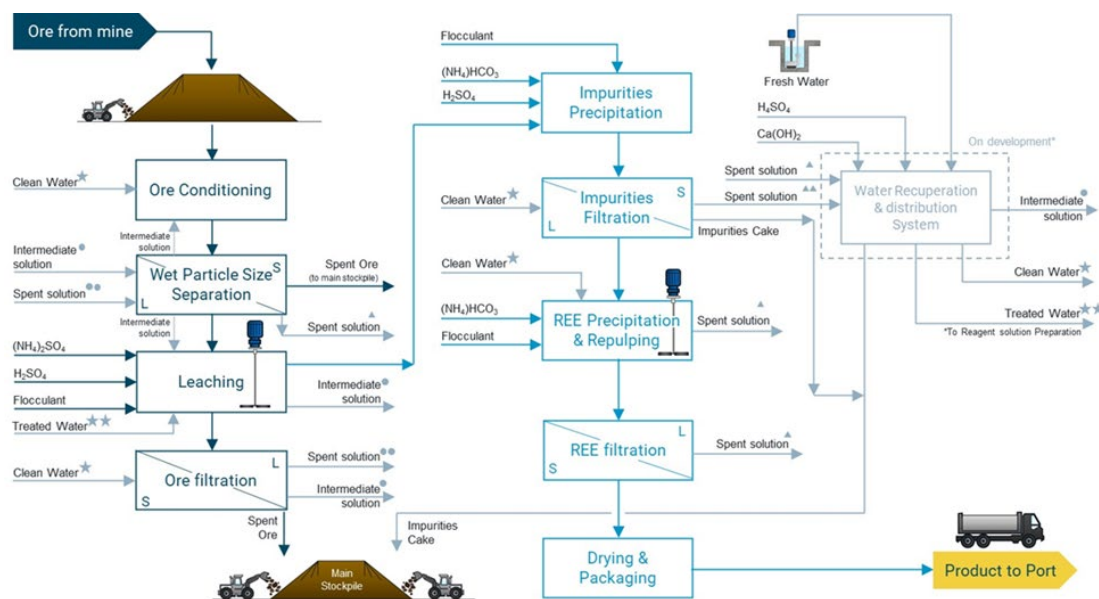
infrastructure), including the mined material from the pits, preparation of disposal zones, and the processing plant foundation area. This volume considers a 50-cm thick layer and a 12% swelling factor.

5.1.(j) PROCESSING AND RECOVERY OPERATIONS

The facilities have been designed to treat 240 t/h of wet mineral and, through a leaching and precipitation process, obtain REE carbonate at a rate of 1,227 t/year. The mineralized material from the mine remains stockpiled for 6 days to remove excess water from the mineral phase, which then goes through a size selection process by means of a washing drum and a wet screen. The mineralized material continues to be subjected to counter-current leaching in thickeners using ammonium sulfate ((NH₄)₂SO₄) as a leaching reagent in an aqueous solution at pH 3.0–4.0. The pulp (spent ore + liquid) is separated by means of a plate filter, where the tailings are washed with water to reduce the contribution of stock solution in the impregnation of the mineral. These tailings go to a stacking sector and are then removed by trucks for final disposal.

The solution rich in REEs and impurities generated by the extraction process is sent for impurity precipitation, which is achieved by ammonium bicarbonate ((NH₄)HCO₃) reagent in an aqueous solution at pH 5.0–5.5. Aluminum and iron precipitates are separated using a polishing filtering system and sent to the spent ore pile for final disposal. The liquid product rich in REEs is sent to the carbonation sector, which also uses ammonium bicarbonate in aqueous solution, but at pH 7.0–7.5. The REE carbonate product is separated with a polishing filtering system, where part of the solution is recycled to the leaching process and the weaker product of the washings is sent to the water recovery system, which is still under development. The wet product is discharged into a tank containing abundant water to wash the product. Then this pulp is discharged into a plate filter that again proceeds to wash the product. The liquid is sent to the water recovery system, and the product is sent to the drying and packaging process.

A simplified diagram of the process is below, and a detailed description of the process is presented in Section 17 of the Penco Technical Report.



5.1.(k) INFRASTRUCTURE, PERMITTING AND COMPLIANCE ACTIVITIES

Project Infrastructure

Infrastructure to support the Penco Module will consist mainly of site engineering, mine and process facilities, electrical infrastructure and a water system.

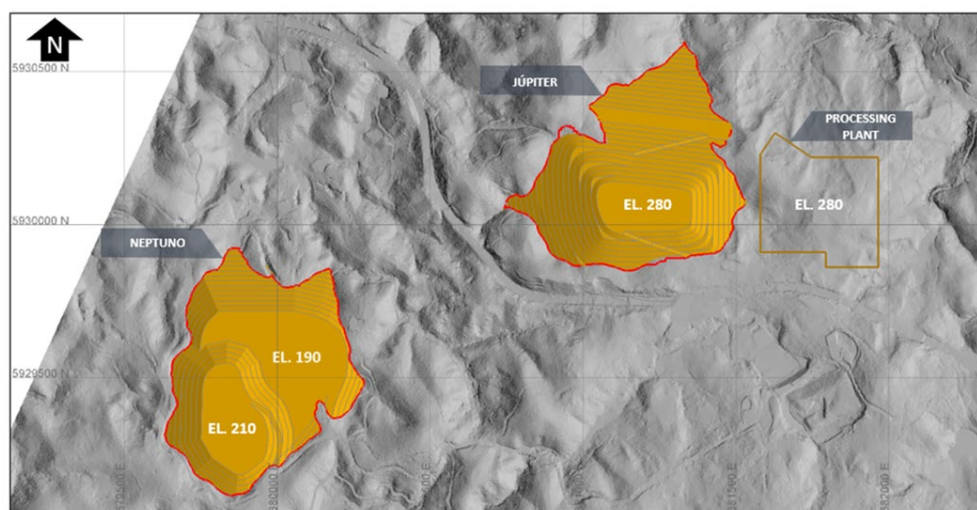
- Site engineering work will include designs for access and internal roads, process facility platforms and disposal zones.
- The mine facilities will include administration offices, a canteen, the mine workshop and a changing house. Explosives storage is not considered due to the operational decision of not using drilling and blasting.
- The process facilities will include the process plant, administration offices, laboratory, warehouse, fuel storage and miscellaneous facilities.
- Process facilities will be serviced with fresh water taken from the Penco water intake, fire water, compressed air, power and communication. In addition, a potable water tank supplied by a tank truck will be considered.

Roads and Logistics

Access to the site from the town of Penco is 5 km via Route 150 that connects with a 7-km paved road leading to the Penco Module site. To access various Penco Module areas, approximately 10 km of existing roads will be used without modifications, 5 km of existing roads will be improved, and 15 km of new roads will be developed.

Waste Disposal Facilities

The Jupiter WDF will be located near the process plant, and the Neptuno WDF will be located 1 km southwest of Jupiter. The WDFs are designed to consist of co-placement of waste residual soil and filtered tailings from the process plant. It is important to note that no comminution process is contemplated and that filtered tailings are obtained with pressure filters incorporated in the process plant to produce cake material that can be transported by trucks or conveyors. No building or roof infrastructure is required, nor is a bottom geomembrane. The proposed locations of the WDFs are shown in the following figure.



The primary design objectives for the WDFs are secure confinement of waste residual soil and filtered tailings from the process plant and the protection of regional groundwater and surface water during mine operations and after closure. The WDFs were designed under geotechnical campaign outcomes, which provided information from laboratory programs defined to characterize both founding geotechnical properties and waste materials. Preliminary stability analyses were completed to assess the performance (i.e., factor of safety) of the WDFs under static and pseudo-static (seismic) loading conditions. The WDFs show a static factor of safety above 1.5 and a pseudo-static factor of safety above 1.1, which meets international standards.

Water Management

A projected water balance shows the consumption of 11.7 m³/h of fresh water for the process plant plus 23.3 m³/h for services and road wetting (total approximately 35 m³/h). The water required for the operation of the Penco mine and process plant will be trucked to the Penco site from an industrial water treatment facility in Concepción.

The process does not generate liquid industrial wastes, except for those contained in the impregnation of the solids discarded in mineral rubble or impurities. To achieve this condition, the design recovers water from weak process solutions (mainly from filtration and repulping) and treats them with reagents and technologies such that the recovered water returns to the process, significantly reducing the consumption of fresh water. The precipitate generated is deposited next to the rubble in its final disposal. This stage of water recovery is under development. Laboratory tests will begin soon to test the assumptions of the proposed design.

Rainwater will be managed by conveying, evacuating, and draining it from the extraction zones and the WDFs. Water management components in each area consist of evacuation and contour channels and discharge to ravines.

Built Infrastructure

The proposed processing plant and associated infrastructure covers an area of 13.6 ha, comprising the following facilities and areas associated with ore processing, waste management, and personnel services:

- Area 100 – Feed ore stacking and feeding, including a roofed shed without walls for a limited sector where ore blending will take place.
- Area 200 – Mineral leaching, including thickeners, plate filters, belt filter, belt conveyor, reception tank, wet screen, and dosage pumps.
- Area 300 – Impurity precipitation, including precipitation reactors, polishing filter, tanks, and dosage pumps.
- Area 400 – Precipitation and drying of carbonates, including reactors carbonation, polishing filters, tank repulping, plate filter, drying, packaging, hopper, belt conveyor, and dosage pumps.
- Area 500 – Water recovery system, including precipitation reactors, dosage pumps, nanofiltration, reverse osmosis and ion exchangers, and a hopper.
- Area 600 – Reagent warehouse to store the various chemical products required in the process.
- Area 700 – Administration, offices, and laboratory, including an administrative building, laboratory, dining hall, dressing rooms, and control room.
- Area 800 – Geological core sample warehouse.
- Area 900 – Spent ore stacking.

Accommodation

All employees will be housed offsite due to the proximity of the Penco Module to the Penco and Concepción districts. No accommodation camp is considered.

Power and Electrical

The average power demand will be 4.0 megawatts. For the process plant operation, the electrical power will come from an existing 15-kilovolt line at 152 Route, located 300 m from the plant. For the operation of the water intake, a new 15-kilovolt line will tie-in to an existing line close to the water intake at 0-390 Route. To supply some critical process loads, a 1-megawatt, low-voltage (380 volts) diesel generator will be considered.

Environmental Studies, Permitting, and Social or Community Impact

The Penco Module is located in Biobío Region, within the Penco and Concepción districts, southeast of the city of Penco, covering an approximate intervention area of 240 ha. Being a mining project that considers exploitation, processing plants, and waste and sterile disposal, the Penco Module was entered into the Environmental Impact Assessment System, as established in paragraph (i) of Law 19.300 on General Environmental Bases modified by Law 20.417/2010, by means of an EIA.

Environmental Considerations

In accordance with the provisions of article 18, letter (e) of the Regulation for the Environmental Impact Assessment System (D.S. N°40/2012), the Original EIA presented several baseline studies for different environmental components, such as climate and meteorology, air quality, noise and vibration, geology and geomorphology, hydrology, hydrogeology, water quality, soil science, flora and vegetation, terrestrial fauna, limnology, archaeology, landscape, human environment, and protected areas. From these studies, the Original EIA detected environmental impacts deemed as significant for soil, air, flora and vegetation, and terrestrial fauna. These impacts will be addressed by the Penco Module through mitigation, reparation, and/or compensation measures, such as conservation plans and reforestation of native forest and protected species; relocation plans for low mobility fauna; and the removal, storage, and replacement of topsoil during closure. Monitoring measures are also in place to verify the correct application of these measures and compliance with the expected results.

Wastes and emissions will be managed through mitigation measures (to minimize generation) and appropriate disposal by authorized contractors and offsite final disposal sites. Mining waste generated at the extraction zones and by the process plant will be placed at the Jupiter and Neptuno disposal zones. In Addendum No. 1 of the Original EIA, comprehensive characterization of the material was carried out, consisting of total rock, synthetic leaching and precipitation, mineralogy, and pH analysis. Although specific values of manganese (Mn), ammonium (NH_4^+), and sulfate (SO_4^{2-}) slightly exceeded the maximum permissible concentrations in reference water standards (D.S. No. 90/2000 and NCh 1.333), it is highly unlikely that laboratory conditions (acid rainwater agitated for 18 h) will be replicated on the field. Additionally, water management measures and infrastructure, such as contour and discharge channels, will be put in place to minimize surface runoff entering the disposal zones and reduce infiltration, aided by the high level of compaction of the waste in the disposal areas. Considering these factors, the concentrations of any contaminants are expected to be much lower and under full compliance with relevant water reference standards. Contingency and emergency measures will also be in place in case any exceedances occur.

Closure and Reclamation Considerations

The Original EIA includes a preliminary version of the mine closure plan (presented as Sectorial Environmental Permit 137 under the Original EIA). Subsequently, once the necessary environmental license has been obtained, a specific sectoral application must be presented to the National Geology and Mining Service to obtain the final mine closure plan permit. The technical requirements for this permit are to include all measures that provide physical and chemical stability to the Penco Module project site and a financial assessment of the costs of closing all mine facilities.

The main closure measures identified to date are the replacement of the previously removed topsoil layer on disposal zones and the subsequent revegetation with native species, which will facilitate recovery of local ecosystems and provide the basis for possible alternative land uses.

Permitting Considerations

The Original EIA was submitted in 2018. The Company completed and filed Addendum No. 3 to the Original EIA on January 31, 2022, after having filed Addendum No. 2 in 2021 as a result of specific technical information requirements from the SEA but ultimately withdrew its allocation for the Original EIA in March 2022 to address certain concerns of the raised with respect to protection of local flora and fauna.

From April 2022 to the first quarter of 2023, the Company completed additional baseline field studies to address the issues raised by the SEA in connection with the Original EIA. The seasonal baseline field studies provided additional information and assessment aimed at addressing such issues, which were incorporated in the Revised EIA.

On April 28, 2023, the Company submitted the Revised EIA to the SEA. The Revised EIA included significant improvements compared to the previously withdrawn Original EIA in respect of both the technical aspects and social impacts of the Penco Module on the local community. Such improvements included new environmental baseline studies and certain pre-feasibility engineering studies, as well as commitments to revegetate over 200 ha of land with native species, build a Pudu (Pudu Puda) reproduction center, and create a recreational park for the Penco community. The Revised EIA further highlighted that the construction and operation of the Penco Module was predicted to result in over 2,000 direct and indirect jobs, thereby supporting the local Chilean economy.

Termination of Revised EIA and Updated Permitting Strategy

On July 4, 2023 the Company received notice from the SEA of its decision to terminate the review of the Company's application for the Revised EIA.

This resulted from a termination request submitted by CONAF to the SEA, based on CONAF finding that there are six (6) undisclosed citronella mucronate, commonly known as "naranjillo" trees, located in the area of the project. Naranjillo trees are considered "vulnerable species", meaning their presence in or near the contemplated disposal area of the project would result in classification of the region as a "preservation forest" and prevention of any related tree removal. According to the SEA, the Company's non-disclosure of the information relating to the six (6) naranjillo trees resulted in the Revised EIA being incomplete, and thus required termination of the assessment process.

On September 25, 2023 the Company provided an update on its permitting and development strategy in order to address concerns associated with native forests, minimize delays in the Penco Module's development timeline and integrate technical enhancements into the Penco Module. To effectively implement the revised strategy, the Company proposed the preparation and submission of two (2) EIAs, which are collectively anticipated to cover the full life-of-mine of the Penco Module. Chilean regulations allow for the submission of a project to the SEA in two (2) or more stages, provided that they are at the same regulatory review level, as would be the case in respect of the two (2) EIAs relating to the Penco Module.

The Company has filed EIA 1, which covers approximately the first five (5) years of life-of-mine of the Penco Module and encompass three (3) extraction zones (Victoria Norte, Luna and Maite), one (1) deposition zone (Neptuno) and the production facilities of the Penco Module. The production of these three (3) zones is anticipated to be operationally balanced with the deposition zone and is expected to cover the payback period of the initial capex of the Penco Module. EIA 1 aims to largely reduce the Penco Module's exposure to native forests and address SEA's observations to date.

The SEA's evaluation of EIA 1 is expected to take approximately between 18 and 24 months, and as of the date of this AIF, the Company aspires to receive EIA 1 approval during the fourth quarter of 2025. On July 8, 2024, the Company held its first technical meeting with various stakeholders at the SEA offices, followed by a technical field visit on July 9, 2024. During this visit, the SEA and other agencies evaluated the project site and conducted a preliminary assessment of potential environmental impacts of the Penco Module. On August 19, 2024, the Company informed that the EIA 1 evaluation process proceeded to the next stage, as none of the evaluating government agencies requested, within the applicable timeline, termination of the review process. Between July and September 2024, the technical services team provided their observations on EIA 1 contained in the consolidated ICSARA, which the SEA notified the Company of on September 12, 2024. The Company has formally received from the SEA a total of 394 observations to EIA 1, which are anticipated to be answered by the second quarter of 2025.

In addition, on September 24, 2024, the SEA concluded the Citizen Participation Process that began on July 8, 2024. During this period, the Company participated in three (3) assemblies and four (4) town hall meetings, engaging nearly 300 participants who provided feedback on EIA 1. On December 12, 2024, the SEA notified Aclara of the consolidated citizen-informed ICSARA, which comprised 1,331 comments and questions.

On March 31, 2025, the Company announced its submission of an addendum to EIA 1 which addressed the 394 technical observations raised in the ICSARA as well as the 1,331 observations gathered by the SEA during the citizen participation process. The SEA and other reviewing government agencies subsequently provided a second round of technical observations in May 2025, consisting of 205 questions regarding technical aspects of EIA 1.

The Company announced its submission of a second addendum to EIA 1 on October 14, 2025. The second addendum provides comprehensive responses to all observations raised in the Second ICSARA and represents part of the final stages of the environmental evaluation process for the Penco Module.

On November 25, 2025, the Company received the third and final round of comments from the SEA and other reviewing governmental agencies consisting of 114 questions. The Company has until April 30, 2026, to file its response to the Third ICSARA.

In October 2024, the SEA initiated the Indigenous Consultation Process. The Indigenous Consultation Process was conducted in accordance with the provisions of Convention No. 169 of the International Labour Organization (ILO).

The Indigenous Consultation Process was successfully completed in December 2025. The process concluded with an agreement with the three families of the Lawen Mahuida Cultural Group, which removes restrictions on access to sites of cultural significance and incorporates concrete measures to enhance and safeguard their ways of life and customs. In addition, although no agreement was reached with the Koñintu Lafken Mapu Indigenous Association, the process was conducted in accordance with the standards of ILO Convention N°. 169.

EIA 2 will be prepared when the Company is ready to expand its production at the Penco Module to zones not covered by EIA 1 (namely, Victoria Sur, Alexandra Oriente, and Alexandra Poniente) based on the availability of new deposition zones. The Company will present a permit application to reactivate the Jupiter deposition zone, as well as evaluate new deposition zones in parallel. Furthermore, EIA 2 is anticipated to incorporate an increase to the production plant's throughput capacity, the viability of which will continue to be evaluated on a conceptual basis throughout 2025.

Social Considerations

During 2023, the Company continued prior initiatives to strengthen its relationship with the community and local stakeholders, aiming to highlight positive attributes of the Penco Module and address potential concerns. In the first quarter of 2023, the Company opened an information center in Penco to provide a space for members of the local community to directly engage with Company representatives. Through operation of the information center, the Company has been able to provide information about the Penco Module and the REE industry, engage in continuous dialogue with the community to resolve concerns, and solicit feedback to inform the development of the Penco Module.

During 2024, the Company reached over 10,000 neighbours and defined its community engagement strategy based on the pillars of building trust, opportunities and social value for the territory in which it operates. Within the framework of these pillars, the Company developed programs across five lines of work: (i) social leadership; (ii) healthy living through sports and culture; (iii) environment and biodiversity in action; (iv) education through innovation and technology; and (v) promotion of local employment and entrepreneurship. The Company's information center also hosts a variety of free workshops designed to address local needs and promote community development, and over 400 guided visits to Aclara's pilot plant have been facilitated to allow for transparency and familiarity with the Company's processes. These measures have resulted in over 300 written suggestions from community stakeholders regarding the Penco Module, which, in tandem with input gathered from expert forums, will be used as guidance for the Company's future commitments and decisions.

During 2025, the Company reached more than 16,000 neighbors, including 3,269 direct beneficiaries through its community programs, strengthening its territorial engagement strategy based on the pillars of building trust, creating opportunities, and generating social value. Aclara continued to promote initiatives across its five areas identified in 2024. In addition, Casa Aclara received around 150 visits per week and hosted free workshops to support local development. During the year, the Company was also recognized by Chile's most important industry association

(SOFOFA) for its Open Doors policy, an initiative that has allowed the Company to host delegations of national and international authorities, including 55 European authorities (among them 12 ambassadors) as well as representatives from business associations, academia, and more than 800 neighbors, strengthening transparency, dialogue, and public understanding of the project.

These activities continue to provide valuable input for the development of the Penco Module, helping to maximize the Company's social value in the territory.

5.1.(I) CAPITAL AND OPERATING COSTS

Capital Cost Estimates

Capital cost is defined as the capital expenditure required to engineer, design, procure, construct, and commission the works required for the Penco Module scope within its defined battery limits. The capital cost includes mine and plant direct costs, inclusive of the Penco Module's indirect costs and contingency. The estimate complies to AACE International Class 5 guidelines for a concept estimate, with an expected accuracy range of -15% to -30% on the low side of the range and +20% to +50% on the high side of the range. All costs are expressed in U.S. dollars. The estimate base date is as of the third quarter of 2021. The total capital cost is summarized in the following table.

Description	Million US\$
Initial Cost	118.6
Sustaining Capital	29.4
TOTAL	148.0

Operating Cost Estimates

The operating cost estimate is presented in the table below at a $\pm 30\%$ accuracy, using a base date as of the second quarter of 2021 and considering an annual treatment of 1,766,016 dry tonnes of ore, with an average REE grade of 2,045 parts per million (ppm) and an average recovery of 18.49%.

Item	US\$/y	US\$/t
Labor	1,053,803	0.60
Mobile equipment	1,750,117	0.99
Other	873,100	0.49
Subtotal G&A	3,677,019	2.08
Labor	919,282	0.52
Loading	724,331	0.41
Hauling	1,556,497	0.88
Ancillary	677,553	0.38
Contractor	3,233,135	1.83
Subtotal Mine	7,110,798	4.03

Item	US\$/y	US\$/t
Labor	1,436,104	0.81
Power	2,997,300	1.70
Reagent and supplies	4,357,710	2.47
Spent ore transportation	1,437,063	0.81
Spare and maintenance	1,681,478	0.95
Laboratory and packing	955,372	0.54
Subtotal Process	12,865,027	7.28
TOTAL	23,652,844	13.39

One of the most important expenses is the consumption of reagents, which is detailed in the following table:

Item	US\$/y	US\$/t
Fresh water	51,386	0.029
Potable water	4,380	0.002
Reverse osmosis water	1,066,806	0.604
Sulfuric acid	319,266	0.181
Flocculant	564,729	0.320
Ammonium sulfate solid	664,180	0.376
Ammonium bicarbonate solid	1,548,993	0.877
Calcium hydroxide solid	137,970	0.078
TOTAL	4,357,710	2.468

Economic Analysis

An engineering economic model was developed to estimate annual pre- and post-tax cash flows and sensitivities of the Penco Module based on a 5% discount rate. It must be noted that tax estimates involve many complex variables that can only be accurately calculated during operations and, as such, the after-tax results are only approximations. Sensitivity analysis was performed to assess impact of variations in REO prices, head grades, operating costs, and capital costs. The operating and capital cost estimates were developed specifically for the Penco Module and are summarized in Section 21 of the Penco Technical Report (presented in third quarter 2021 dollars). The economic analysis was run with no inflation (constant dollar basis).

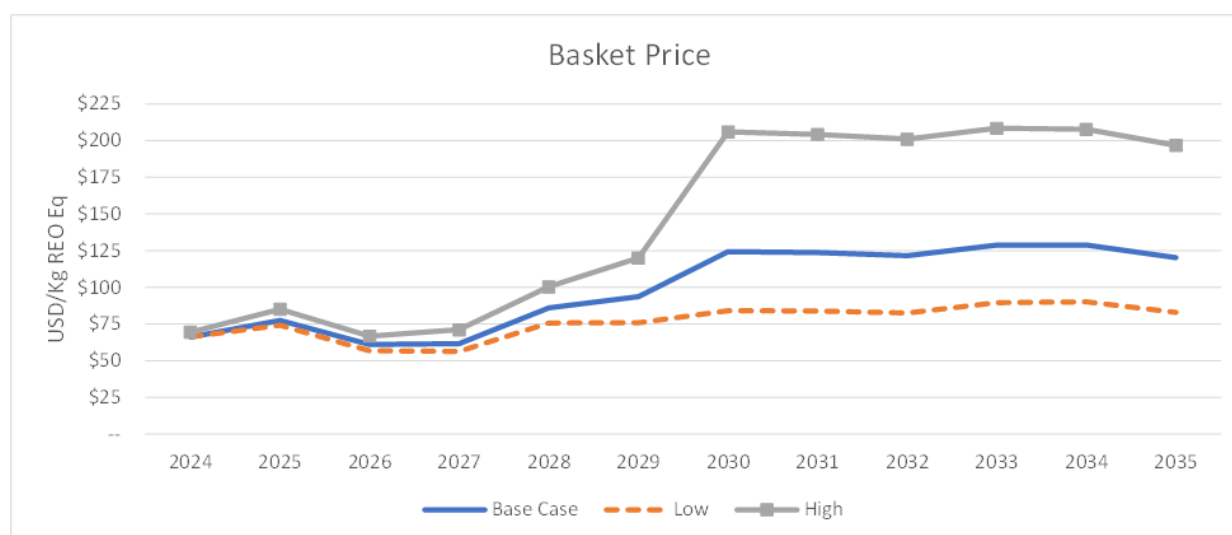
Financial Model Parameters

The economic analysis was performed using the following assumptions:

- construction begins on January 1, 2023;
- ramp-up production start-up in the first quarter, 2024;
- full process plant production in the fourth quarter, 2024;
- mine life 12 years;
- cost estimates in constant third quarter 2021 U.S. dollars;
- price inflation or escalation factors were ignored;
- 100% ownership;
- capital costs funded with 100% equity (i.e., no financing costs);
- all cash flows discounted to beginning of construction January 1, 2023;
- All REE products are sold in the same year they are produced;
- project revenue is derived from the sale of REE concentrates;
- no binding contractual arrangements for treatment exist;
- project site purchase cost of US\$10 million will be sold at the end of the LOM; and
- separation fee of US\$5/kg of REO (as more fully described in Section 19 of the Penco Technical Report).

Rare Earth Oxide Price Forecast

The base case for REO prices was based on a study done by a third-party consultant and detailed in Section 19 of the Penco Technical Report. The forecasts used are meant to reflect the REO price expectation over the life of the Penco Module. Additionally, low- and high-price scenario forecasts have been defined. The basket price based on REO equivalent (“**REO Eq**”) production is detailed in the figure below.

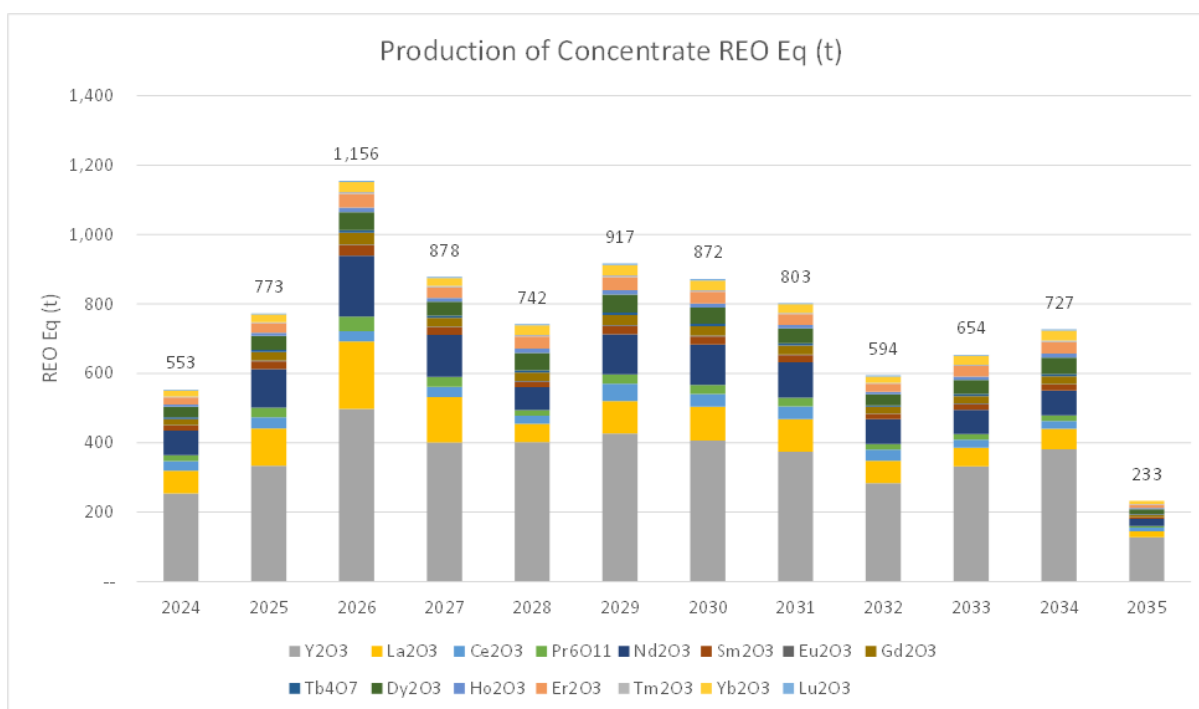


Notes: Basket price was calculated using the distribution of each element as a percentage of the total rare earth element oxides multiplied by the price projection of each element.

Source: prepared by Argus Media (La, Ce, Pr, Nd, Sm, Eu, Gd, Tb, Ho, Er, Tm, Yb, Lu, Y) and by CRU (Dy).

Concentrate Production

The Penco Module will produce a REE carbonate concentrate for which the REO Eq content is shown below. The concentrate produced is expected to have a 92.6% REO Eq content.



PRODUCTION RARE EARTH OXIDES (tonnes)

REO	% of Total REO	Total LOM	Year											
			2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Y ₂ O ₃	47.4	4,222	254	333	498	401	402	428	406	374	284	332	381	128
La ₂ O ₃	11.6	1,031	66	108	194	131	52	93	98	95	64	54	60	18
Ce ₂ O ₃	4.0	353	27	33	29	29	24	51	37	37	32	23	22	9
Pr ₆ O ₁₁	2.9	260	17	27	42	29	15	26	26	24	16	16	16	5
Nd ₂ O ₃	12.5	1,113	70	112	176	121	66	115	115	103	72	70	72	21
Sm ₂ O ₃	2.6	227	15	22	31	22	16	25	24	21	15	16	16	5
Eu ₂ O ₃	0.2	22	2	2	2	2	2	2	2	2	1	2	2	1
Gd ₂ O ₃	3.1	280	18	25	34	26	24	29	28	26	19	22	23	7
Tb ₄ O ₇	0.7	66	4	6	7	6	6	7	6	6	4	5	6	2
Dy ₂ O ₃	5.5	489	30	41	52	41	50	52	47	43	32	41	47	14
Ho ₂ O ₃	1.3	118	7	9	13	10	12	12	11	10	8	10	11	3
Er ₂ O ₃	4.0	352	20	27	39	31	35	37	34	31	23	30	34	10
Tm ₂ O ₃	0.5	47	3	4	5	4	5	5	5	4	3	4	5	1

PRODUCTION RARE EARTH OXIDES (tonnes)

Yb ₂ O ₃	3.1	279	17	22	29	22	27	30	28	24	18	26	28	8
Lu ₂ O ₃	0.5	40	2	3	4	3	4	4	4	4	3	4	4	1
TREO	100	8,901	553	773	1,156	878	742	917	872	803	594	654	727	233

Economic Analysis

The economic analysis was performed assuming a 5% discount rate. Cash flows have been discounted to the beginning of construction January 1, 2023, assuming that the Penco Module's execution decision has been made, and major project financing has been secured at this time. For the base case price scenario, the pre-tax net present value discounted at 5% is US\$228 million, the internal rate of return is 25.0%, and the payback is 4.8 years. On an after-tax basis, the net present value discounted at 5% is US\$178 million, the internal rate of return is 23.0%, and the payback period is 4.7 years. A summary of the Penco Module's economics is included in the following table.

Price Scenario	Base Case	Low Price	High Price
General	LOM Total / Avg.	LOM Total / Avg.	LOM Total / Avg.
Basket price ¹ (US\$/kg REO)	96	75	138
Mine life (years)	12	12	12
Total waste mined (kt dry)	7,309	7,309	7,309
Total process plant feed (kt dry)	19,856	19,856	19,856
Strip ratio	0.368	0.368	0.368
Production			
Process plant head grade extraction value REE (ppm)	378	378	378
Metallurgic efficiency (%)	98	98	98
Production REO (t)	8,901	8,901	8,901
Total average annual production REO (t)	774	774	774
Operating Costs			
Mining cost (US\$/t mined dry)	3.11	3.11	3.11
Processing cost (US\$/t processed dry)	7.13	7.13	7.13
General & Admin. cost (US\$/t processed dry)	2.20	2.20	2.20
Treatment & transport costs (US\$/kg REO)	5.03	5.03	5.03
Total operating costs ² (US\$/t processed dry)	13.59	13.59	13.59
Cash costs ³ (US\$/kg REO)	36	36	36
All-in sustaining costs ⁴ (US\$/kg REO)	39	39	39
Capital Costs			
Initial capital (US\$ M)	119	119	119
Purchased land cost (US\$ M)	10	10	10
Sustaining capital (US\$ M)	29	29	29
Closure costs (US\$ M)	18	18	18
Salvage costs (US\$ M)	15	15	15
Financials			
EBITDA ⁵ LOM (US\$ M)	539	350	906

Avg. EBITDA LOM (US\$ M)	47	30	79
Pre-tax net present value (5%) (US\$ M)	228	104	467
Pre-tax internal rate of return (%)	25.0	17.1	34.9
Pre-tax payback (years)	4.8	5.3	4.1
Post-tax net present value (5%) (US\$ M)	178	87	354
Post-tax internal rate of return (%)	23.0	16.2	31.9
Post-tax payback (years)	4.7	5.3	4.0

Notes:

- (1) Basket price was calculated using the distribution of each element as a percentage of the total rare earth element oxides multiplied by the price projection of each element, sourced by Argus Media (La, Ce, Pr, Nd, Sm, Eu, Gd, Tb, Ho, Er, Tm, Yb, Lu, Y) and CRU (Dy).
- (2) Operating cost differs from what is presented in Section 21 of the Penco Technical Report because the economic analysis shows operating cost for the LOM Avg, but Section 21 presents cost for a single year for design purposes.
- (3) Cash costs consist of mining costs, processing costs, mine-level general & administrative expenses, treatment, and transportation costs.
- (4) All-in sustaining costs includes cash costs plus sustaining capital, closure cost, and salvage value.
- (5) EBITDA means earnings before interest, taxes, depreciation, and amortization.

5.1.(m) CONFIRMATION OF THE PENCO MODULE FLOWSHEET

On November 9, 2022, the Company announced the successful completion of the laboratory testing phase, which represented an important milestone in the development of the proposed REE extraction process, now known as “Circular Mineral Harvesting.” The results allowed the Company to:

- validate the results presented in the Penco Technical Report through 199 new representative samples from the extraction zones of the Penco Module;
- validate metallurgical recovery estimates of the Penco Module and improve dysprosium and terbium recoveries;
- ensure a stable, closed-circuit process with a recycling efficiency of 95% for process water and 99% for the main reagent (ammonium sulfate) with no liquid discharge, thus negating the need for a tailings facility;
- move towards a semi-industrial piloting stage; and
- generate intellectual property protected by international patents.

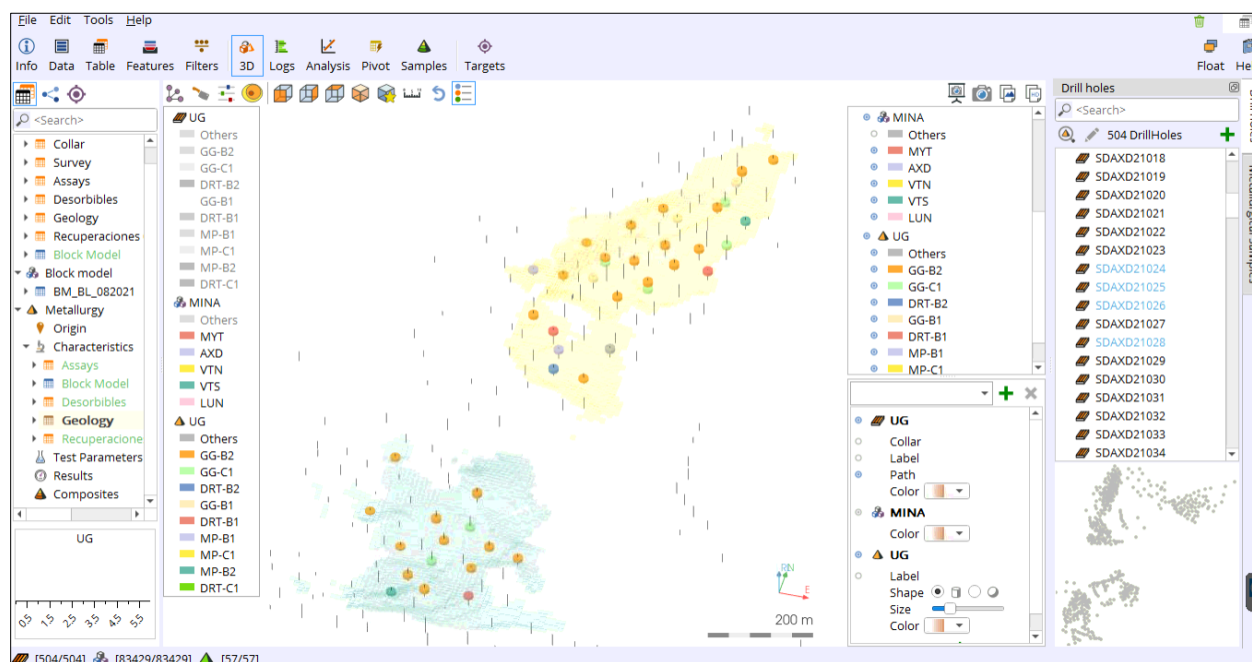
Metallurgical Recovery Validation Program

For the 2021 and 2022 metallurgical program, the first step was to validate the initial results obtained at the University of Toronto using the Condition A process conditions described below by testing new representative samples from the Penco Module and the introduction of a new variant of the lixiviant solution.

Methods

The selection of representative samples for the metallurgical test program is key to ensuring the test results accurately represent the mineable mineral resources. It is also important for subsequent testing and process improvements. The metallurgical performance of samples from each mine zone and within each zone may be variable, and such variability plays a part in the selection of samples. To achieve representativeness, the sample selection program considered parameters such as feed grade variations, mineralogy, and physical location. The sample selection process used Cancha[®] software to both visually and statistically analyze the block models to select a total of 119 samples to be used for this program.

TYPICAL CANCHA MODEL USED FOR SAMPLE SELECTION



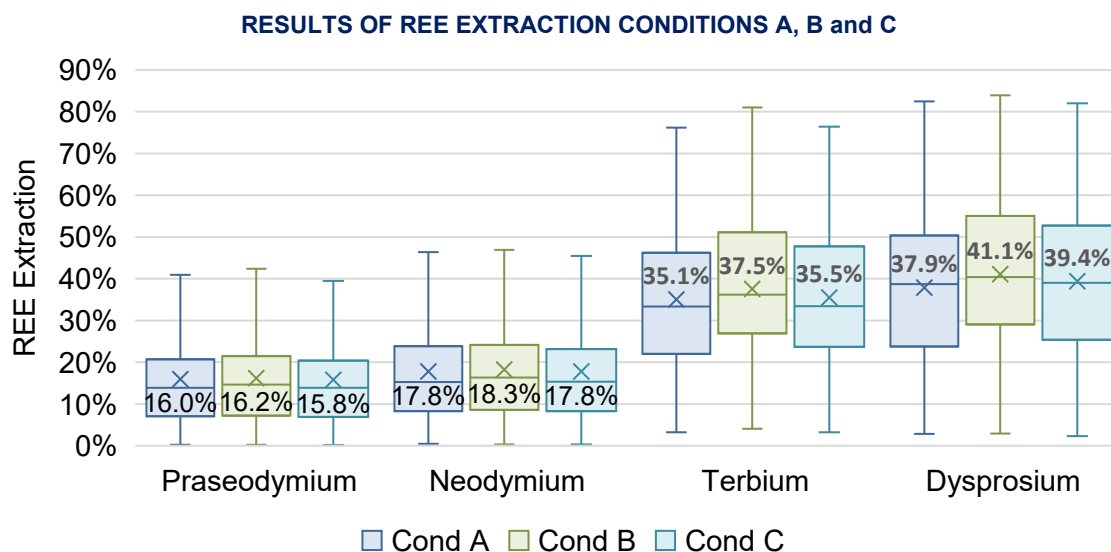
The 2021/22 laboratory test program was performed by SGS Lakefield Canada. Two new process conditions were introduced to determine their effectiveness relative to Condition A. Condition B builds upon the known effect of increasing REE recoveries by using a more acidic solution. The testing on 119 new samples comprised:

- Condition A: repeat the University of Toronto base line testing at pH 4.0;
- Condition B: carry out desorption at pH 3.0 and introduce a synthetic lixiviant solution designed to emulate the predicted concentrations of recycled salts generated in the recycling process while controlling the dissolution of unwanted elements and impurities; and
- Condition C: evaluate the impact of the synthetic lixiviant solution used in Condition B at pH 4.0.

In all three conditions, the main reagent used was ammonium sulfate to remain consistent with the reagent referenced in the environmental permit application. The environmental regulators are familiar with the proposed use of ammonium sulfate as a reagent, based on their review of the Original EIA (withdrawn March 24, 2022), so the Company decided to continue its use. The performance of other reagents will be evaluated in the future.

Results

Condition A testing validated of recoveries from the initial program at University of Toronto and therefore confirmed the results presented in the Penco Technical Report. Condition B showed a marginal increase in recoveries over those of Condition A. Condition C showed a small improvement over Condition A but not as much as Condition B. The following figure compares Conditions B and C results to Condition A, as included in the Penco Technical Report:



Although Condition B showed the highest recoveries in terms of NdPr and DyTb, it also had a higher impurity content (e.g., aluminum) in the final mixed HREE concentrate. Condition C showed stable recoveries for NdPr and Tb while notably improving the recoveries of Dy, which is the element that drives the most value in our product. Ongoing laboratory test work is defining the process conditions for further demonstration in the pilot plant campaign.

The fact that all recycled salts were used in Condition C has allowed a fuller understanding of the parameters needed to design a water treatment plant that ensure water is recycled with 95% efficiency, ammonium sulfate is recycled with 99% efficiency, and no impurities accumulate in the system with the risk of saturating the process.

Impurities and Water Management in the Process Flowsheet

An extensive testing program was carried out with BQE Water during 2021 and 2022 to validate water treatment requirements for the Penco Module flowsheet, with the objective of maximizing recycling. During this program, a process was identified that allows the recycling of water in a closed circuit to meet the goal of zero liquid discharge. The validation of performance at laboratory scale was completed satisfactorily.

Handling of the impurities in the circuit was also successful, resulting in 90% efficiency in the removal of manganese without major REE losses. Precipitated impurities are mixed with the processed clays (the only output of the plant besides the final product), which fully complies with maximum regulatory levels and allows the placement of the washed clays back into the field without the need for further treatment. Trials with the processed clays are already underway to demonstrate the amenability of revegetation of the reclaimed site with native species.

Pilot Plant

Semi-industrial Scalability of the Process Flowsheet

Based on laboratory results that confirm a metallurgical process with zero liquid discharge, the Company built a pilot plant operation with the following objectives:

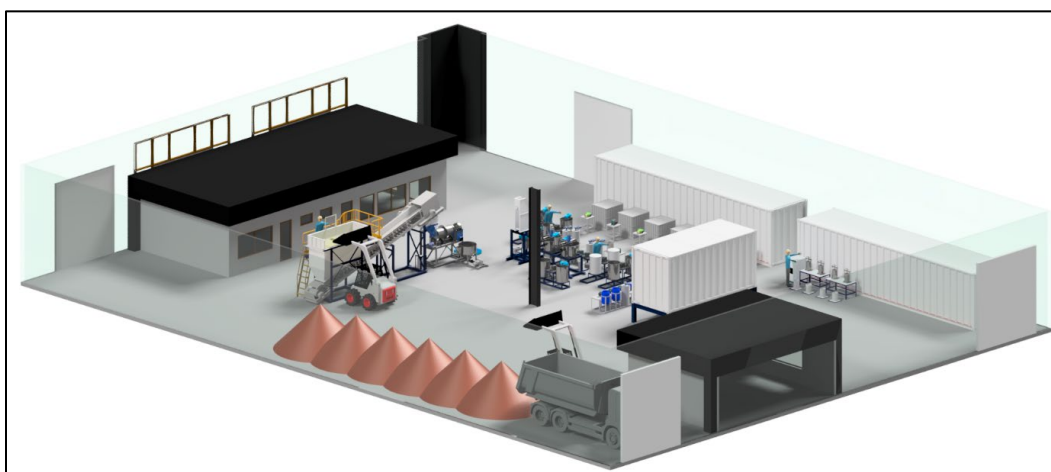
- validate the closed-circuit flowsheet to produce a high-purity HREE concentrate at a semi-industrial scale;
- generate processed clays to demonstrate the chemical stability and amenability for revegetation of the reclaimed site with native species;
- fine-tune the processing parameters for use in the full-scale plant design;
- demonstrate the process flow sheet for use in the feasibility study report;

- generate approximately 50 kg of mixed REE concentrate for separation trials in support of future offtake agreements; and
- demonstrate the simplicity and environmental sustainability of the process to relevant stakeholders.

Design Parameters

- Design throughput is 90 kg/h running on a continual 24/7 basis per campaign.
- Two campaigns will represent two of the five mining zones covering the initial payback period of the Penco Module.
- Each campaign is expected to run for one month.
- A high-purity mixed REE concentrate will be produced from each campaign.

PILOT PLANT SCHEMATIC



On September 6, 2023, the Company announced that the pilot plant operated for continuous 24-hour period for a span of three months from June to August 2023. During this period, an extensive data set was collected and a continuous closed-loop extraction process was successfully validated. This operational continuity allowed for a thorough evaluation of each unit operation and its interconnection, thereby strengthening the design for inclusion in the next engineering phase. Additionally, successful pH automatic control was demonstrated for reagent dosing.

The primary results obtain from the pilot plant testing included:

- **Operational Viability in Closed Circuit:** The technical feasibility of operating and producing rare earths in a closed-loop solution circuit has been conclusively demonstrated.
- **Leaching Parameter Stabilization:** Stabilization of ammonium sulfate concentration and pH parameters in leaching has been crucial to achieve efficiencies comparable to those achieved in laboratory testing at SGS Lakefield.
- **Pilot Plant Operation Flexibility:** Within the framework of the Penco Module, the pilot plant has demonstrated the ability to process 75 tonnes and 49 tonnes of material from two different extraction zones. This versatility is fundamental as it implies effective adaptability to variability in grade, particle size distribution, lithology, and other inherent characteristics of different extraction areas, underscoring the robustness of its design and its ability to address operational challenges. Variation in material properties between the two areas has not negatively affected plant processing efficiency.

- **Product Yield:** A total of 132 kilograms of product were obtained, demonstrating the possibility of producing rare earth concentrate. It is important to highlight that during VTS operation, product with up to 89% purity expressed as REO was obtained. The amount of product generated enables the shipment of samples to potential interested customers for studies and evaluation of the acquisition of this manufactured product at the commercial plant. The results identify opportunities for improvement, particularly in reducing impurities in the final product.
- **Differentiated Results between Victoria Sur and Victoria Norte:** Differentiation in results between VTS and VTN is observed. While VTS achieved low recovery but maintained high product purity levels, VTN exhibited good recovery but with lower purity due to a grade lower than expected in the feed mineral.
- **Operational Challenges:** Despite encountering challenge, including difficulties in pulp handling, critical equipment failures, and lack of operator experience in the field, successful plant operation was achieved.

In summary, a continuous closed-loop extraction process was successfully validated for an effective time of approximately three (3) months. Achieving process continuity for an extended period serves to evaluate each unit operation and the interconnection between the units, allowing for circuit closure and strengthening of the design for inclusion in the next engineering phase. It also allows for the obtaining of important data in relation to future equipment selection. The pilot testing served as a key tool to provide transparent information and reduce uncertainty for potential investors.

5.1.(n) UPDATED MINERAL RESOURCE STATEMENT

On December 1, 2022, the Company publicly announced the filing of the Updated Mineral Resource Statement. Following drilling campaigns carried out during the last quarter of 2021 and the first half of 2022, a total of 5,298 m from 175 new drillholes have been completed and incorporated into the updated MRE. This work has resulted in both the definition of a new resource area, Alexandra Poniente, as well as an increase in the mineral resources within the Penco Module project area. The Updated Mineral Resource Statement, as set out below does not represent a material change from the Penco Technical Report, subject to variations resulting from additional an increase to additional MREs and consequently reflecting a minor upward adjustment in the economic analysis. Note that mineral resources are not mineral reserves as they do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant factors. The quantity and grade of reported inferred mineral resources in this estimate are uncertain in nature, and there has been insufficient exploration to define these inferred mineral resources as indicated or measured mineral resources. Mineral resources are classified in accordance with the 2014 CIM Definition Standards.

UPDATED MINERAL RESOURCE STATEMENT (EFFECTIVE OCTOBER 13, 2022)

Category	Tonnage (Mt)	NSR (US\$/t)	TREOY (ppm)	TREEY (ppm)	TREEY Recovery (%)	TDyTb (ppm)	TNdPr (ppm)	TDy Recovery (%)	TNd Recovery (%)
Measured	21.3	28.4	2,315	1,952	22.83	67	384	43.15	19.57
Indicated	6.2	27.4	2,212	1,865	22.80	64	368	43.49	19.38
M + I	27.5	28.2	2,292	1,932	22.82	66	380	43.23	19.53
Inferred	1.7	24.3	1,999	1,679	22.56	71	298	39.25	18.06

Notes:

NSR = Net Smelter Return.

NSR cut-off value = US\$13/t.

TREOY = Total rare earth oxides (La₂O₃, CeO₂, Pr₆O₁₁, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₄O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃) + yttrium (Y₂O₃).

TREEY = Total rare earth elements (La, Ce, Pr, Nd, Sm, Eu, Gd, Tb, Dy, Ho, Er, Tm, Yb, Lu) plus yttrium.

TDyTb = Total dysprosium plus total terbium.

TNdPr = Total neodymium plus total praseodymium.

TDy = Average metallurgical recovery for dysprosium.

TNd = Average metallurgical recovery for neodymium.

Totals may not balance due to rounding of figures.

The results are presented in-situ and undiluted, are constrained within optimized open pit shells, and are considered to have reasonable prospects of economic viability.

The exploration and infill drilling program resulted in:

- the addition of measured, indicated, and inferred mineral resources at Alexandra Poniente, a new area within the Penco Module area to the northwest of Alexandra Oriente; and
- the conversion of inferred mineral resources from Victoria Norte, Victoria Sur, Luna, and Alexandra Oriente, and Maite into measured and indicated mineral resources.

The table below compares the updated and original Mineral Resource Statement in the Penco Technical Report. It highlights an increase of 32.6% in measured and indicated mineral resources and a decrease of 19.3% in inferred mineral resources. Drilling success at the Penco Module was tempered by a higher cut-off value, reflecting changes to some input prices.

Category	Statement September 15, 2021		Statement October 13, 2022		Difference (2022 minus 2021)			
	Tonnage	Contained TREOY	Tonnage	Contained TREOY	Tonnage		Contained TREOY	
	(Mt)	(kt)	(Mt)	(kt)	(Mt)	(%)	(kt)	(%)
Measured	15.4	37.9	21.3	49.3	5.9	38.2	11.4	30.0
Indicated	5.3	12.3	6.2	13.7	0.9	16.5	1.4	11.1
M + I	20.7	50.2	27.5	62.9	6.8	32.6	12.7	25.3
Inferred	2.1	4.8	1.7	3.4	-0.4	-19.3	-1.4	-29.5

Notes:

TREOY = Total rare earth oxides (La₂O₃, CeO₂, Pr₆O₁₁, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₄O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃) + yttrium (Y₂O₃).

Totals may not balance due to rounding of figures.

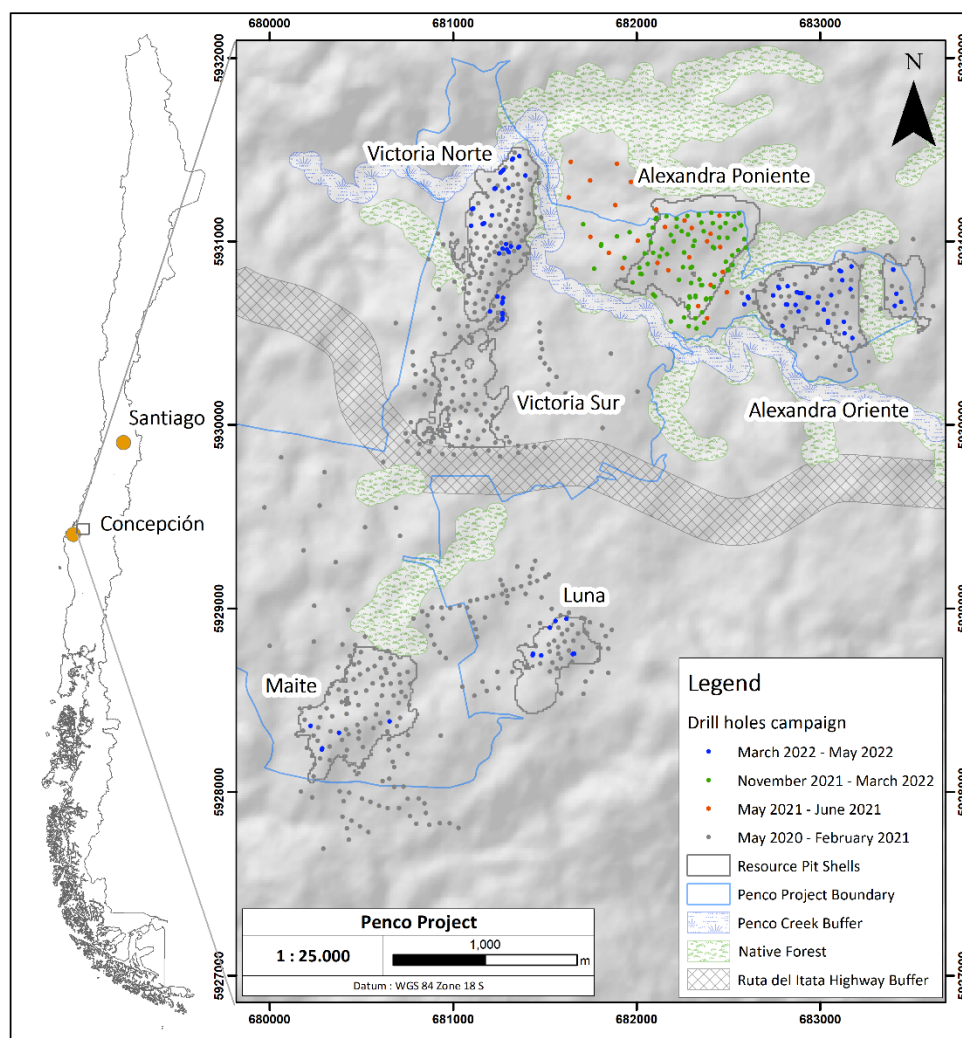
Net Smelter Return cut-off values: US\$9.79/t (Sep 15, 2021) and US\$13.00/t (Oct 31, 2022)

The Updated Mineral Resources Statement encompasses five mineralized zones: Victoria Norte, Victoria Sur, Luna, Alexandra (Oriente and Poniente), and Maite.

Updated Mineral Resource Estimate Details

The figure below shows new drillhole locations, mineral resource pit shells, environmental buffers limiting mineral resources, and project boundaries. New drilling incorporated into the Updated MRE was completed between May 2021 and May 2022. Several restricted areas within the project area are also shown, namely native forests, the Ruta del Itata highway servitude, and the Penco Creek. The Updated MRE does not include any mineralized material within these areas.

LOCATION OF NEW DRILLING, CONSTRAINING PIT SHELLS, ENVIRONMENTAL CONSTRAINTS, AND PROJECT BOUNDARY



A geological overview for the Penco Module is available in the Penco Technical Report under the Company's profile on SEDAR+ at www.sedarplus.ca. The geology, sampling, assay protocols, and QA/QC for the Alexandra Poniente zone have been presented in a Company news release on brownfield exploration results dated July 25, 2022, which is also available on SEDAR+, stating that the total grade database shows good precision and accuracy, and all estimating protocols are consistent with standard industry practices.

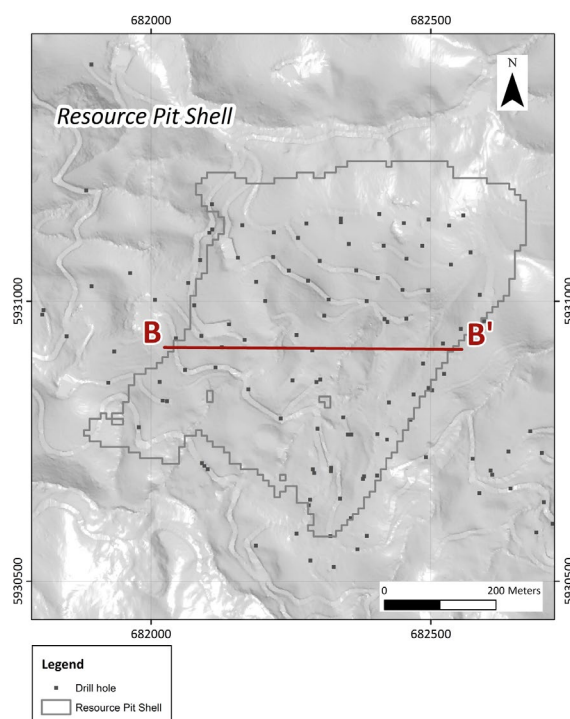
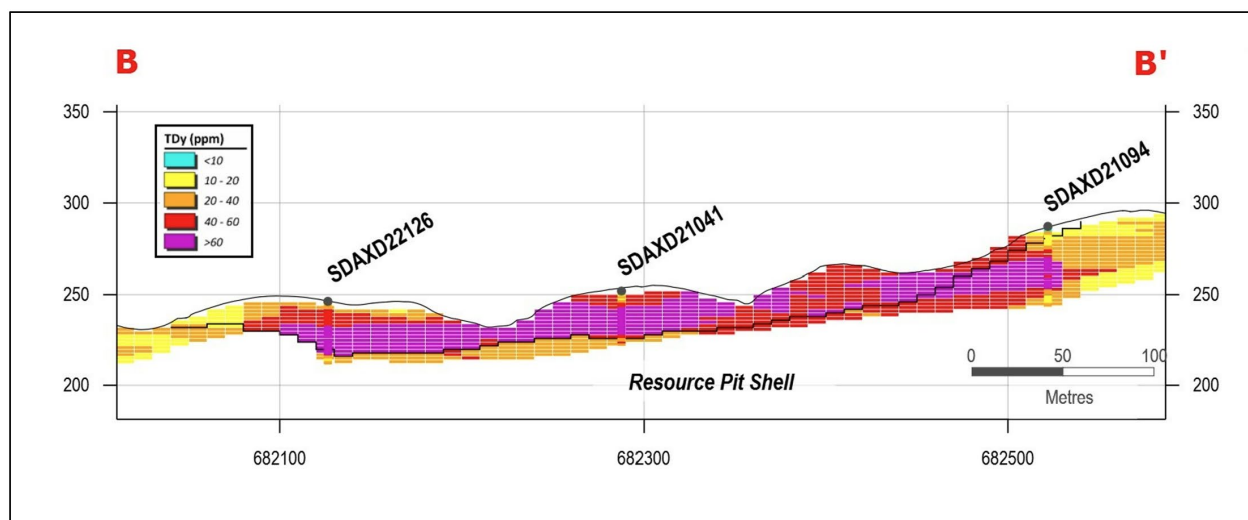
Estimation Methodology

High-grade capping supported by statistical analyses (Parrish criteria) was completed on raw assay data before compositing and applying to the Victoria Norte and Sur, Alexandra, and Luna zones. No capping was applied to Maite samples, as the statistical analysis suggested.

The Updated MRE was completed using GEOVIA Surpac for four block models (Victoria, Luna, Alexandra, and Maite), each consisting of 10 m x 10 m x 2 m blocks. Grade interpolation for each of the 15 REEs was obtained by OK using hard boundaries. Variography was completed for each of the four domains in the four zones for three groups of elements: HREEs (Gd, Tb, Dy, Ho, Er, Tm, Yb, Lu, Y) including yttrium, LREEs other than europium (La, Ce, Pr, Nd, Sm), and europium (Eu), which showed a poor correlation with the other two groups. Block estimation was validated visually by global bias and trend analyses. The figure below compares the estimated blocks and

composites for a vertical section at the Alexandra Poniente zone. The Whittle pit outline is also displayed in the section.

ESTIMATED BLOCKS AND COMPOSITE FOR A VERTICAL SECTION AT ALEXANDRA PONIENTE



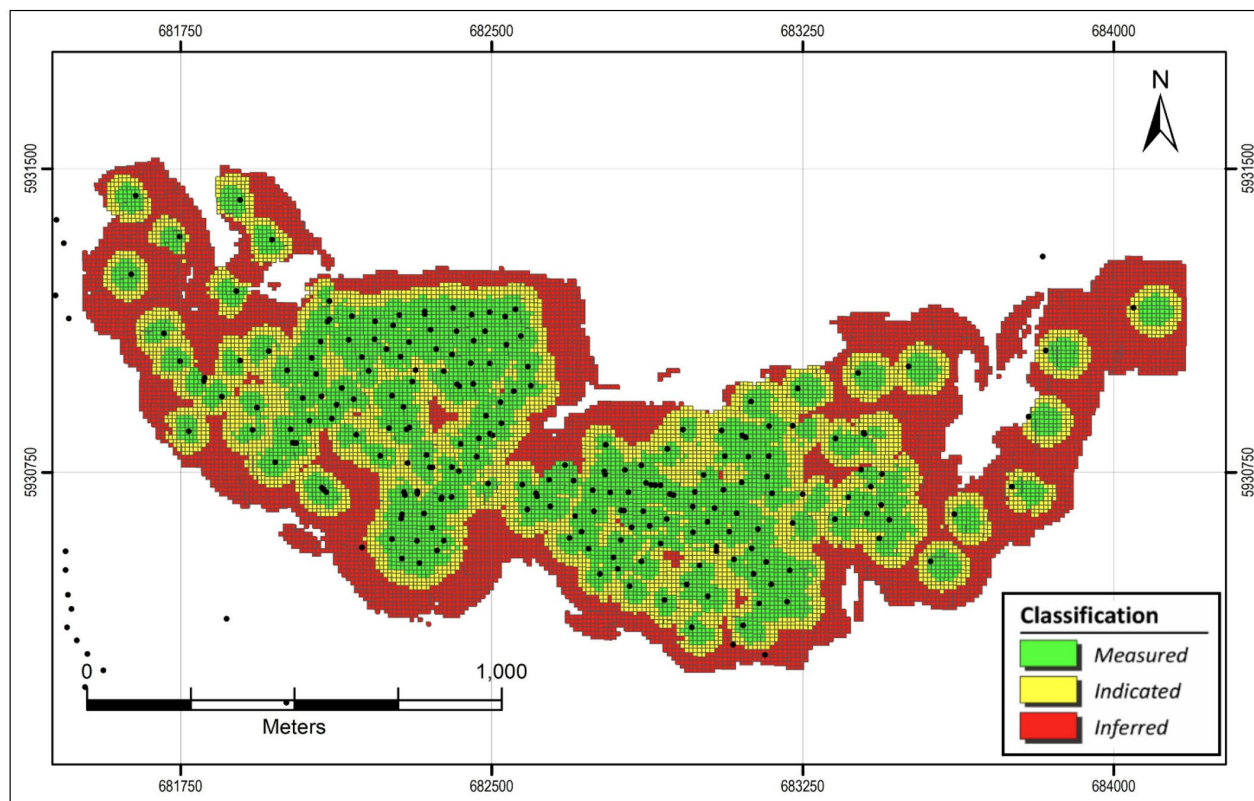
Average bulk density values ranging from 1.25 to 2.0 t/m³ were assigned to each geological unit. In-situ trench tests were completed at surface (horizon A) and deeper horizons (horizons B, C, and D0); density was calculated using Shelby tubes.

The Updated MRE classifies measured, indicated, and inferred mineral resources. For measured and indicated mineral resources, the Kriging estimation error must be less than 15% in 90% of the cases for a volume equivalent to three months (measured) or one year (indicated) of production. The measured mineral resource category is defined by three or more drillholes when the closest sample is < 40 m from the block being estimated, or with two

drillholes if the closest sample is less than of 24 m from the block being estimated. The indicated mineral resource category is defined with a minimum of two drillholes when the closest sample is be less than 65 m from the block being estimated. The inferred mineral resource category is defined with all blocks estimated with samples closer than 160 m.

The figure below presents a plan view of the Alexandra block model displaying the three block categories.

PLAN VIEW SHOWING BLOCK CATEGORIES AT ALEXANDRA



The Updated MRE was pit-constrained using GEOVIA Whittle 2022 software, with an overall slope angle of 23°, a mining cost of US\$3/t, and at an NSR marginal cut-off of US\$13/t based on processing plus general and administrative cost estimates. The NSR was calculated for each block using the following parameters:

- **Selling Prices for REOs:** Price estimates in US\$/kg correspond to those used in the Penco Technical Report for pit optimization: $\text{La}_2\text{O}_3 = 2.62$, $\text{CeO}_2 = 1.88$, $\text{Pr}_6\text{O}_{11} = 92.93$, $\text{Nd}_2\text{O}_3 = 96.34$, $\text{Sm}_2\text{O}_3 = 2.16$, $\text{Eu}_2\text{O}_3 = 41.40$, $\text{Gd}_2\text{O}_3 = 35.55$, $\text{Tb}_4\text{O}_7 = 1,344.82$, $\text{Dy}_2\text{O}_3 = 537.93$, $\text{Ho}_2\text{O}_3 = 106.65$, $\text{Er}_2\text{O}_3 = 31.76$, $\text{Tm}_2\text{O}_3 = 0.0$, $\text{Yb}_2\text{O}_3 = 6.78$, $\text{Lu}_2\text{O}_3 = 707.97$, $\text{Y}_2\text{O}_3 = 6.78$.
- **Metallurgical Recoveries:** The 2021/22 laboratory campaign by SGS Lakefield Canada tested 119 representative samples under conditions which carry out desorption at pH 3.0 with a synthetic lixiviant (Condition B described under Item 5.1(m) of this AIF) designed to emulate the predicted concentrations of recycled salts generated in the closed-circuit process. For each geological unit, the median of the corresponding laboratory results was assigned. For some minor geological units with no available laboratory results, the recovery values referenced under the Penco Technical Report were used.
- **Plant Efficiency:** The plant efficiency varied by element, ranging from 90.5 to 99.1%, with an approximate average of 94%.
- **Concentrate Treatment and Selling Cost:** US\$0.5034/kg of concentrate.

- **Concentrate Purity:** 83%.

UPDATED MINERAL RESOURCE STATEMENT BY ZONE (AS OF OCTOBER 13, 2022)

Zone	Category	Tonnage (Mt)	NSR (US\$/t)	TREOY (ppm)	TREEY (ppm)	TREEY Recovery (%)	TDyTb (ppm)	TNdPr (ppm)	TDy Recovery (%)	TNd Recovery (%)
Victoria N.	Measured	5.73	30.6	2695	2274	23.53	70	457	42.01	23.81
	Indicated	0.87	29.3	2566	2166	23.98	64	439	43.54	25.07
	M + I	6.60	30.4	2,678	2,259	23.59	69	455	42.22	23.98
	Inferred	0.14	20.4	2,364	1,993	17.30	65	379	31.20	18.32
Victoria S.	Measured	1.81	22.8	1741	1468	22.51	54	292	45.40	21.94
	Indicated	1.04	23.6	2027	1710	19.46	59	341	41.91	17.78
	M + I	2.86	23.1	1,845	1,557	21.40	56	310	44.13	20.42
	Inferred	0.34	22.2	2,195	1,852	15.88	62	364	36.81	12.65
Luna	Measured	1.68	25.1	1545	1295	29.27	66	211	42.38	20.20
	Indicated	0.47	24.8	1417	1185	33.87	64	184	44.24	23.60
	M + I	2.15	25.1	1,517	1,270	30.28	66	205	42.79	20.95
	Inferred	0.60	27.5	2,077	1,734	25.55	99	249	33.44	15.15
Alexandra O.	Measured	4.01	27.8	2429	2044	20.09	78	383	41.88	10.16
	Indicated	1.11	25.5	2316	1951	18.96	71	375	41.66	10.07
	M + I	5.12	27.3	2,404	2,024	19.84	76	381	41.83	10.14
	Inferred	0.22	23.0	2,175	1,832	18.27	69	351	39.89	9.37
Alexandra P.	Measured	4.11	27.8	2065	1745	23.58	54	358	46.95	24.08
	Indicated	1.09	27.8	1911	1613	26.03	52	331	49.40	27.53
	M + I	5.21	27.8	2,033	1,717	24.09	53	352	47.47	24.80
	Inferred	0.38	22.8	1,420	1,199	28.21	38	247	53.02	32.48
Maite	Measured	3.93	30.5	2501	2110	21.25	71	421	41.43	16.93
	Indicated	1.59	30.8	2510	2117	21.47	72	422	41.47	16.91
	M + I	5.52	30.6	2,504	2,112	21.32	71	421	41.44	16.92
	Inferred	0.02	35.3	2,893	2,439	21.78	82	481	41.50	16.90

Notes:

NSR: Net Smelter Return

NSR cut-off value: US\$13/t

TREOY: Total rare earth oxides (La₂O₃, CeO₂, Pr₆O₁₁, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₄O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃) + yttrium (Y₂O₃).

TREEY: Total rare earth elements (La, Ce, Pr, Nd, Sm, Eu, Gd, Tb, Dy, Ho, Er, Tm, Yb, Lu) plus yttrium.

TDyTb: Total dysprosium plus total terbium.

TNdPr: Total neodymium plus total praseodymium.

Totals may not balance due to rounding of figures.

UPDATED MINERAL RESOURCE STATEMENT BY REE (AS OF OCTOBER 13, 2022)

Category	Tonnage (Mt)	TLa	TCe	TPr	TNd	TSm	TEu	TGd	TTb	TDy	THo	TEr	TTm	TYb	TLu	TY
Measured	21.3	321	658	79	305	51	3	49	8	58	12	36	5	33	5	330
Indicated	6.2	308	626	75	293	49	3	48	8	56	12	34	5	31	4	315

Category	Tonnage (Mt)	TLa	TCe	TPr	TNd	TSm	TEu	TGd	TTb	TDy	THo	TEr	TTm	TYb	TLu	TY
		(ppm)														
M + I	27.5	318	650	78	302	50	3	49	8	58	12	36	5	32	5	326
Inferred	1.7	249	510	61	237	41	2	46	9	63	14	40	6	36	5	363

Notes:

NSR cut-off value: US\$13/t

TLa: total lanthanum; TCe: total cerium; TPr: total praseodymium; TNd: total neodymium; TSm: total samarium; TEu: total europium; TGd: total gadolinium; TTb: total terbium; TDy: total dysprosium; THo: total holmium; TEr: total erbium; TTm: total thulium; TYb: total ytterbium; TLu: total lutecium; TY: total yttrium.

Totals may not balance due to rounding of figures.

METALLURGICAL RECOVERIES USED FOR NET SMELTER RETURN CALCULATIONS BY GEOLOGICAL UNIT AND ZONE

Unit	Ce (%)	La (%)	Pr (%)	Nd (%)	Sm (%)	Y (%)	Eu (%)	Gd (%)	Tb (%)	Dy (%)	Ho (%)	Er (%)	Tm (%)	Yb (%)	Lu (%)	REY (%)
Victoria Norte																
GG_B	1.6	18.7	18.6	20.4	21.7	62.8	37.2	34.9	36.4	40.3	46.7	45.8	46.0	40.9	40.8	21.5
GG_C	2.4	8.5	9.7	11.5	10.9	26.0	18.1	18.9	20.1	21.1	21.4	21.5	21.5	18.5	21.7	10.9
DRT_B	6.9	35.5	46.6	51.5	62.9	93.3	59.9	62.5	78.8	74.6	77.4	77.6	79.3	91.6	70.9	50.6
DRT_C	2.5	4.4	4.6	5.4	6.6	14.8	13.4	8.1	9.2	9.9	11.5	11.1	10.1	9.7	10.4	7.2
MP_B	5.2	36.0	37.8	44.1	55.1	69.4	37.8	53.5	53.5	54.9	54.5	53.9	52.6	58.5	53.7	44.4
MP_C	1.7	1.9	2.5	3.3	4.4	14.0	7.2	5.9	8.5	10.4	10.5	10.5	7.9	6.9	5.8	4.8
Victoria Sur																
GG_B	2.7	10.7	12.3	14.6	17.2	45.7	45.5	31.9	37.7	40.2	41.9	46.7	50.1	46.7	45.4	19.9
GG_C	0.9	1.7	2.4	2.9	5.6	27.6	19.3	15.7	20.5	26.2	28.9	23.6	25.6	22.1	26.9	9.6
DRT_B	3.3	11.3	14.6	16.6	20.9	81.5	36.9	47.2	49.0	53.7	59.6	54.2	55.2	62.9	61.8	31.9
DRT_C	0.8	0.9	1.1	1.5	2.6	11.2	6.2	3.9	5.3	6.3	7.5	8.7	8.0	7.6	7.3	2.9
MP_B	5.6	36.0	40.5	46.6	39.1	63.4	75.9	56.5	49.4	59.7	59.2	60.7	64.3	57.1	55.3	40.7
MP_C	3.1	7.9	8.0	8.1	12.2	56.3	32.1	17.0	21.8	24.6	28.1	30.5	26.9	27.2	23.8	19.4
Luna																
GG_B	1.5	9.1	11.9	13.8	20.9	55.3	31.8	33.0	39.3	36.4	45.8	42.0	43.7	38.9	40.2	20.9
GG_C	2.2	5.4	8.2	10.3	12.2	39.9	25.1	23.1	24.5	25.1	28.6	28.3	26.5	23.6	22.9	16.3
DRT_B	3.6	24.8	28.9	32.7	33.4	82.8	47.6	47.0	52.7	52.7	59.3	57.2	59.8	51.0	48.9	38.6
DRT_C	4.6	7.1	6.7	7.4	12.7	20.5	24.8	14.6	17.6	17.3	17.4	17.1	15.5	12.4	13.5	12.0
MP_B	3.0	23.1	26.0	28.8	34.6	60.8	42.5	37.4	55.5	61.5	58.1	57.2	67.0	58.0	58.5	42.1
MP_C	2.5	3.1	4.3	5.2	7.5	8.8	25.1	7.2	9.3	9.5	8.7	7.6	6.9	6.3	6.8	5.6
Alexandra Oriente																
GG_B	1.7	6.3	7.7	8.6	12.1	49.9	33.5	25.2	31.9	37.0	36.6	39.1	39.0	37.7	37.0	15.8
GG_C	1.1	5.1	6.1	7.1	9.8	49.7	40.5	21.6	29.6	33.7	36.2	38.5	40.6	38.5	38.3	15.5
DRT_B	3.5	9.8	15.9	18.8	32.8	89.3	45.0	57.2	60.7	67.6	69.1	68.6	76.3	69.5	65.9	38.7
DRT_C	0.9	1.0	1.5	2.3	4.8	17.5	9.1	8.0	10.2	12.2	14.0	14.6	13.6	13.8	13.0	4.5
MP_B	2.3	4.5	6.2	7.4	8.9	12.8	24.5	10.7	12.1	12.4	12.6	12.3	13.4	12.5	12.8	8.7
MP_C	2.2	4.7	9.5	13.2	17.6	15.1	30.3	15.1	17.9	17.5	13.1	12.6	12.0	11.4	11.5	11.7

Unit	Ce (%)	La (%)	Pr (%)	Nd (%)	Sm (%)	Y (%)	Eu (%)	Gd (%)	Tb (%)	Dy (%)	Ho (%)	Er (%)	Tm (%)	Yb (%)	Lu (%)	REY (%)
Alexandra Poniente																
GG_B	1.8	16.0	18.9	20.6	23.3	68.8	46.3	34.0	41.6	44.5	49.4	52.5	45.7	48.7	51.3	18.7
GG_C	1.5	5.6	6.8	7.7	9.8	39.4	126.0	16.0	22.9	23.8	25.8	25.3	24.5	22.6	26.0	10.7
DRT_B	4.4	26.7	34.2	36.9	41.0	65.0	57.0	55.0	58.3	56.3	60.9	57.7	55.1	55.4	53.8	36.6
DRT_C	1.3	1.6	2.9	4.6	9.0	24.2	11.5	12.4	14.6	16.5	19.3	20.2	18.9	20.2	20.7	7.1
MP_B	4.8	16.0	18.6	20.0	79.5	8.3	21.6	12.9	12.2	10.0	9.3	8.4	6.7	7.5	7.8	20.2
MP_C	4.8	16.0	24.1	24.5	26.3	70.0	39.2	38.6	33.3	46.8	40.6	42.9	40.7	43.2	39.7	26.1
Maite																
GG_B	2.2	10.6	16.0	16.9	16.6	66.2	24.8	30.3	36.1	41.5	48.3	49.5	50.4	48.4	49.1	19.2
GG_C	0.8	3.8	3.1	3.4	4.2	16.2	11.4	7.6	8.4	10.1	12.4	12.0	11.6	10.3	10.2	5.5
DRT_B	0.2	0.3	1.4	0.9	4.5	24.3	3.0	7.2	14.3	14.1	13.1	15.7	23.9	13.3	22.0	4.8
DRT_C	1.0	3.5	5.1	6.4	7.4	23.4	15.3	14.5	14.2	17.3	17.9	20.0	24.9	15.8	22.0	8.5
MP_B	4.6	12.3	16.3	21.4	27.6	35.5	40.1	26.1	29.4	30.1	34.5	33.3	32.6	31.7	31.1	27.6
MP_C	1.5	3.7	4.9	7.3	12.2	41.8	35.3	19.2	27.6	30.6	31.3	33.7	31.5	29.2	26.1	13.3

Notes:

GG: Garnet Granitoid; DRT: Diorite; MP: Metapelite; REY: REEs plus yttrium.

B and C correspond to regolith horizons.

The recoveries are based on the 2021/22 laboratory test program performed by SGS Lakefield Canada, except for VN DRT_C and MP_C; VS DRT_C and MP_C; LUNA DRT_C, MP_B, and MP_C; AO DRT_C and MP_C; AP DRT_C and MP_B; and MAIT MP_B and MP_C, where recovery values are based on the Penco Technical Report (some units of MP and DRT were not tested by SGS because they account for approximately 10% of the mineral resource).

The Penco Technical Report provides the basis for the assumptions used in the Updated Mineral Resource Statement, unless otherwise stated. All technical and economic parameters will be subject to further consideration during the preparation of the feasibility study report relating to the Penco Module.

5.2. CARINA PROJECT

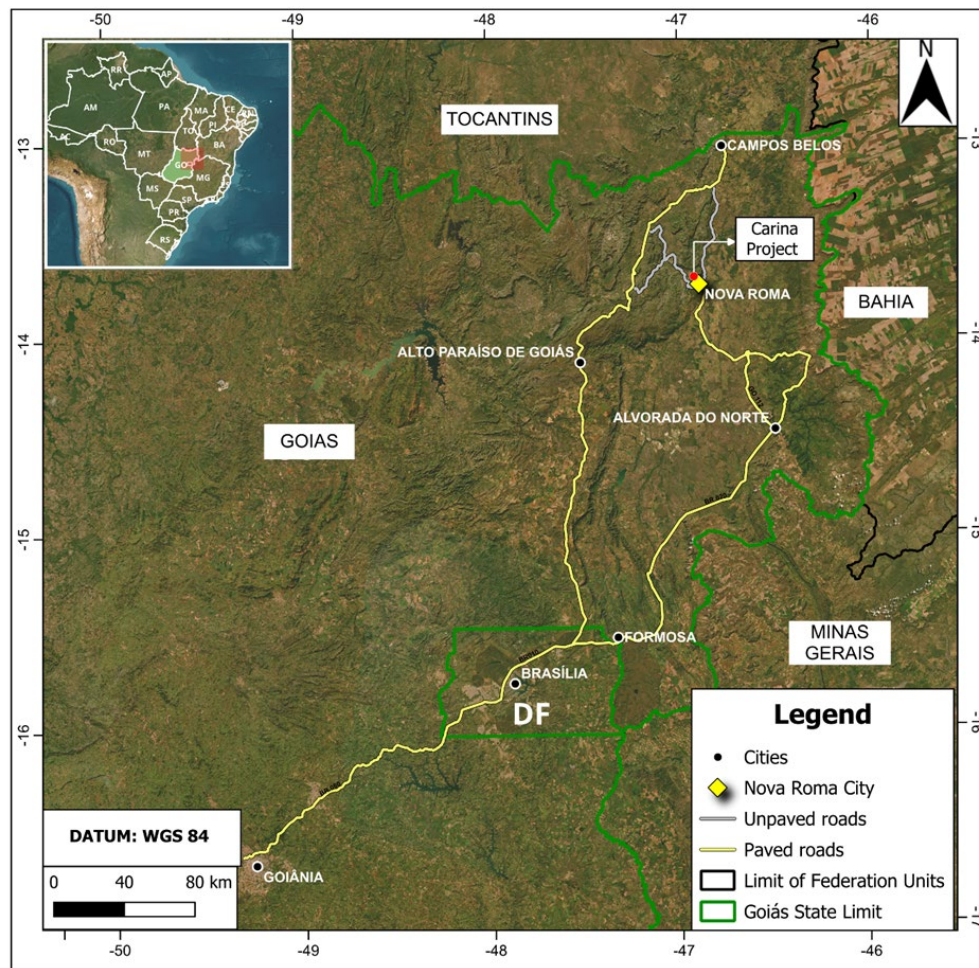
Except as otherwise stated, the information that follows relating to the Carina Project is based on the Carina Technical Report. Where appropriate, certain information contained in this AIF provides non-material updates or expansions upon information in the Carina Technical Report. The Carina Technical Report contains more detailed information and qualifications than are set out below, and readers are encouraged to review it in its entirety. The following summary is subject to all the assumptions, information, and qualifications set forth in the Carina Technical Report and the detailed disclosure contained therein is hereby incorporated by reference. The Carina Technical Report has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

5.2.(a) PROJECT DESCRIPTION AND OWNERSHIP

Project Location

The Carina Project is located in Nova Roma, Goiás, Brazil. It encompasses six (6) mining rights, covering a total area of 9,863.64 ha, all designated as exploration permits.

GENERAL LOCATION MAP OF THE CARINA PROJECT IN CENTRAL BRAZIL



Project Ownership and Surface Rights

Of the Carina Project's six (6) mining rights, three (3) permits were owned by third parties at the time the Company began exploration activities. The Company secured exclusive option agreements for the acquisition of these three (3) permits, and, following the exercise of such options, submitted a formal request for the assignment of the exploration permits to the ANM, which subsequently granted the requisite approval. The earn-in agreement also considers a royalty with tiered payments to the previous property owners. The contemplated payments decrease from 3% to 1.5% of the net smelter return over time, and Aclara has the option to acquire such royalties during the first year of operation for US\$6.5 million.

Two (2) additional mining rights were acquired by the Company through the bidding procedure held by the ANM in 2024. As of the date of this AIF, all mining rights are registered in Aclara's name and with exception to the aforementioned royalties, and the mining rights are free and clear of any encumbrances, claims, or restrictions.

Local settlers currently possess the surface rights where the Carina Project is located, though Aclara secured access and exploration agreements from all local settlers and is in the process of securing permanent surface rights.

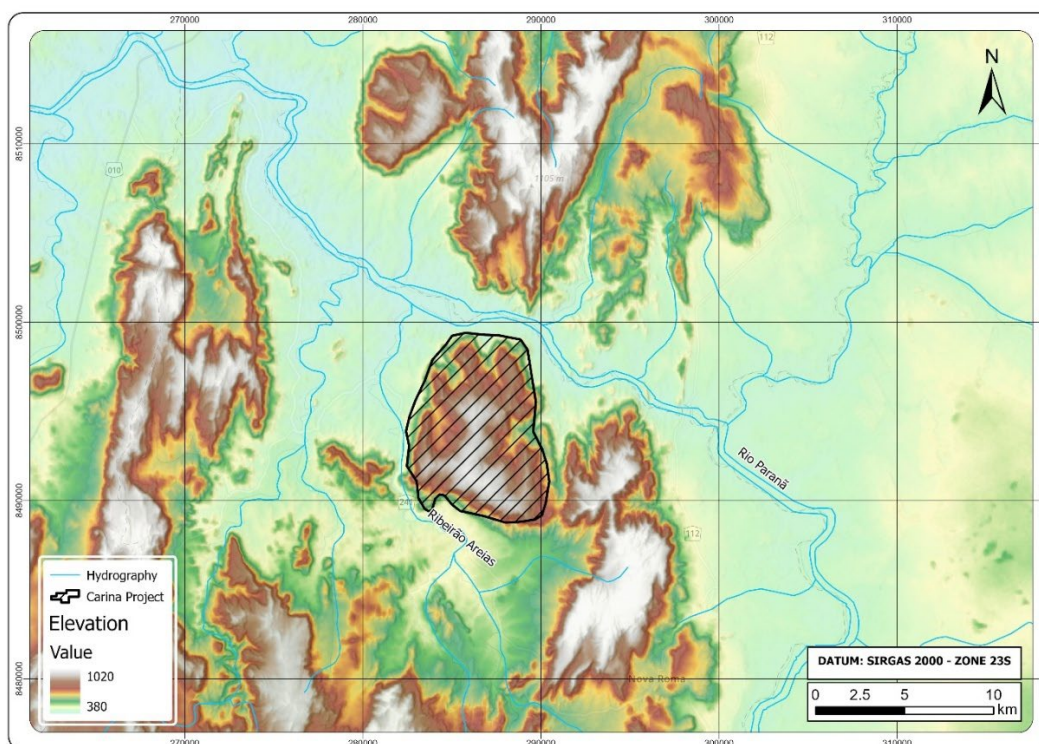
5.2.(b) ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The Carina Project property is accessible by paved roads from major cities, followed by gravel roads. The region has a tropical climate with distinct wet and dry seasons, supporting resilient vegetation and fauna. Local resources include a small population with high informal employment and low-income levels. Agriculture is the main economic activity, and ecotourism is a growing opportunity. The Carina Project is expected to contribute to local development through job creation, infrastructure investment and community support.

Nova Roma is a small municipality with limited infrastructure and public services. Nova Roma receives electricity from the Rio Das Éguas substation, approximately 100 km from the Carina Project area. The water supply is from local sources, such as water systems and artesian wells. The water is not treated, but it is monitored monthly by LACEM (the official public laboratory), and the results show water quality and potability levels within the standards recommended by the Brazilian Ministry of Health. Nova Roma does not treat sewage; instead, septic tanks are commonly used. Electricity and water systems require upgrades to support the Carina Project, and Aclara has installed communication systems and maintains an exploration camp and local office. Suitable sites for waste and plant facilities have been identified.

The Nova Roma region of Goiás is characterized by a diverse landscape created from a range of straight ridges, irregular hills and mountains. The combination of high elevation areas, deep valleys and wide plains create a branching pattern through which smaller watercourses flow into the Paranã and Areias Rivers.

TOPOGRAPHY, DRAINAGE PATTERNS AND MAIN COLLUVIUM AREAS OF THE CARINA PROJECT AREA



5.2.(c) HISTORY

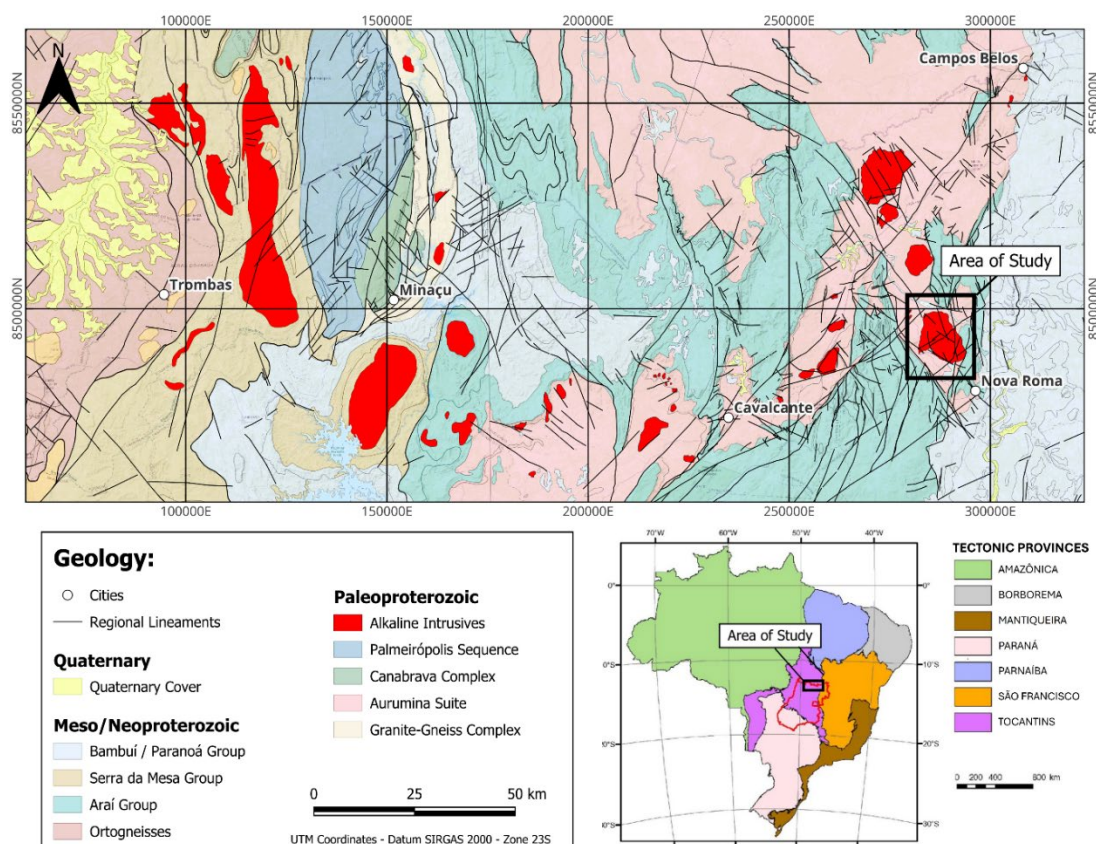
The history of the Carina Project and surrounding areas is rooted in the tin exploration in the 1970s. Exploration and resource extraction activities have evolved significantly over the interceding decades. The area was initially explored by Rio Doce Geologia e Mineração S.A. and small-scale miners, who identified notable reserves of tin-bearing cassiterite. Exploration and resource extraction activities evolved significantly through subsequent decades, and in 2022 the Empresa de Desenvolvimento em Mineração Ltda. (the “**EDEM Group**”) acquired part of the area for tin prospecting. Upon securing an agreement with the EDEM Group, the Company initiated REE prospecting in this area which led to an extensive auger drill campaign in 2023. Such exploration efforts were fruitful, particularly in terms of HREE mineralization, and the Company acquired the mining rights from the EDEM Group.

5.2.(d) GEOLOGICAL SETTING, MINERALIZATION AND DEPOSIT TYPES

Regional Geography

In terms of regional geology, the Carina Project property is part of the Paranã Fold Belt, located within the Tocantins Structural Province, which has unique geological features. The area is characterized by A-type granites, notably the Pedra Branca massif, which form the bedrock of the region's geological landscape and play a crucial role in the regional geological setting. From a geological district perspective, the area's rocks are characterized by A-type granites.

MAP OF THE TECTONIC AND GEOLOGICAL SETTING OF THE CARINA PROJECT, LOCATED WITHIN THE GOIÁS MASSIF IN CENTRAL BRAZIL



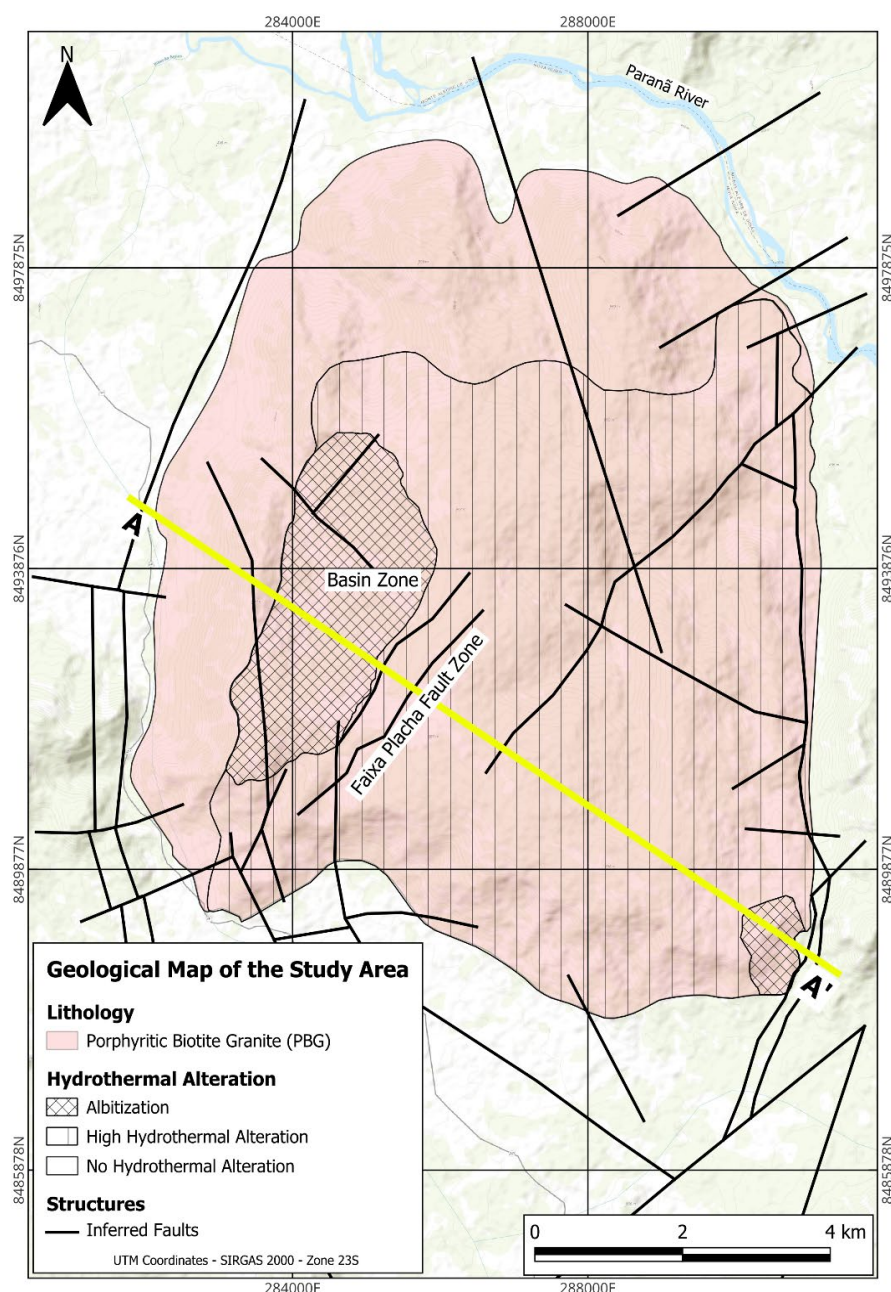
Local Geography

Porphyritic Biotite Granite (PBG) is the main lithological unit within the Pedra Branca Massif and forms the primary host rock of the Carina Project regolith-hosted REE deposit. This granite shows a medium- to coarse-grained porphyritic texture, with large subhedral to euhedral K-feldspar phenocrysts (up to 3 cm) set in a groundmass of quartz, plagioclase, and biotite. The PBG contacts several other granite facies of the Pedra Branca Suite, including fine-grained biotite granite, leucogranites and microgranite and aplite dykes. Accessory minerals include zircon, fluorite, apatite, thorite, allanite, and locally monazite. These accessory minerals are significant contributors to the primary REE budget of the granite.

Structurally, the PBG is intersected by NE–SW and NW–SE trending brittle-ductile shear zones that facilitate fluid flow and help preserve lateritic profiles. These structures also increase permeability and promote the formation of thick regolith in suitable topographic and lithological settings.

Property Geology

MAP SHOWING LITHOLOGICAL AND STRUCTURAL LAYOUT OF THE CARINA PROJECT

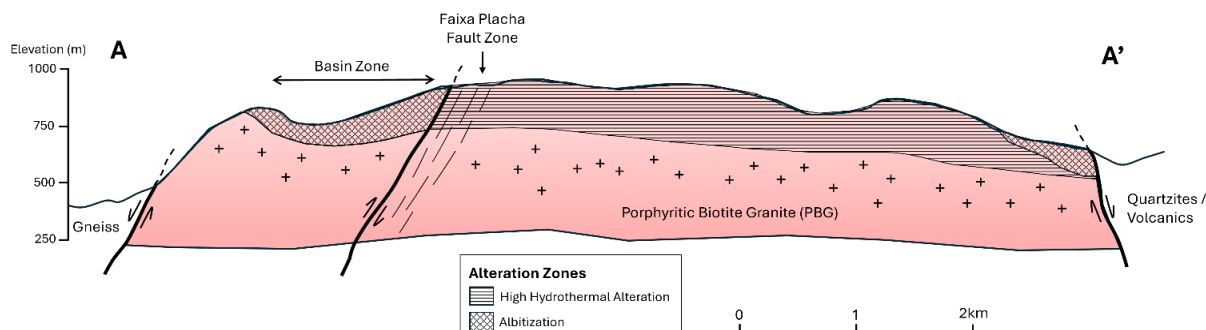


The Carina Project area is structurally interrupted by a network of inferred faults, with a prominent northeast-trending structural corridor called the Faixa Placha Fault Zone. The three distinct alteration domains are: (i) albitization zones (cross-hatched and representing sodic metasomatism associated with increased feldspar breakdown, mainly along the eastern and western edges); (ii) high hydrothermal alteration zones (line-filled, where intense greisenization, muscovitization, and fracturing are observed and occupying the central portion of the massif); and (iii) unaltered PBG domains (lacking signs of significant hydrothermal influence, primarily located at the periphery).

Notably, the Faixa Placha corridor is the most promising area for regolith-hosted REE mineralization. This zone shows the highest total rare earth oxide (TREO) concentrations, indicating increased porosity, fluid-rock interaction

and enrichment in ion-adsorbed REEs. Conversely, the Basin Zone, though centrally situated, features a thinner regolith profile and exhibits lower REE mineralization levels.

CROSS-SECTION SHOWING SUBSURFACE ARCHITECTURE OF HYDROTHERMAL ALTERATION AND STRUCTURAL FEATURES ACROSS THE CARINA PROJECT



The above cross-section shows that PBG forms the basement throughout the section. A broad high hydrothermal alteration zone is centered along the Faixa Placha Fault Zone, extending horizontally and coinciding with increased regolith development and mineralization. The Faixa Placha Fault Zone is structurally and metallogenically important, acting as the main pathway for mineralizing fluids. It contains the most favourable conditions for ionic adsorption clay-type REE enrichment; specifically, a combination of strong hydrothermal alteration, thick weathered profiles and structural permeability. Consequently, this corridor represents the primary exploration target within the Carina Project.

Deposit Types

The Carina Project showcases essential geological, geochemical, mineralogical and metallurgical characteristics that meet or exceed the conventional standards associated with Chinese ion-adsorption clay systems. The Carina Deposit stands out as a model of a regolith-hosted HREE ion-adsorption clay deposit, developed over hydrothermally modified peraluminous granites. It is distinguished by deep weathering layers and high concentrations of easily leachable HREEs, particularly dysprosium (Dy) and terbium (Tb). These elevated levels are predominantly found in the upper and lower saprolite zones of the regolith, with the Faixa Placha corridor playing a key role in enhancing REE mineralization.

COMPARATIVE ANALYSIS OF THE CARINA PROJECT VERSUS TYPICAL CHINESE ION-ADSORPTION CLAY DEPOSITS

Feature	Carina Project	Typical Chinese Ion-Adsorption Clay Deposits
Dominant REE types	HREE (Dy, Tb)	LREE or mixed
Regolith thickness	10-15 m (up to 40 m at Faixa Placha)	10–20 m
Desorption efficiency	25–40%	20–30%
Geological host	Altered granite (PBG)	Granite/tuff
Clay mineralogy	Kaolinite, illite, chlorite	Kaolinite
dDyTb grade (desorbable)	Up to 62.5 ppm	Often < 30 ppm

5.2.(e) EXPLORATION

Exploration efforts, other than drilling activities, include geologic-soil mapping, regolith characterization, topographic surveys and geophysical data collection to support the definition and development of the Carina Project's REE deposit.

The exploration program yielded the following key insights for identifying and characterizing mineralization of the Carina Project:

- **Regolith Zonation:** The vertical profile consistently showed six regolith horizons, with ionic HREE enrichment concentrated in the upper saprolite and lower pedolith horizons;
- **REE Enrichment:** Total REE concentrations range from 600 to 2,100 ppm, with desorbable Dy and Tb reaching up to 48.7 and 13.8 ppm, respectively;
- **Geochemical Correlation:** Desorbable REE grades are closely linked with alteration zones, especially albitization and extensive hydrothermal alteration;
- **Spatial Trends:** 3-D models and thematic maps revealed higher grades and thicknesses in the Faixa Placha Corridor, supported by UAV-LiDAR terrain models and geophysical anomalies.

This comprehensive, multidisciplinary exploration approach has produced results that confirm the existence of a large-scale, laterally continuous ion-adsorption clay-type HREE deposit. The integration of exploration data has allowed Aclara to identify high-value zones for ongoing development and to create a robust geological model and resource framework to support current feasibility assessments and future development stages for the Carina Project.

5.2.(f) DRILLING

In 2023, the Company designed and implemented an auger drilling campaign for the Carina Project property in REE priority zones, based on detailed geological mapping products, physical characterization of regolith profiles, existing geophysical surveys and assay results from geochemical soil sampling. The initial auger campaign was conducted by Deus é Amor, a Brazilian drilling company based in the region. The drilling company employed manual and mechanical auger drilling methods with a support sample size of 2 m. The auger drilling campaign was continued by GE21, a Brazilian consultancy company. All holes for this second phase were drilled with a mechanical auger; the first 70 samples were taken using a support size of 2 m and subsequent samples used a 1 mm support sample size.

Based on the auger drilling results, Aclara planned a two-phase reverse circulation (RC) drilling campaign at greater depths in the central area of the Carina Project, aimed at increasing the inferred mineral resources and then converting them into a measured and indicated mineral resource category. For areas located in the east section of the property, the Company planned to carry out auger drilling due to difficulties in accessing the site.

The Phase 1 RC drilling campaign was developed as part of an exploration drilling campaign designed to: (i) obtain additional information to fully assess the Carina Project's potential both laterally and at depth; (ii) guide future RC drilling campaigns; and (iii) establish a base for future metallurgical sample collection. Drilling was conducted by Geosedna, a Brazilian drilling company based in the State of Minas Gerais. All holes were drilled with using RC rotoperussive drilling, which collects rock samples by advancing a special cutting tool (button bit, tricone bit or special drill bit) that uses circulating compressed air in double-walled rods. All samples were taken using a support size of 1 m.

The Phase 2 RC drilling campaign was developed as part of an infill drilling campaign designed to: (i) convert the inferred mineral resources into the measured and indicated mineral resource categories; and (ii) defined the estimated measured and indicated mineral resources at the two new mining rights acquired in 2024 via the MNA auction process.

Finally, the sonic drilling campaign was designed to gather representative samples for metallurgical testing and to improve visualization and understanding of the lithotypes present in the Carina Project.

All 1,682 drillholes from the drilling campaigns in 2023, 2024 and 2025 were surveyed using a geodesic Global Navigation Satellite System with real time kinematic processing. A portion of the material recovered from each drillhole was examined for geological description based on mineral alteration and regolith texture. Samples were collected and stored following QA/QC procedures, and geological descriptions were conducted in the sample storage shed by trained geologists. Characteristics such as mineralogy, degree of weathering, colour, granulometry, and texture were documented, along with the classification of lithotypes by passing the material through a 1 mm sieve.

The recovery factors of the drilling samples were satisfactory and did not have any material impact on the accuracy and reliability of the results.

SUMMARY OF DRILLING CAMPAIGNS CONDUCTED IN THE CARINA PROJECT AREA IN 2023, 2024 AND 2025

Company	Drilling Type	No. Holes	Total Drilled (m)	No. TREE Samples	No. DREE Samples
Deus é Amor	Auger	8	54	27	27
GE21	Auger	35	200	209	209
GPS Topografia	Auger	398	2,414	1,306	1,305
Geosedna	Reverse Circulation	1,182	20,954	14,628	14,621
Horizonte Mineiro	Sonic	59	940	854	854
Total		1,682	24,562	17,024	17,016

5.2.(g) SAMPLING, ANALYSIS, SECURITY AND DATA VERIFICATION

Sampling and Security

Samples from auger, RC and sonic drilling were systematically processed to ensure consistency and quality. Auger samples were homogenized and quartered on-site, then sorted into four categories: geological description, XRF analysis, analytical lab or QA/QC reserve. RC samples were similarly treated using a Jones Splitter at the work site. Sonic drilling cores were split lengthwise and quartered to produce samples for geology, metallurgy, supplier testing and reserve. Samples destined for laboratories were weighed, batched in groups of 50, and sent to ALS Global in Goiânia or SGS Geosol in Belo Horizonte.

All drilling assay samples are collected by company personnel or under their direct supervision. Qualified staff at the laboratories correctly collect assay samples. Sample security involves two (2) aspects: maintaining the chain of custody to prevent unnoticed contamination or mixing and making active tampering as difficult as possible.

To obtain an approximate REE and yttrium grade supportive of drilling and the geological description, the Company employed portable X-ray fluorescence analysis. At the ALS Global Laboratory at Lima, Peru, samples were prepared for geochemical assays using lithium borate perfusion, then analyzed for major elements via inductively coupled plasma atomic emission spectrometry (ICP-AES; ALS code ME-ICP06) and for REE concentration via inductively coupled plasma mass spectrometry (ICP-MS; ALS code ME-MS81). At the SGS Geosol Laboratory at Belo Horizonte, Brazil, samples were prepared using lithium borate perfusion, then analyzed for major elements via ICP-AES (SGS code ICP95A) and REE concentration via ICP-MS (SGS code IMS95A). Both laboratories are independent of the Company and only commercial relationships exist, which are established in service contracts.

Sampling Analysis

The QA/QC program involved inserting the following blanks, duplicates and Certified Reference Materials (standards) into analytical batches of 50 samples:

- 1 coarse and 1 fine blanks (quartz) to check for sample contamination;
- 2 field, 2 coarse, and 2 fine duplicates to determine precision; and
- 2 standards of either low-grade, medium-grade, or high-grade to control for bias.

Blanks, duplicates and standards represented 4.9, 14.8 and 5.0% of the samples in the database, as shown in the following table:

NUMBER OF QA/QC CONTROL SAMPLES BY TYPE

Sample Type	Number
Total number of Samples	17,024
Blanks	829
Duplicates	2,513
Standards	849

Check samples were not included but are currently being considered. The QA/QC sample results were statistically evaluated using dysprosium (Dy), neodymium (Nd), praseodymium (Pr), and terbium (Tb).

The Company inserted three different blank types for quality control in their QA/QC program:

- ITAK QG-01: >10 mm (coarse);
- ITAK QI-01: 2 mm (coarse);
- ITAK QF-18: <75 µm (fine).

Coarse blanks checked for contamination during sample preparation. From 5% to 26% of the 434 coarse blanks had mean concentrations above the acceptance threshold (five times the detection limit of a given analytical method) and a low standard deviation. Fine blanks checked for contamination during geochemical assays and controlled for analytical equipment miscalibration. From 3% to 33% of the 434 fine blanks had mean concentrations above the acceptance threshold and low standard deviation.

NEODYMIUM (Nd), PRASEODYMIUM (Pr), DYSPROSIUM (Dy), AND TERBIUM (Tb) CONCENTRATION IN 434 FINE BLANK SAMPLES

Variable	Nd (ppm)	Pr (ppm)	Dy (ppm)	Tb (ppm)
Mean Concentration (ppm)	0.46	0.12	0.10	0.03
Standard Deviation (ppm)	0.34	0.09	0.08	0.01
Maximum Concentration (ppm)	2.10	0.72	0.44	0.14
Minimum Concentration (ppm)	0.05	0.01	0.03	0.01
5x Detection Limit (ppm)	0.50	0.15	0.25	0.05
No. Samples Above Detection Limit	144	125	23	12
Failure Rate (%)	33	29	5	3

These results indicate that the quartz used for preparation of the coarse and fine blanks contained trace amounts of the REEs, and causing a higher-than-expected failure, especially Dy, Nd, Pr, and Tb. This theory is reinforced after verifying that the maximum REE concentration was 35 ppm for coarse blanks and 17 ppm for fine blanks, which are low enough, not related to high-grade samples and thus not indicative of a systematic contamination issue.

The acceptance thresholds for evaluation of standards were three times the certified standard deviations above and below the certified grades. Each Dy, Nd, Pr, and Tb standard's accuracy was evaluated for bias, and despite a higher-than-expected presence of outliers (failures), results showed acceptable bias, even with occasional outliers beyond the acceptable bias of five percent (5%). The use of this standard was discontinued, and Aclara adopted its in-house standards to continue the QA/QC protocol. Five samples on either side of failed standards were sent for reanalysis, and, depending on the result, either the original or the re-analyzed sample was chosen for the database.

Upon careful review of the field protocols and procedures, the qualified person concluded that both the Company and laboratory personnel carefully handled the collection, management and assay of drill hole data, and therefore had no reason to doubt the reliability of exploration and production information provided by the Company. Additionally, an extensive review of reports and analytical results indicates that, aside from minor concerns that can be easily addressed through the qualified person's recommendations, Aclara's resource database is free of apparent bias.

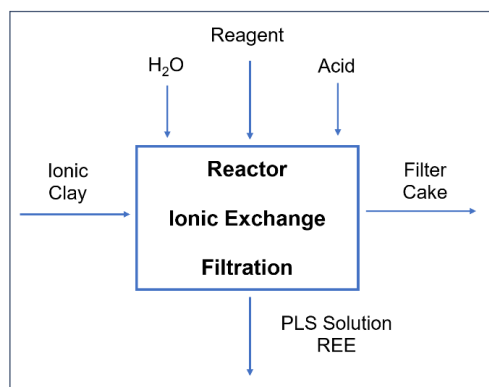
Data Verification

Data verification was conducted by both the Company and an independent qualified person in accordance with the standards set by NI 43-101. The Company implemented comprehensive internal procedures to ensure the integrity of exploration and production datasets, and experienced geologists supervised core and RC logging activities during drilling campaigns. Further, quality control procedures were thoroughly applied and failures in quality control were quickly investigated with corrective actions (e.g., re-assaying specific batches) were taken when needed.

5.2.(h) MINERAL PROCESSING AND METALLURGICAL TESTING

The Carina Project's is a REE ion-exchange clay mineral deposit. The clays are amenable to a desorption (or leaching) process developed in 2016 by the Company and patented by REE Uno SpA in 2024. The process involves mixing the minerals with a mildly acidic ionic reagent solution in a reactor and allowing the exchange of REE ions adhered to the clay surfaces with ions in the solution. The REEs that undergo the ionic exchange (desorption) and enter the pregnant leach solution are termed "desorbable REEs" to distinguish them from REEs in the mass feed. The desorbable REEs are then filtered to remove impurities, followed by precipitation and filtration of the REEs as mixed carbonates. The final product has a purity of greater than 95%.

SCHEMATIC SINGLE-STAGE ION EXCHANGE TESTS TO EXTRACT REEs FROM IONIC CLAY



Bench and pilot-scale tests began in Chile in 2024, followed by pilot plant operations in Goiânia, Brazil, from May to August 2025, processing over 120 t of representative material. These campaigns assessed desorption kinetics, impurity behavior and downstream performance under continuous conditions. The results confirmed the technical viability of the process and identified several optimization opportunities, including improved pH control to minimize aluminum co-dissolution and reduce reagent consumption, strategies for combined precipitation and re-dissolution to enhance product purity and adjustments in water treatment configuration that lowered acid demand.

Additional insights were gained on rheology and filtration behavior, emphasizing the need for variability testing during the feasibility stage. The metallurgical database compiled for the pre-feasibility study integrates 16,936 samples from 1,671 drillholes across multiple campaigns. Results indicate significant differences in recovery across regolith horizons, with heavy REEs achieving recoveries above 39% in deeper zones, while light REEs showed higher recoveries in pedolith horizons.

For the feasibility study phase, testing program is expected to include additional sonic drilling, expanded variability testing and vendor trials for material handling, washing, thickening and filtration. Recommendations for this next phase include further investigation of REE deportment across mineralogical hosts, sequential desorption protocols and operational trade-offs to refine process design and ensure scalability. These activities will provide critical inputs for equipment sizing, process optimization and risk mitigation in the feasibility study.

5.2.(i) MINERAL RESOURCE ESTIMATES

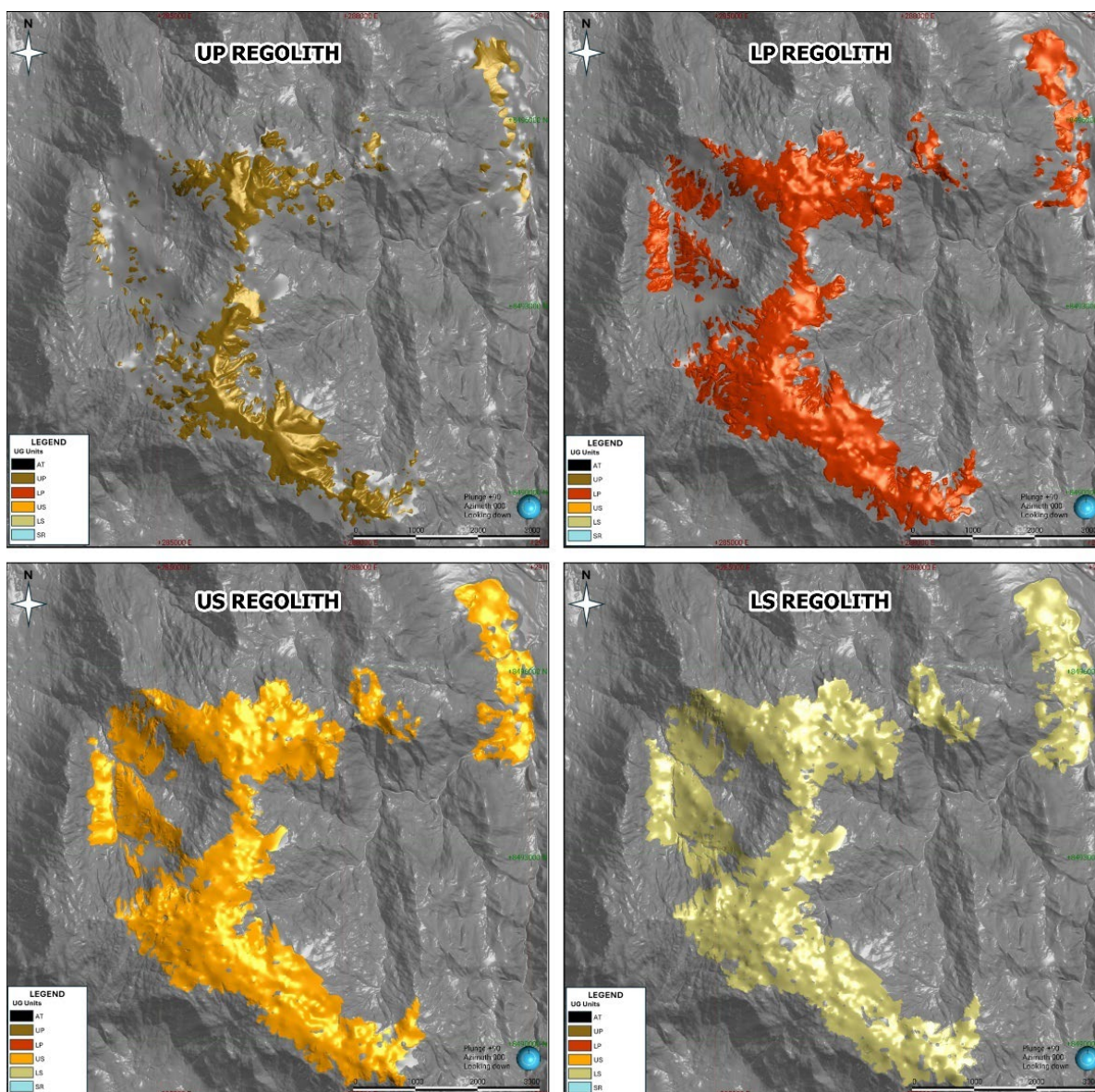
The Carina Project's MRE was prepared by ABelco Consulting SpA and is comprised of 18 elements: the full suite of 15 REEs (La, Ce, Pr, Nd, Sm, Eu, Gd, Tb, Dy, Ho, Er, Tm, Yb, Lu, and Y), as well as Al_2O_3 , Th and U. Since the 2024 Carina Project PEA, the number of drillholes has increased from 360 (4,100 m) to 1,682 (24,564 m), including auger, RC and sonic drilling. This greater data density has enhanced confidence in the geological model and supports the reclassification of a substantial portion of the resources to a higher confidence category.

Geological Model and Estimation Domains

The Company's technical team developed a geological model of the Carina Project based on detailed lithological alteration and regolith logging of 1,682 drillholes. Two 3-D geological models were constructed in Leapfrog Geo based on detailed logging and geochemical data:

- **Lithology model:** the Carina deposit is hosted within the weathered granite of the Pedra Branca Suite. The lithology model recognizes a single dominant unit: a porphyritic granite, locally albitite or altered by hydrothermal processes. The underlying bedrock represents the unweathered granite and serves as the basal boundary of the mineralized envelope.
- **Regolith model:** the vertical weathering profile comprises seven (7) distinct horizons: Transported Material (AT), Upper Pedolith (UP), Lower Pedolith (LP), Upper Saprolite (US), Lower Saprolite (LS), Saprock (SR), and BR. The regolith model was constructed as a sequential stack of erosive surfaces, honouring the natural weathering progression. The LS–SR interface was key to defining the base of REE-enriched horizons.

3-D REGOLITH MODEL: UP, UPPER PEDOLITH; LP, LOWER PEDOLITH; US, UPPER SAPROLITE; LS, LOWER SAPROLITE



Three (3) alteration domains were modeled based on visual logging and element proxies (Na_2O , Fe_2O_3 , CaO):

- Albitized (ALB)
- High hydrothermal alteration (HH)
- Low hydrothermal alteration (LH)

The MRE is constrained to domains that combine favourable regolith horizons with either HH alteration or ALB alteration. The intersection of both models resulted in 12 estimation units (EUs): HH_AT, HH_UP, HH_LP, HH_US, HH_LS, HH_SR, ALB_AT, ALB_UP, ALB_LP, ALB_US, ALB_LS and ALB_SR. These codes will be consistently used throughout the statistical analysis, validation plots, and final resource classification tables. Domains related to NH alteration or BR lithology were not estimated due to lack of REE enrichment or insufficient geostatistical support. These zones, while modeled, serve only for domain delineation or exclusion.

For statistical analysis and reporting purposes, REEs were grouped into LREEs (defined as the sum of La, Pr, Nd, Sm, Eu, and Ce) and HREEs (defined as the sum of Gd, Tb, Dy, Ho, Er, Tm, Yb, Lu, and Y). The total REE (TREE) content is the sum of LREEs and HREEs. All chemical assay data were originally provided in elemental form (pure metal content, in ppm), not as oxides. This distinction is important, as oxide grades are typically higher due to the added molecular weight of the oxygen component.

The assay database was composited to 2 m intervals. Each composite was coded according to its position within regolith profile and hydrothermal alteration domain, for a total of 12 mineralized domains used for resource modeling.

MEAN LIGHT (LREE), HEAVY (HREE) AND TOTAL (TREE) RARE EARTH CONCENTRATION FOR THE SEVEN REGOLITH HORIZONS

Regolith Horizon	No. Datapoints	LREE Concentration (ppm)	HREE Concentration (ppm)	TREE Concentration (ppm)
Stacked Material (AT)	51	905.9	285.2	1,191.1
Upper Pedolith (UP)	2,163	527.3	138.0	665.3
Lower Pedolith (LP)	2,763	1,049.2	310.7	1,359.9
Upper Saprolite (US)	2,675	1,102.1	437.0	1,539.1
Lower Saprolite (LS)	2,348	894.3	427.4	1,321.7
Saprock (SR)	1,350	819.2	391.5	1,210.7
Bedrock (BR)	2,651	631.6	325.5	957.2
Total/Mean	14,001	850.9	338.2	1,189.2

MEAN LIGHT (LREE), HEAVY (HREE) AND TOTAL (TREE) RARE EARTH CONCENTRATION FOR THE THREE ALTERATION DOMAINS

Alteration	No. Datapoints	LREE Concentration (ppm)	HREE Concentration (ppm)	TREE Concentration (ppm)
High Hydrothermal (HH)	11,817	961.4	351.1	1,312.5
Albitized (ALB)	2,126	250.0	266.6	516.5
No Hydrothermal (NH)	58	374.1	339.7	713.7
Total/Mean	14,001	850.9	338.2	1,189.2

MEAN LIGHT (LREE), HEAVY (HREE) AND TOTAL (TREE) RARE EARTH CONCENTRATION FOR 12 ESTIMATION UNITS

EU	No. Datapoints	LREE Concentration (ppm)	HREE Concentration (ppm)	TREE Concentration (ppm)
HH_AT	40	846.4	260.6	1,107.0
HH_UP	2,110	532.7	135.3	668.1
HH_LP	2,441	1,144.8	316.0	1,460.8
HH_US	2,184	1,287.1	470.4	1,757.5
HH_LS	1,860	1,066.8	465.5	1,532.3
HH_SR	1,133	935.7	419.2	1,354.9
ALB_AT	11	1,122.3	374.7	1,497.0
ALB_UP	51	298.2	234.6	532.8
ALB_LP	318	321.2	268.5	589.8

EU	No. Datapoints	LREE Concentration (ppm)	HREE Concentration (ppm)	TREE Concentration (ppm)
ALB_US	482	276.4	286.0	562.4
ALB_LS	481	234.6	281.3	515.9
ALB_SR	203	201.8	249.7	451.5
Balance ⁽¹⁾	2,687	628.8	325.6	954.4
Total/Mean	14,001	850.9	338.2	1,189.2

(1) "Balance" refers to composites located in BR and NH domains, which were modeled for completeness but excluded from estimation due to lack of REE enrichment.

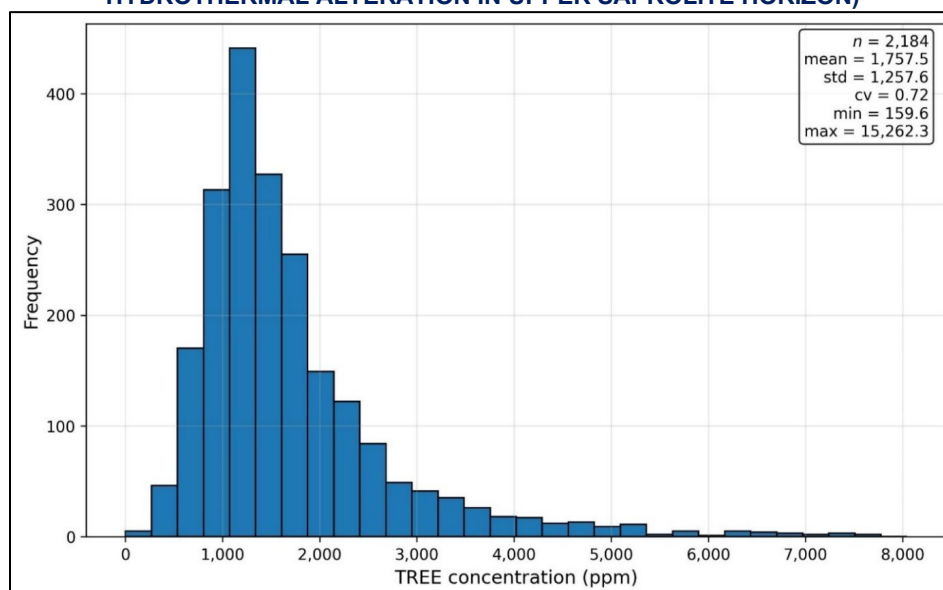
Approximately 75% of the samples were successfully composited into 2 m intervals. An additional 24% of the composites fell between 1.0 and 1.9 m in length, and the remaining 1% were shorter than 1.0 m. This distribution is primarily the result of the geometry of the mineralized bodies, where edge effects and contact boundaries did not allow full 2 m intervals in certain locations. It was noted during the analysis that 1 m composites within the UP horizon tended to report higher TREO grades than 2 m composites. However, this effect was evaluated and determined not to have a material impact on the overall MRE.

Exploratory Data Analysis (EDA)

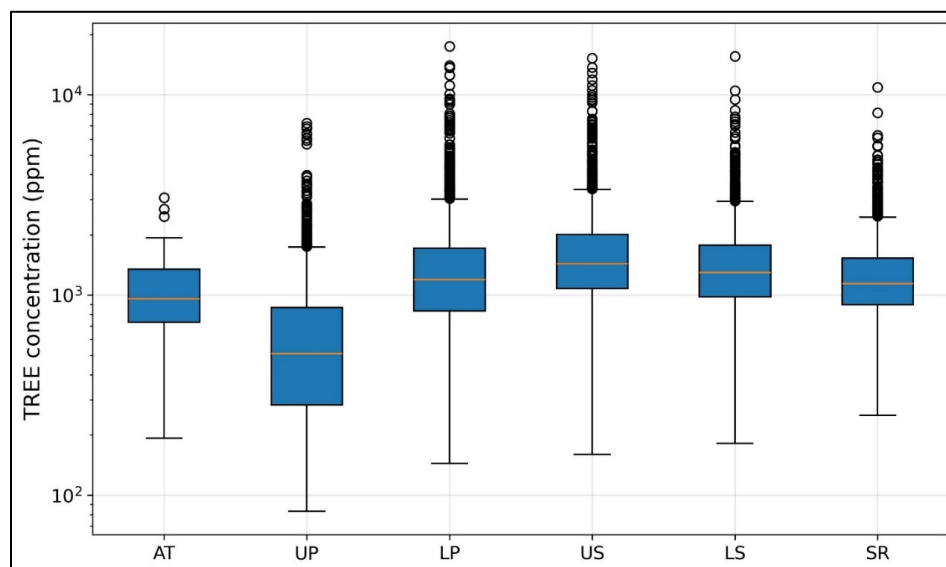
The goal of the EDA phase was to visually and statistically analyze the dataset supporting the MRE. The dataset comprises: (i) auger drilling (441 drillholes totaling 2,668 m); (ii) RC drilling (1,182 drillholes totaling 20,954 m); and (iii) sonic drilling (59 drillholes totaling 942 m). The EDA focused on 21 variables: La, Pr, Nd, Sm, Eu, Ce, Gd, Tb, Dy, Ho, Er, Tm, Yb, Lu, Y, LREEs, HREEs, TREEs, Al₂O₃, Th, and U. These variables were evaluated based on two (2) fundamental controls on mineralization in the Carina Project deposit: regolith unit and hydrothermal alteration zone.

Histograms were generated for each variable within each UE to help evaluate data distribution, identify potential outliers and detect multimodal behaviour. The TREE grade distribution for UE HH_US was nearly log-normal with no evident subpopulations. Boxplots illustrate the spread and central tendency of elemental concentrations by UE, and the interquartile ranges and potential high-value outliers are highlighted.

DISTRIBUTION OF TOTAL RARE EARTH ELEMENT (TREE) GRADES IN ESTIMATION UNIT HH_US (HIGH HYDROTHERMAL ALTERATION IN UPPER SAPROLITE HORIZON)



BOXPLOT OF TOTAL RARE EARTH ELEMENT (TREE) CONCENTRATION FOR THE SIX HIGH HYDROTHERMAL (HH) ALTERATION ESTIMATION UNITS; AT: TRANSPORTED MATERIAL; UP: UPPER PEDOLITH; LP: LOWER PEDOLITH; US: UPPER SAPROLITE; LS: LOWER SAPROLITE; SR: SAPROCK



Swath plots were generated to assess spatial trends along the X, Y and Z directions within each UE. They show moving averages, standard deviations and sample frequencies. There are no significant trends or directional drifts along the principal estimation axes. This supports the assumption of local stationarity, which is a key requirement for the application of OK. The absence of systematic grade variations validates the spatial consistency of the data and reinforces the reliability of the estimation methodology.

Despite the absence of sharp grade discontinuities in all geological contacts, hard boundaries were systematically applied across UEs. This approach follows the methodology used in the PEA and aligns with the interpreted geological framework. While soft boundaries might have been justified in some localized zones, the complexity of estimating 18 variables (15 individual REEs, LREEs, HREEs, and TREEs) across 12 UEs would have introduced significant modeling challenges, with limited expected benefits. Therefore, hard boundaries were deemed the most robust and practical approach at the stage reflected in the Carina Technical Report.

Variography and Spatial Continuity Analysis

Variography was conducted on Al_2O_3 , Th, U and Ce. Although Ce is conventionally classified as a LREE, it was treated separately due to its poor correlation with the other LREEs. To optimize the estimation workflow and reduce the complexity inherent in modeling 15 individual REEs, one variogram was also constructed for a representative LREE and one for a representative HREE. This approach was based on strong correlations among the LREEs and HREEs. Two geostatistical domains were defined for the variographic modeling:

- HH_LP_US_LS represents the high hydrothermal alteration zone intersecting the LP, US, and LS regolith horizons. All geological volumes related to high hydrothermal alteration were modeled using the HH_LP_US_LS domain variography; and
- ALB_LP_US represents the albitized alteration zone intersecting the LP and US regolith horizons. All geological volumes related to albitization were estimated using the variographic models derived from the ALB_LP_US domain.

SUMMARY OF SIX VARIOGRAPH MODELS FOR TWO DOMAINS

Variable	Structure	HH_LP-US-LS			ALB_LP-US		
		Sill	Range	Nugget	Sill	Range	Nugget
Al ₂ O ₃	1	1.32	127	1.5	1.25	250	0.75
Al ₂ O ₃	2	1	550	–	–	–	–
Thorium	1	85	200	105	16	100	8
Thorium	2	360	700	–	13	250	–
Uranium	1	10	90	6	3.4	88	4.5
Uranium	2	7.5	400	–	3.7	200	–
Cerium	1	21,750	115	20,000	393	64	100
Cerium	2	15,800	540	–	180	200	–
Light rare earth element	1	76,000	90	45,000	1,580	95	750
Light rare earth element	2	21,850	400	–	1,000	250	–
Heavy rare earth element	1	20,750	100	8,300	3,675	50	1,600
Heavy rare earth element	2	10,375	600	–	2,400	250	–

Mineral Resource Estimation

MRE was carried out using OK to interpolate 18 variables (15 individual REEs, Al₂O₃, Th and U) across the 12 UEs (excluding the "balance" as referred to above). Each element/group was estimated independently using hard boundaries between geological domains, meaning that each unit was interpolated using only the composites within that same unit. The block model was discretized using a 2 × 2 × 2 node structure.

A consistent two-pass estimation strategy was implemented across all 12 UEs. The first pass employed a short-range ellipsoid of 200 × 200 × 20 m with a composite selection window of 5-16 samples. The second pass used an extended ellipsoid of 800 × 800 × 80 m, allowing 4-20 composites. A maximum of four (4) composites per drillhole was enforced in both passes. No octant-based selection was applied. UEs with hydrothermal alteration were estimated with the HH_LP_US_LS variogram model, and UEs with albitic alteration were estimated using the ALB_LP_US variogram model. Additionally, a high-grade restriction was applied using a spatial constraint of 100 × 100 × 10 m.

Composite selection criteria were adjusted according to data availability. In units with lower drill density (UEs HH_AT, ALB_AT and ALB_UP), a reduced neighbour configuration was applied with 3-12 composites in the first pass and 2-16 in the second. For all other units, the full neighbourhood configuration was used as described above.

As part of the estimation design, a kriging neighbourhood analysis was carried out using the variable Dy in UE HH_US as a representative case. Block models were generated with varying numbers of neighbours (n = 3, 6, 12, 16, 20 and 50) and compared to assess the effect of neighbourhood size on estimation performance. Results showed that using fewer than 12 samples led to higher local variability and increased conditional bias. In contrast, using more than 20 neighbours produced smoother models with minimal additional benefit. The behaviour between 20 and 50 neighbours remained largely stable, with only a slight decrease in block variance and no significant change in grade distribution. These findings confirm that the adopted strategy of using 5-16 composites in the first pass and 4-20 in the second achieves an optimal balance between preserving local variability and ensuring model robustness.

Estimation Validation and Bias Analysis

To ensure the reliability of the MRE, the following comprehensive validation process was conducted, combining visual inspection, statistical comparison and directional trend analysis:

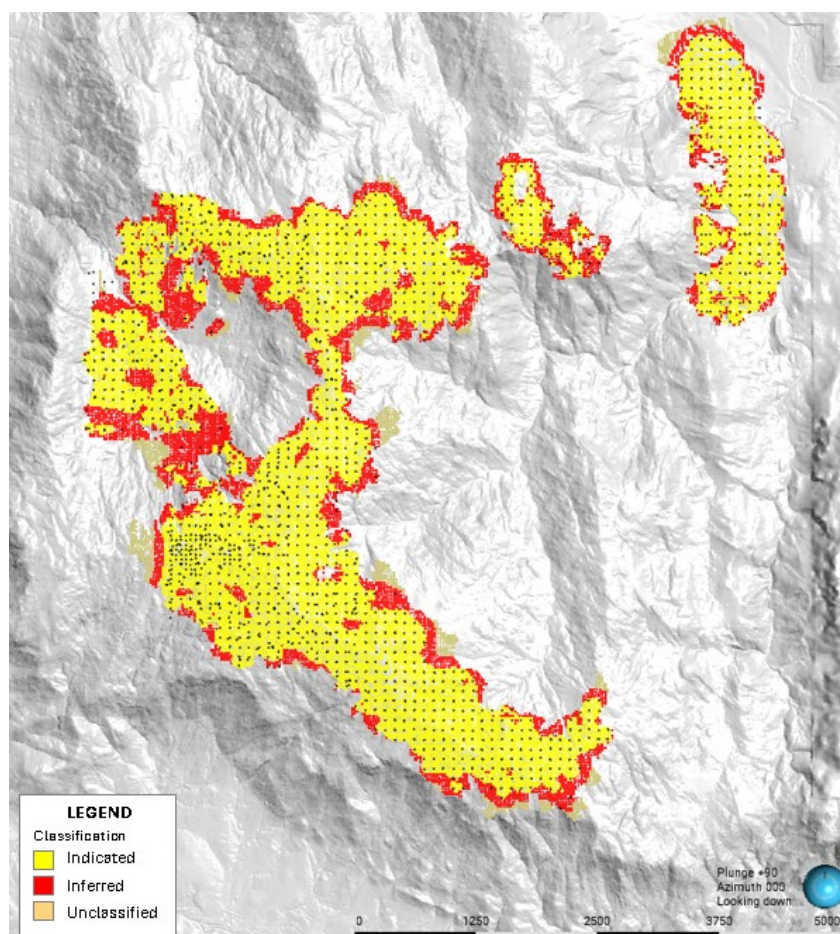
- **Visual Validation:** cross-sectional views were generated along the north-south, east-west and plan directions. Estimated grades were compared against both the informing samples used in the estimation and the complete set of composited samples. This step qualitatively assessed the spatial consistency between block estimates and sample data.
- **Global Bias Analysis:** a nearest neighbour (NN) model was constructed using the same composite samples applied in the estimation process. This approach assigns the closest sample grade to each block, producing an unbiased proxy of the original data. The results of the OK estimation were then compared to the NN model and to the raw sample averages. The analysis focused on differences in mean, standard deviation and coefficient of variation to detect potential over- or underestimation.
- **Swath Analysis:** directional moving average plots were generated in east-west bands of 100 m and vertical slices of 5 m to confirm that the OK estimation did not consistently over- or underestimate the data across space. The OK trend line was expected to fluctuate around the curves defined by the NN and composite samples.
- **Additional Statistical Tests:** to complement traditional validation techniques, customized statistical plots were developed, including histograms, cumulative distributions, boxplots and Q-Q plots. These were used to assess the similarity between the distribution of composites, NN grades and OK estimates.

Resource Classification

Mineral resources were estimated in accordance with international reporting standards, including the Canadian NI 43-101 Standards for Disclosure for Mineral Projects (Canadian Standards Association, 2023) and the CIM Definition Standards for Mineral Resources and Mineral Reserves (CIM, 2019) following the common standards of transparency, materiality and competence across jurisdictions. Resource classification integrates criteria related to geological continuity (confidence in location, geometry and thickness), grade continuity and data quality and support. The following is a summary of the criteria applied:

- **Inferred Mineral Resources:** a block is classified as Inferred if it is supported by a nominal 250 m drill grid. These blocks demonstrate reasonable geological continuity at a lower confidence level, as required for Inferred Mineral Resources. Any blocks exceeding this spacing were not classified as resources.
- **Indicated Mineral Resources:** a tighter nominal drill grid of 125 m × 125 m was applied for Indicated classification. This level of data density allows sufficient confidence to assume geological and grade continuity between drillholes. Blocks meeting this criterion were reclassified from Inferred to Indicated.
- **Measured Mineral Resources:** although a 60 m nominal grid would meet the geometric requirement for Measured Mineral Resources, the current drill coverage yields only isolated clusters with such density in the southwestern portion of the Carina Project deposit. These clusters are not laterally continuous, resulting in a patchy distribution ("*spotted dog*" effect). Per CIM guidelines, the Measured category requires demonstrable continuity between data points. Therefore, no Measured Mineral Resources are reported at this time. Any blocks that met theoretical Measured spacing were conservatively retained as Indicated in this update to avoid a "*spotted dog*" effect. A dedicated infill drilling program will be conducted during the feasibility stage to establish continuous zones suitable for Measured classification.

RESOURCE CLASSIFICATION MAP

*Mineral Resource Statement*

The MRE for the Carina Project was prepared in accordance with the CRIRSCO International Reporting Template (June 2024) and incorporates the principle of Reasonable Prospects for Economic Extraction (RPEE). The estimate is constrained by a conceptual pit shell and realistic modifying factors to ensure that only mineralized materials with a reasonable likelihood of economic recovery are reported as mineral resources.

Mineral resources are reported with an effective date of July 29, 2025. Andres Beluzan, the responsible qualified person registered under the Chilean Mining Commission (Code CH 20235, Register No. 0215) is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant factors that could materially affect the potential development of the mineral resources described in the Carina Technical Report.

Inferred mineral resources are considered too speculative geologically to have the economic considerations applied that would enable them to be categorized as Mineral Reserves, and there is no certainty that any portion of the Inferred mineral resources will be converted to a higher category.

INDICATED MINERAL RESOURCES BY ALTERATION TYPE AND REGOLITH HORIZON IN THE CARINA PROJECT PIT SHELL; AT: STACKED MATERIAL; UP: UPPER PEDOLITH; LP: LOWER PEDOLITH; US: UPPER SAPROLITE; LS: LOWER SAPROLITE; SR: SAPROCK

Alteration Type	Regolith Type	Ma ss	Oxide Total Grade (ppm)																
		Mt	La ₂ O ₃	CeO ₂	Pr ₆ O ₁₁	Nd ₂ O ₃	Sm ₂ O ₃	Eu ₂ O ₃	Gd ₂ O ₃	Tb ₄ O ₇	Dy ₂ O ₃	Ho ₂ O ₃	Er ₂ O ₃	Tm ₂ O ₃	Yb ₂ O ₃	Lu ₂ O ₃	Y ₂ O ₃	TRE O	
High Hydrothermal	AT	0.2	196.71	596.15	50.34	175.99	42.12	1.03	31.63	5.43	33.80	6.61	21.72	3.71	28.22	4.01	191.47	1389	
	UP	26.3	131.32	509.61	31.32	107.33	21.35	0.95	17.23	2.98	19.68	4.00	13.14	2.10	15.33	2.15	122.85	1001	
	LP	57.9	301.08	649.75	70.38	239.69	45.86	2.20	36.78	5.92	36.50	7.08	21.75	3.29	22.85	3.11	219.42	1666	
	US	51.7	408.30	617.10	93.22	322.38	64.49	3.04	56.19	9.03	54.90	10.54	31.67	4.67	31.41	4.24	340.68	2052	
	LS	45.1	338.27	511.57	76.50	267.27	54.83	2.53	51.50	8.50	53.24	10.48	31.77	4.65	31.07	4.22	349.37	1796	
	SR	27.3	285.74	480.23	65.15	227.97	46.55	2.00	45.14	7.49	47.55	9.51	29.01	4.19	27.77	3.78	324.94	1607	
TOTAL		208.5	312.17	571.86	71.73	247.86	49.42	2.30	43.40	7.08	44.01	8.60	26.24	3.89	26.45	3.60	279.18	1698	
Albitization	AT	0.1	239.03	444.04	62.69	216.46	50.66	1.24	39.43	6.49	40.85	7.86	26.41	4.55	35.20	4.74	217.70	1397	
	UP	0.5	71.12	161.41	19.98	73.04	21.48	0.22	21.23	4.10	27.52	5.81	19.48	3.33	24.77	3.58	168.04	625	
	LP	5.7	80.31	140.08	23.15	82.86	25.99	0.25	25.59	4.81	31.52	6.43	21.29	3.56	26.23	3.70	181.92	658	
	US	8.9	69.74	122.40	20.75	76.01	25.71	0.25	27.05	5.23	34.88	7.13	23.50	3.90	28.58	4.05	205.29	654	
	LS	9.2	56.77	113.95	17.46	63.87	22.32	0.20	24.58	4.95	33.74	6.95	23.17	3.86	28.72	4.05	206.00	611	
	SR	3.5	46.67	106.56	14.51	53.19	18.86	0.17	21.39	4.41	30.88	6.39	21.50	3.61	27.12	3.82	189.43	549	
TOTAL		27.9	65.41	123.21	19.52	71.03	23.81	0.23	25.17	4.93	33.20	6.81	22.63	3.77	27.92	3.94	198.14	630	
Grand Total		236.3	283.09	518.99	65.58	227.02	46.40	2.05	41.25	6.83	42.73	8.39	25.82	3.88	26.63	3.64	269.63	1572	

INFERRED MINERAL RESOURCES BY ALTERATION TYPE AND REGOLITH HORIZON IN THE CARINA PROJECT PIT SHELL; AT: STACKED MATERIAL; UP: UPPER PEDOLITH; LP: LOWER PEDOLITH; US: UPPER SAPROLITE; LS: LOWER SAPROLITE; SR: SAPROCK

Alteration Type	Regolith Type	Ma ss	Oxide Total Grade (ppm)																
		Mt	La ₂ O ₃	CeO ₂	Pr ₆ O ₁₁	Nd ₂ O ₃	Sm ₂ O ₃	Eu ₂ O ₃	Gd ₂ O ₃	Tb ₄ O ₇	Dy ₂ O ₃	Ho ₂ O ₃	Er ₂ O ₃	Tm ₂ O ₃	Yb ₂ O ₃	Lu ₂ O ₃	Y ₂ O ₃	TRE O	
High Hydrothermal	AT	0.0	202.14	388.41	51.33	183.68	51.79	1.17	43.56	7.30	43.92	8.42	26.69	4.35	32.04	4.50	245.99	1295	
	UP	3.3	176.55	558.76	41.55	142.15	27.17	1.32	22.08	3.67	23.61	4.61	14.65	2.26	15.95	2.19	144.05	1181	
	LP	6.4	339.12	614.48	77.17	261.40	49.45	2.18	39.87	6.48	39.42	7.52	22.75	3.37	23.20	3.12	234.34	1724	
	US	8.2	378.59	516.14	85.81	298.65	61.44	2.50	54.50	8.89	54.44	10.45	31.64	4.63	31.22	4.19	340.48	1884	
	LS	7.7	294.15	450.39	67.14	237.12	50.86	2.02	48.07	8.18	51.84	10.21	31.18	4.58	30.92	4.22	339.90	1631	
	SR	6.2	273.62	441.57	62.17	216.91	44.13	1.66	43.23	7.16	44.97	8.97	27.30	3.94	26.25	3.59	304.36	1510	
TOTAL		31.8	308.93	510.00	70.39	244.20	49.56	2.03	44.45	7.36	45.75	8.91	27.14	3.99	26.99	3.66	291.60	1645	

Alteration Type	Regolith Type	Ma ss	Oxide Total Grade (ppm)															
		Mt	La ₂ O ₃	CeO ₂	Pr ₆ O ₁₁	Nd ₂ O ₃	Sm ₂ O ₃	Eu ₂ O ₃	Gd ₂ O ₃	Tb ₄ O ₇	Dy ₂ O ₃	Ho ₂ O ₃	Er ₂ O ₃	Tm ₂ O ₃	Yb ₂ O ₃	Lu ₂ O ₃	Y ₂ O ₃	TRE O
Albitization	AT	0.01	116.36	228.44	30.96	109.13	26.91	0.55	24.18	4.15	27.93	5.72	19.96	3.50	26.79	3.50	161.02	789
	UP	0.3	71.24	147.54	20.21	74.64	22.13	0.22	22.19	4.29	28.36	5.97	19.79	3.37	26.28	3.82	173.76	624
	LP	2.8	71.55	132.74	20.92	74.95	23.46	0.21	23.06	4.31	28.61	5.83	19.37	3.20	23.54	3.32	167.32	602
	US	4.9	60.64	115.40	18.25	66.99	22.79	0.20	24.32	4.69	31.63	6.47	21.47	3.56	26.20	3.71	187.54	594
	LS	5.7	52.74	110.40	16.24	59.43	20.67	0.18	22.71	4.61	31.50	6.54	21.74	3.64	26.78	3.82	196.03	577
	SR	2.3	45.43	103.95	14.10	51.90	18.03	0.16	20.42	4.20	29.35	6.11	20.51	3.43	25.63	3.59	179.11	526
TOTAL		16.1	57.83	115.77	17.46	63.73	21.46	0.19	22.92	4.52	30.65	6.32	21.02	3.50	25.85	3.66	185.45	580
Grand Total		47.9	224.70	377.75	52.63	183.66	40.14	1.41	37.23	6.40	40.69	8.04	25.08	3.82	26.61	3.66	255.99	1288

SUMMARY OF MINERAL RESOURCE STATEMENT (EFFECTIVE JULY 2025)

GEOLOGICAL DOMAIN	MASS	OXIDE TOTAL GRADE (PPM)				OXIDE CONTENT (TONNES)			
	MT	TOTAL REO	NDPR	DY	TB	TOTAL REO	NDPR	DY	TB
Other	0.3	1,392	243	36	5.8	473	83	12	2
Upper Pedolith	26.8	994	138	20	3.0	26,660	3,695	532	80
Lower Pedolith	63.6	1,576	292	36	5.8	100,176	18,555	2,292	370
Upper Saprolite	60.6	1,847	369	52	8.5	111,858	22,338	3,147	513
Lower Saprolite	54.3	1,595	299	50	7.9	86,581	16,247	2,711	429
Saprock	30.7	1,488	268	46	7.1	45,744	8,232	1,404	220
Total Indicated	236	1,572	293	43	6.8	371,492	69,150	10,099	1,614
Total Inferred	48	1,288	236	41	6.4	61,675	11,316	1,949	307

Notes:

1. Mass is expressed in million tonnes (dry, metric).
2. TREO means total rare earth oxides (La₂O₃, CeO₂, Pr₆O₁₁, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₄O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃, and Y₂O₃).
3. NdPr means neodymium and praseodymium (Nd₂O₃ and Pr₆O₁₁).
4. Dy means dysprosium (Dy₂O₃) and Tb means terbium (Tb₄O₇).
5. Mineral resources were reported at a Net Smelter Return (NSR) cut-off of 10.0 US\$/t, constrained within a conceptual pit shell using average long term metal prices and metallurgical recoveries, both outlined in Chapter 14.
6. Totals may not be balanced due to rounding of figures.
7. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Mineral Resources are reported inclusive of Mineral Reserves. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.
8. The 2025 PFS MRE was prepared by Andres Beluzan, Member of Chilean Mining Commission, an independent qualified person as defined by NI 43-101.

Mineral Reserves Estimates

Mineral Reserves, encompassing the economically viable portion of the Indicated mineral resources, were estimated by LOM Consultants Ltd. (LOM) for the Carina Project as part of the Pre-Feasibility Study (PFS), in accordance with the CIM Definition Standards for Mineral Resources and Mineral Reserves (2019). At this stage, Measured Mineral Resources have not been classified within the model.

The conversion of Mineral Resources to Mineral Reserves considered projections and estimates of REE prices, metallurgical recovery rates, mining dilution and ore loss factors, applicable royalties and costs associated with mining, processing, overhead and logistics.

As of September 2025, a Mineral Reserve of 165.4 Mt with an average NSR of US\$25.13/t was estimated. This estimate is based on currently available data and reflects the level of accuracy inherent to the Carina PFS. At this stage, only Probable Reserves have been classified. It is the qualified person's opinion that additional studies are necessary to enhance confidence in the metallurgical modifying factors, thereby enabling the potential conversion to Proven Reserves.

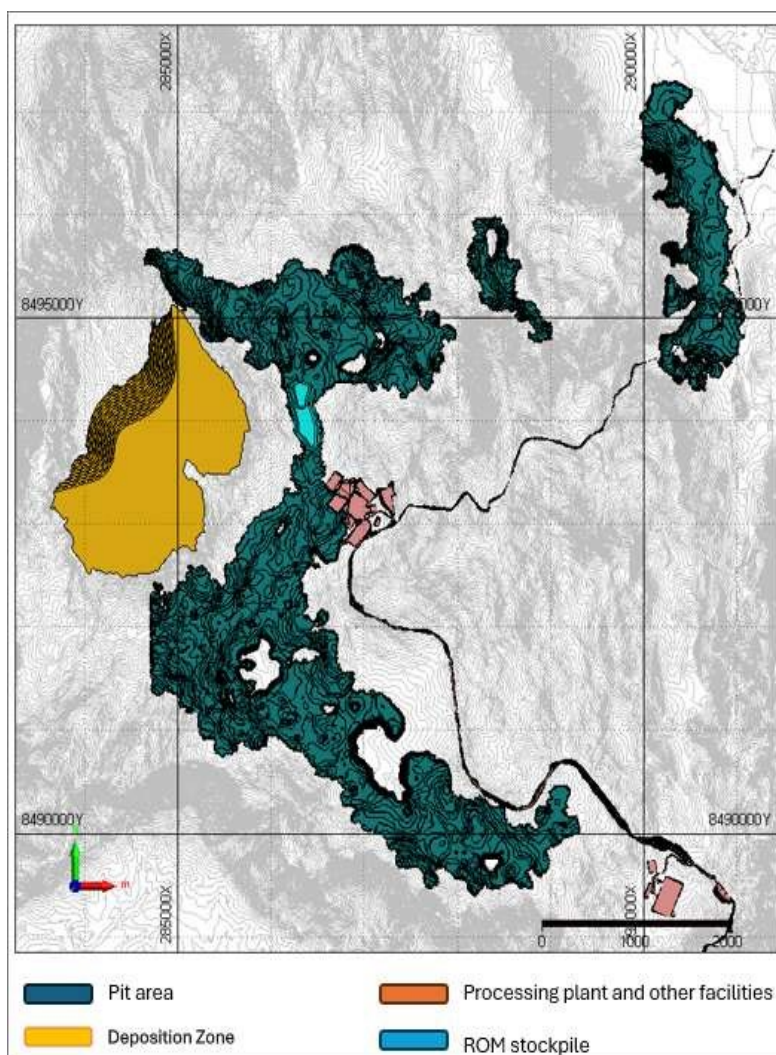
5.2.(j) MINING METHODS

The Carina Project deposit will be mined with open pit techniques using conventional load and haul operations for all mining areas and rock types, and explosives will not be required.

Primary mining will be undertaken by 95-t hydraulic excavators (6.5 m³ bucket) coupled with off-road trucks (75 t payload). Mining will be mainly carried out in 4 m high benches. A 2 m bench will be applied across ore/waste contacts for selectivity purposes. Filtered washed clay will be loaded by 6.5 m³ bucket front-end loaders (FEL) and hauled by the off-road trucks to the washed clay/waste co-disposal dump. A six-month pre-stripping phase in 2028 is planned to ensure an initial supply of ore. During this stage the ore will be stockpiled. Ore processing will commence in 2029 followed by 12 months of ramp-up. The project is configured to process 9.7 Mtpa of ore at full capacity.

Regarding mine layout, the plan view indicates all material origins and destinations, including pit, run-of-mine ("ROM") stockpile, processing facility and dry washed clay/waste storage facility. A drainage system will comprise ditches, diversions, sediment sumps and sediment ponds equipped with pumps. Interceptor ditches will be excavated around the active mining areas to divert rainwater away and minimize erosion.

MINE LAYOUT



As part of the routine mining sequence, the Company will complete a grade control program to monitor the mining production. Grade control will be conducted on daily basis to delineate the orebody, obtain samples for testing and update and correlate the geological database to improve prediction of head grades.

The drainage system will include ditches, diversions, sediment sumps and sediment ponds equipped with pumps. Interceptor ditches will be excavated around the active mining areas to divert rainwater away, and to minimize erosion and potential fines.

The estimated type and number of mining equipment throughout the LOM is summarized in the following table:

Equipment	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
FEL	0	2	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	1
Hydraulic Excavator	1	3	4	5	5	4	5	5	4	4	5	4	4	4	4	4	4	4	2
Trucks	4	17	31	42	47	46	43	40	51	43	56	48	51	45	45	55	68	76	25
Bulldozer	3	5	6	7	7	6	7	7	6	6	7	6	6	6	6	6	6	6	4
Wheel Dozer	1	2	2	3	3	2	3	3	2	2	3	2	2	2	2	2	2	2	2
Grader	2	3	5	6	7	7	6	6	7	6	8	7	7	7	7	8	10	11	4

Equipment	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Water Truck	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Backhoe Loader	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Compactor	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Low Bed Transporter Truck	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Fuel and Lube Truck	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Field Maintenance Truck	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Portable Lightning Tower	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Light Vehicle	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Total	43	64	83	98	104	100	99	96	106	97	114	102	106	99	99	110	125	134	70

5.2.(k) RECOVERY METHODS

The primary objective of the process plant is to recover REE from ionic clays and produce intermediate-grade REE carbonates and hydroxides. The process plant will have an average production rate of 4,265 t per year REO excluding ramp-up and ramp-down production.

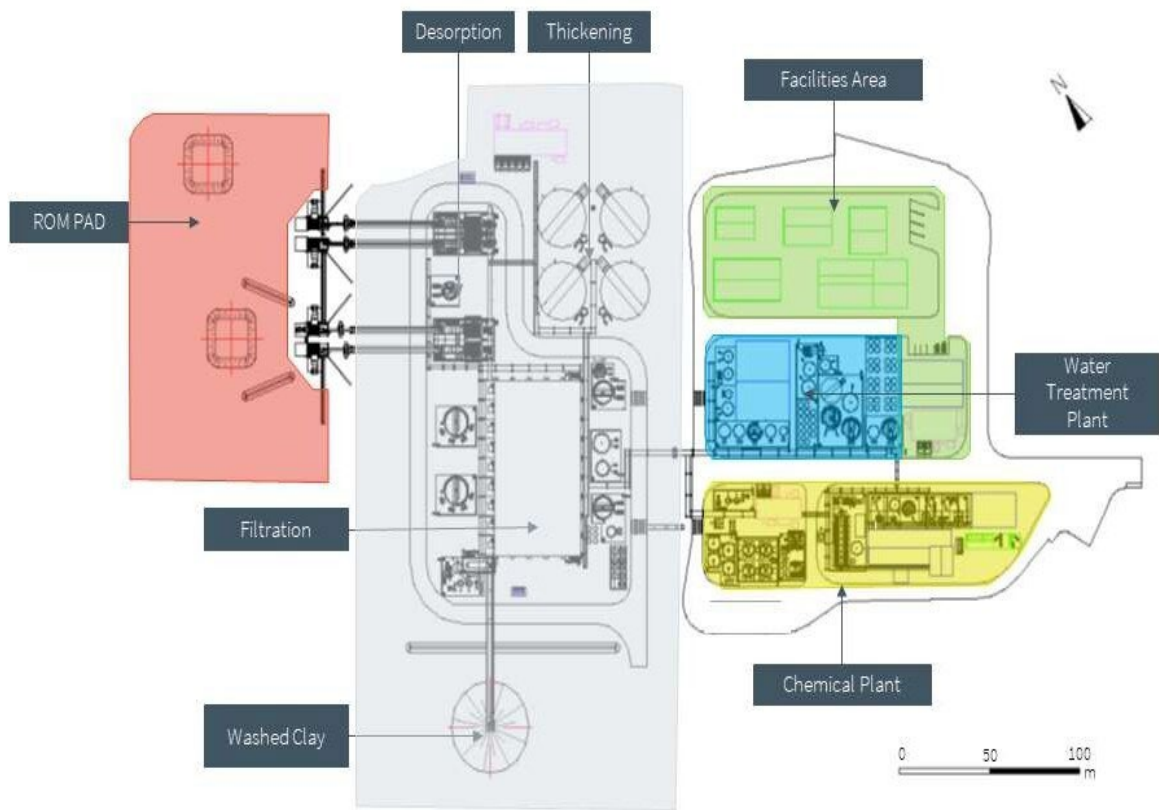
The front end of process plant will consist of four (4) washing trains which will be used to each process one quarter of the ROM feed material each at a rate of 350 t/h (wet basis). The slurry from the washing drums will then be sent to a dewatering circuit to produce either (i) a low-moisture solid product (spend material) to be returned to the mining area; or (ii) a REE-rich solution to be directed to the primary precipitation stage in stirred reactors. The REE-rich reactor product will be pumped to the impurities precipitation stage and solids polishing filtration. These stages will also receive recirculated clean solutions for backwashing and solid washing.

The resulting clean filtrate, rich in REEs and free of impurities, will continue to a second set of stirred reactors, where the pH will be increased to precipitate the REEs. Once precipitation is complete, the resulting slurry will undergo solid/liquid separation to produce a low-moisture final product. This product will then be packaged and stored for delivery to customers.

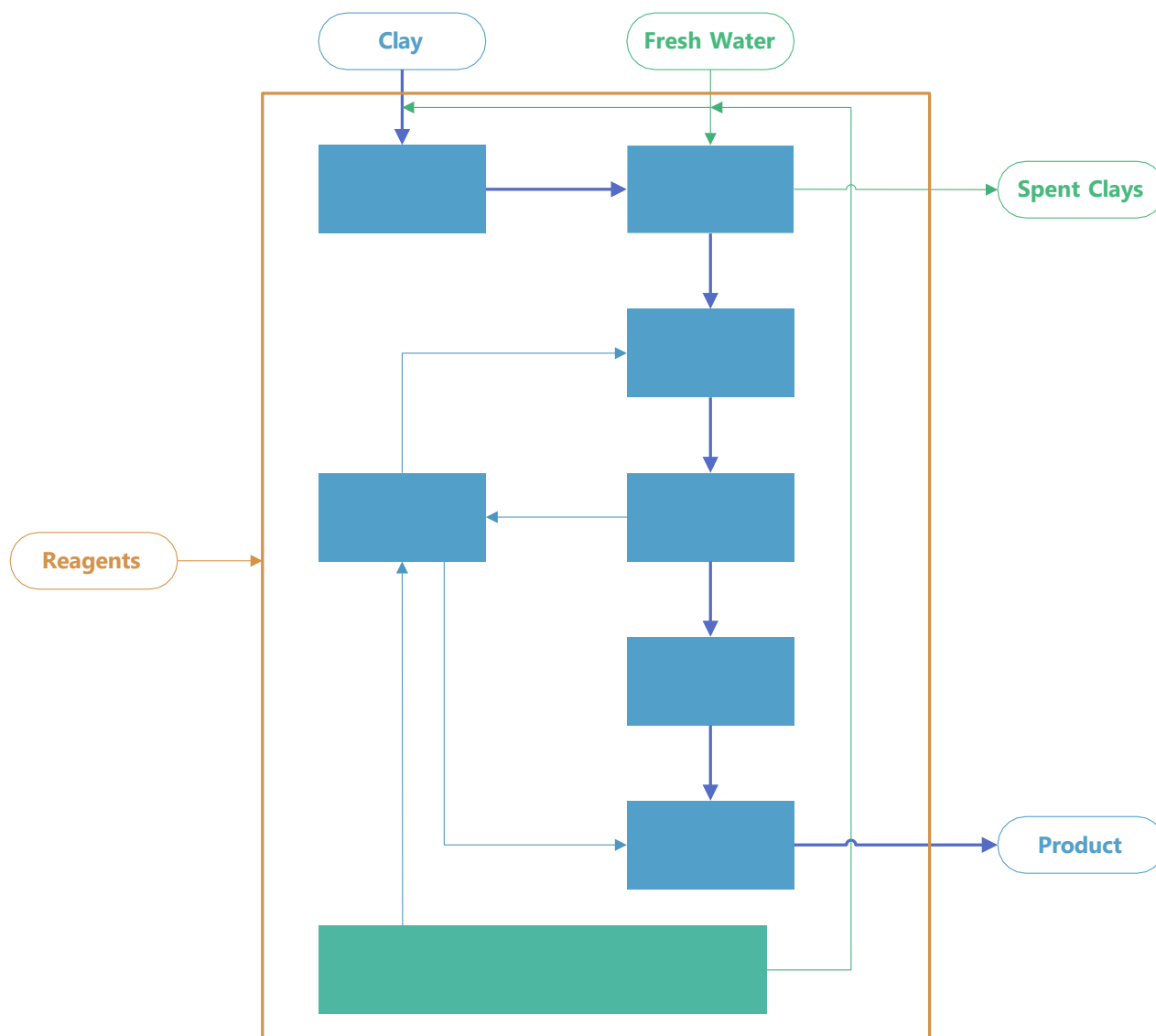
The filtrate streams obtained from the solid/liquid separation processes will be treated in a water recovery circuit to generate water suitable for reintroduction into the feed. The treated water will be reused in a closed circuit to reduce overall water consumption by the process plant. This will minimize the need to add “make up” water and prevent the release of process water to the environment. The water recovery system will be designed to generate water at a suitable quality to be used to wash the spent clays, to render them suitable for revegetation.

The below figures include a proposed plant layout for the various facilities and a process flow diagram, respectively.

PROCESS PLANT LAYOUT



OVERALL BLOCK FLOW DIAGRAM



Mined ionic clays will be fed through static grizzlies to remove oversized material and protect downstream material. A temporary stockpile will be used when the plant is offline for maintenance. Ore passing through the grizzlies will be conveyed to a hopper and then to a washing drum. After washing, coarse particles will be removed and disposed of, while the resulting slurry will be sent to the wet screening stage.

Clean solution at the wet screen will further wash particles, achieve the desired slurry concentration and improve screening efficiency. Fine particles will flow to a slurry transfer box and then be pumped to the thickening area for clay leaching, while coarse particles will be directed to a second wet screen and washed with clean water. The process involves multiple stages of screening, washing and thickening, using flocculants to aid solid settling.

Slurry from each feed preparation process line will be pumped into one of four thickeners, where flocculant will be added to enhance the sedimentation of solids and achieve a slurry concentration of approximately 50% w/w, as

required for feeding the press filters. The overflow (rich solution) from the thickener will flow by gravity to the overflow tank. From here, most of the overflow will be pumped to the reactors in the primary precipitation area. A portion of the overflow will be sent back to the primary wet screening area to enhance size separation performance. The underflow from the thickener will be pumped to the filter press holding feed tanks and in turn will then be pumped into the membrane type filter presses. The underflow stream from each thickener underflow will then be pumped to the pressure filter feed holding tanks from where the slurry will be pumped by independent pumps and pipelines to the plate and frame pressure filters. The filters will use clean wash water at the end of each filtration cycle to displace any residual REEs remaining in the filter cake, and the filtrate from each filter will be sent to the impurities removal area.

After disposing of the washed clays extracted from washing drums and filters, the REE-rich reactor product will be pumped through impurity and polishing filtration stages. These stages also receive recirculated clean solutions for backwashing and solid washing. The resulting clean filtrate, rich in REEs and free of impurities, will then be processed by a second set of stirred reactors, where the pH is increased to precipitate REEs. Once precipitation is complete, the resulting slurry undergoes solid/liquid separation to produce a low-moisture final product, which is packaged and stored before shipment.

A water treatment plant is included as part of the process design to minimize the consumption of fresh water and avoid the need for a plant liquid discharge stream. The process system will recover water and remove impurities that could affect the quality of the final product. The design features chemical precipitation, nanofiltration, reverse osmosis and ion exchange. The process water distribution system will collect and store water rejected from different process streams into water tanks. Treated water will be pumped to the pressure filters, wet screens and washing drums.

Extraction data generated from drillholes inform the process facility design, including annual flow of mined material to the plant. The total recovery rate of 25% is attributed to efficient REE precipitation. The solid/liquid separation system efficiency is validated through vendor tests.

PARAMETERS USED IN MASS BALANCE CALCULATIONS

Description	Value
Feed	
Processed wet mineral (t/h)	1,400
Dry mineral (t/h)	1,232
Fresh mineral moisture (%)	12
REE grade (ppm)	1,454
REO grade (ppm)	1,722
Dry Filtered Product	
Wet MREC (t/year)	13,284
MREC carbonate grade (%)	>95 (98.2) ¹
Purity (rare earth oxide equivalent %)	>95 (97.7) ²
Metallurgical performance	
Desorption (%) without Ce	37.7
Desorption (%) with Ce	26.5
Plant recovery (%)	96.1
Overall performance (%)	25.4
Fresh water consumption (m ³ /h)	220.7

The process plant design includes scrubbers for treating off-gases. Clean gas is released to the atmosphere, while acid solution is pumped back to the leaching solution tank. Compressed air supports plant operations and is generated as required to ensure a constant air supply. Potable and fire water systems serve different areas, with emergency showers and eyewash stations available to ensure compliance with applicable safety regulations. Fresh water is pumped to various plant areas to feed the firefighting system water tank; the location and configuration of the fire detection and protection elements for each area remain to be defined.

5.2.(I) PROJECT INFRASTRUCTURE

The mine site is accessed by state paved road GO-241 for 22 km, and a secondary, stretch of unpaved road. A contractor will be hired to improve the traffic conditions in the unpaved section, (i.e., widen, straighten, improve drainage, lay and compact a rock base formation suitable for heavy traffic, and add vertical signage. The construction and maintenance of the site access roads will follow a detailed project plan that will consider the minimum width, curve radius and ramps required for safe traffic.

ROAD ACCESS TO THE CARINA PROJECT



Approximately 100 l/s of fresh water for the Carina Project's processing plant and general use will be sourced from the Paran  River, located 7.5 km from the Carina Project. The water management system includes sumps within

the extraction zones, a sediment pond, transfer pumps, a raw water tank, a reservoir and pipelines. A water purification system is designed to reduce the need for fresh water.

Mine support infrastructure includes a fuel station, office, truck shop / warehouse building, and power line feeding these facilities. The site facilities include:

- central open pit;
- east open pit;
- site access roads;
- haul roads;
- wells;
- water catchment system;
- water transfer system;
- process water treatment facility;
- main substation;
- 230kV transmission line;
- distribution power lines;
- communication system;
- control Room;
- administrative and operational buildings;
- laboratory;
- ion exchange facilities (ore dressing plant);
- fire control system;
- central waste management;
- intermediate waste storage facility;
- industrial waste disposal system;
- waste and washed clay co-disposal site;
- washed clay stockpile;
- friable material stockpile; and
- sewage system.

The Rio das Éguas substation was selected as the source of electrical supply for the processing plant, truck shop, administration offices and other facilities. A transmission line connecting Rio das Éguas and Nova Roma and a substation will have to be permitted and build to provide the necessary power for the Carina Project.

As part of the infrastructure planning for the project, a main substation is scheduled to be constructed to serve as the central hub for electrical energy management. This facility will house a transformer responsible for stepping down the incoming high-voltage electricity to a lower voltage (138 kV) level suitable for distribution. From there, the energy will be routed to multiple secondary substations strategically positioned near the operational structures of the development. These secondary units will ensure efficient and localized power delivery, supporting the functionality and safety of the entire system.

The need for communication hardware is predicted to expand throughout implementation of the Carina Project. This will include handheld radio stations in strategic locations (i.e., processing plant, offices, truck shop), supported by

an integrated cabling system with fibre optic and copper cables. A designated area for the mining contractor will house storage and maintenance facilities, optimizing equipment performance and inventory management. Administration offices will be in a building close to the processing plant, which will also house meeting rooms, workstations, washrooms and storage rooms. A canteen will include a kitchen, cafeteria and washrooms for all employees.

As reproduced below, the site layout includes an extraction zone, processing plant footprint, deposition zone for mining waste and washed clays from the process plant, sediment pond and drainage channels around the deposition zone to collect and redirect rainwater and sediments.

GENERAL SITE LAYOUT OF THE CARINA PROJECT



Mine Closure Plan

The Mine Closure Plan for the Carina Project is designed to ensure a safe, responsible and sustainable transition at the end of mining operations, with a strong emphasis on environmental restoration, social inclusion, and economic resilience. From the earliest planning stages, the closure strategy is aligned with local conditions and future land-use goals, laying the groundwork for a process that respects both the natural landscape and the aspirations of surrounding communities. During the operational phase, proactive measures are taken to reduce future closure costs, while the execution phase focuses on optimizing environmental recovery and implementing socio-environmental programs that benefit the region. Ongoing management ensures that stakeholders remain actively engaged through continuous monitoring and participatory governance.

This plan is anchored in a robust legal framework that guarantees compliance with both national and international standards. Clear goals and measurable indicators have been established to guide the recovery of impacted areas and ensure long-term sustainability, including restoring the affected land, maintaining water quality in accordance

with Resolution No. 357 of the National Council of the Environment (“**CONAMA**”), stabilizing all critical geotechnical zones within two (2) years and ensuring the proper disposal of all waste generated. Beyond environmental recovery, the plan also promotes economic diversification in the Nova Roma region by strengthening traditional communities, exploring ecotourism and community-based tourism, and fostering new opportunities in agroecology, renewable energy and vocational training.

Closure activities will include progressive recovery actions such as revegetation and continuous monitoring, along with innovative approaches like testing washed clays for use in restoring degraded areas. Terrain stabilization and redesign will be carried out to ensure safe water management and slope integrity. Transparency and community engagement are central to the process, supported by a communication plan that includes regular meetings through a Participatory Management Committee, multiple outreach channels like community radio and mobile apps and educational materials tailored for local audiences.

5.2.(m) MARKET STUDY AND CONTRACTS

Argus Media, an independent market expert in REEs, conducted a market study and concluded that vehicle electrification and the transition to renewable energy sources will continue to drive demand for REEs in terms of volume and value. Demand will increase for the REEs used in permanent magnets (REE PMs): neodymium (Nd), praseodymium (Pr), dysprosium (Dy), and terbium (Tb) oxides. When growth in the electric vehicle and renewable energy industries begins to plateau, the industrial and humanoid robotics sector and drone technology are likely to keep boosting REE PM demand in the long term.

The supply of the LREE PMs, Nd (primarily) and Pr (to a lesser extent), from existing producers and new projects appears to be sufficient to satisfy demand until at least the end of the decade. However, the supply of HREE PMs, Dy and Tb, as well as the HREEs gadolinium (Gd) and yttrium (Y) is more problematic because far fewer projects target HREE deposits. The market will likely have to rely on China, Myanmar and/or Laos in the short to medium term for supply of HREE feedstocks, although production of ion-adsorption REE ores in southern China is declining.

REE PM prices fell significantly in 2023 because of a disappointing recovery from COVID-19 lockdowns in China and economic headwinds elsewhere. REE PM prices continued to fall in the first quarter of 2024 before a small recovery in April and May. During the second quarter, prices again approached the lowest levels for the year, but by year end, they recovered to values seen at the beginning of 2024.

In the first quarter of 2025, Chinese prices recovered by approximately 15% and increased by another 15% in July based on rumours of a decrease in product quotas for ion adsorption ores, enhanced efforts to curb smuggling of critical materials, and uncertainty of supply. In early April, China extended its export control scheme to include Dy, Tb, Gd, Y, lutetium (Lu), samarium (Sm), and scandium (Sc), likely in retaliation against the reciprocal tariffs announced by the United States president on April 2, 2025. At the end of July 2025, Dy prices had reached US\$750-860/kg (compared to US\$225/kg in China), and Tb prices were US\$2,800-3,500/kg (compared to US\$985/kg in China). Y prices soared to US\$60/kg, being nearly nine times higher than domestic Chinese prices.

Other prices were also modelled by Argus. Argus has assessed European prices for Nd and Ce oxides and metals since 2012 and Dy, Tb and Er oxides since 2015. In July 2025, it introduced prices for Pr and NdPr oxides to complete the suite of REE PM materials. Historically, European prices have tracked Chinese FOB prices (with the addition of shipping to reflect the CIF3 Rotterdam assessment) because most of the material traded in Europe would be of Chinese origin. In the future, it is likely that European prices will decouple from Chinese prices as the supply chains not reliant on China are created and are based on the costs curve for non-Chinese production of REEs.

Aclara plans to separate its MREC product into individual REOs at a future USA-based processing hub to be developed through its U.S. subsidiary Aclara Technologies, which will further process mixed rare earth feeds through separation to conversion into metals and alloys tailored for PM manufacturers. Aclara's integration into separation affects their pricing methodology, assuming a 92% recovery rate and US\$6.0/kg processing costs. A study is underway for separating Penco Module (Chile) and Carina Project production into individual oxides, with costs and recoveries to be updated upon completion.

5.2.(n) ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL OR COMMUNITY IMPACT

The Carina Project is subject to Brazil's dual licensing framework, which includes both mineral rights licensing and environmental licensing under the National Environmental System. In the State of Goiás, environmental licensing is administered by SEMAD. Mining projects in Goiás are classified from Class 1 through 6 according to their size and potential environmental impact, with the Carina Project classified as Class 6 (largest scale, highest potential impact), thus requiring the most rigorous review and oversight.

On May 29, 2025, the Company submitted the Carina EIA for its Carina Project to SEMAD. Submission of the Carina EIA marked a key step towards the Company achieving commercial production of rare earths in 2028. The Carina EIA represents the first "Category Six" (highest complexity) application submitted by a company under SEMAD's new and innovative environmental licensing system. The Carina EIA met all established requirements of the IPE system, however, as the IPE system continues to evolve, additional submissions may be required from the Company to align with future procedural and formatting updates to be implemented by SEMAD.

On October 1, 2025, the Company informed that SEMAD had completed the update of the IPE system and as such, as previously anticipated and disclosed, the Company had refiled its Carina EIA to conform to the new procedural and formatting requirements implemented by SEMAD.

On December 8, 2025, SEMAD notified Aclara with 237 requests for additional information, comments and/or questions. The Company plans to file its comprehensive response to the SEMAD Observations during the month of March 2026 completes additional updates to the IPE System. The Company continues to work with the authorities and local stakeholders to complete the EIA evaluation process as soon as possible to be able to achieve our objective of making an investment decision with respect to the Carina Project in Q3 2026.

The Carina Project also requires authorization to use water resources. As water will be sourced from the Paran  River, a national waterway, the concession was issued by the National Water and Basic Sanitation Agency (ANA). The Carina Project was formally awarded three-year renewable Grant No. 847 on April 7, 2025. SEMAD approval for land-use changes and vegetation suppression is pending, based on technical studies like the Forest Inventory and the Vegetation Suppression Project, in compliance with national and state laws. CONAMA Resolution No. 369/2006 allows interventions in Permanent Preservation Areas when mineral activities are deemed to be in the public interest.

The Carina Project includes a 100 km overhead transmission line, currently in the conceptual engineering phase. Environmental studies are underway to define the permitting strategy and assess key sensitivities along the corridor. Field surveys, stakeholder engagement and impact assessments will be conducted during the Feasibility Study phase.

The Environmental and Social Impact Assessment for the Carina Project identifies key environmental and social sensitivities based on baseline studies conducted between 2023 and 2025 using secondary data and field data. The assessment is ongoing and focuses on potential risks and constraints that require attention during project development. Key preliminary findings include observations on physical environment, water resources, heritage and cultural development and social environment. At this stage, no fatal flaws have been identified that would compromise feasibility of the Carina Project. Observed sensitivities are considered moderate and manageable, contingent on effective stakeholder engagement, coordination with local authorities and robust environmental and social programs.

The environmental baseline for the Carina Project was established through field surveys, technical reports, and secondary data collected from 2023-2025. The baseline characterization includes climate and meteorology, air quality, environmental noise, soils and geomorphology, hydrology and hydrogeology, surface water quality, landscape and land use, habitats, faunal and floral diversity, archaeological and speleological heritage and radionuclides. These studies provide the technical foundation to assess potential environmental impacts during project implementation and operation. The following table provides a summary of the key environmental impacts and feasibility requirements in connection with the Carina Project:

Project Phase	Theme	Impact	Severity	Mitigable?	Requirements for Feasibility
Construction & Operation	Physical	Erosion & sedimentation risks	Medium	Yes	Erosion control, revegetation, & drainage management
Construction & Operation	Physical	Alteration of hydrology & groundwater recharge patterns	Medium	Yes	Hydrological monitoring, water reuse systems, & aquifer protection
Construction & Operation	Physical	Water quality risks (sediment load, accidental spills)	Medium	Yes	Prevention measures & continuous monitoring
Construction & Operation	Physical	Visual & landscape alteration	Low/Medium	Yes	Revegetation, progressive rehabilitation, & shielding
Construction	Biotic	Suppression of native vegetation	Medium/High	Yes	Legal vegetation compensation, restoration, & biodiversity offsets
Construction	Biotic	Fauna disturbance, displacement; loss of ecological corridors	Medium	Yes	Fauna rescue, monitoring, & corridor maintenance
Construction	Biotic	Loss of flora species of conservation	Medium	Yes	Conservation; seed collection & propagation
Operation	Biotic	Risk of lower genetic diversity & ecosystem resilience	Medium	Yes	Long-term monitoring & ecological restoration
Construction & Operation	Heritage	Impact on three archaeological sites	Medium	Partially	Rescue, monitoring, & heritage education (compliance with National Institute of Historical and Artistic Heritage)
Construction & Operation	Heritage	Impact on caves	Medium	Partially	To be defined after study conclusion

5.2.(o) CAPITAL AND OPERATING COSTS

The Carina Project capital expenditures (“**CAPEX**”) estimate includes the mine, REE concentrate production, water recovery system, on- and off-site infrastructure and construction and camp areas. The initial project capital cost is US\$680.5 million:

SUMMARY OF CAPEX

Description	Cost US\$ (million)	Total Investment Cost (%)
Direct	303	45
100 – Geology, mining and deposition zones	5.1	
200 – REE concentrate production	162.7	
300 – Water recovery system	54.9	
400 – On-site infrastructure	51.7	
500 – Off-site infrastructure	12.6	
800 – Construction areas and camp	16.0	
Indirect	74.5	11
Freight	7.4	
Indirect costs of construction	14.2	
Vendor's assistance and commissioning	7.3	
Spare parts and first fill	8.4	

Description	Cost US\$	(million)	Total Investment Cost (%)
Engineering, procurement, and construction management (procurement by owners)	37.2		
Outside Project Area	37.3		5
Transmission line	21.9		
Substation (Exit Bay and Carina Main SE)	15.4		
Contingency + Allowances	149.8		22
Pre-Operations costs	25.9		4
Mining costs	22.9		
Processing costs	3.0		
Other costs	25.5		4
Social & permitting cost	14.9		
Land management	6.4		
Other	4.2		
Tax Impact, including tax benefits	64.5		9
TOTAL	680.5		100

The operating expenditures (“OPEX”) include mining operations, the hydrometallurgical plant and waste management; some costs are fixed over the Carina Project’s life while others are variable due to changes in production.

SUMMARY OF OPEX

Operating Costs	Life-of-Mine Cost (million US\$)	Unit Production Cost (US\$/t ore)
Mining and washed clay deposition	1,234.0	7.46
Hydrometallurgical facility	766.9	4.63
General & Administrative (G&A), and logistics	155.2	0.94
Total	2,156.1	13.03

Reclamation and closure costs for the Carina Project, including estimates for pre-closure assessments, post-closure monitoring and maintenance, and indirect costs, were estimated at US\$78 million in 2025.

5.2.(p) ECONOMIC ANALYSIS

L&M Advisory completed the economic analysis for the Carina PFS, developing and employing a discounted cash-flow model that contemplates the production plan, operating costs, capital costs and market assumptions. The financial projections are reported in 2025 United States dollars, real terms, using a base-case exchange rate of R\$5.75 US\$1.00. The financial metrics, including net present value (NPV), internal rate of return (IRR), and payback period are calculated from the cash flows before and after taxes. The NPV was calculated based on the evaluation base date of December 31, 2026, using a real, ungeared discount rate of 8%.

NPV calculations consider the midpoint of monthly period during the first years, then quarterly, then finally annually. L&M Advisory estimated the tax impacts on the Project, including revenues, capital costs, operating costs and profits. All tax rates adopted, and applicable tax incentives comply with Brazilian tax legislation. Estimated taxes due are calculated by applying the current Brazilian tax laws to CAPEX, OPEX, MREC sales and profits:

- **Taxes on MREC Sales:** since the MREC produced will be exported, there will be no tax incidence on sales. The CFEM is applicable to gross MREC sales at a rate of 2%.
- **Taxes on CAPEX and OPEX:** the tax analysis on the CAPEX and OPEX was prepared using cost estimates developed by Hatch. Tax classifications were determined in accordance with the General Rules of the Common External Tariff of the Southern Common Market, as established in applicable legislation.
- **Tax Credits:** two categories of tax credits were identified to be recovered/offset directly into the cash flow of the Carina Project's economic model: ICMS/DIFAL credits totaling US\$49.3 million; and PIS/COFINS credits totaling US\$55.1 million, CBS credits totaling US\$193.7 million, IBS-E credits totaling US\$256.9 million and IBS-M totaling US\$102.9 million.
- **Taxes on Profits:** the IRPJ is taxed at a basic rate of 15% and a surplus of 10% on annual income, totaling 25%. The CSLL rate is 9%, applied on a similar calculation basis.
- **Depreciation:** Accelerated Depreciation was adopted as a tax benefit, supported by the Corporate Income Tax Regulation (RIR – Federal Decree 9,580/2018).

Impact of Recent Tax Reform

With the enactment of Complementary Law No. 214 on January 6, 2025, new measures for reforming the National Tax System became official and a dual value-added tax structure was introduced, meaning simultaneous taxation at both the federal and state/municipal levels. Such changes will be implemented in stages, with the initial phase beginning January 1, 2027 and the second phase scheduled for January 1, 2033.

The rates adopted for the new taxes have been defined but remain subject to revision until the beginning of the effective period. Although there has been a general increase in the rates for these new taxes, full offsetting of accrued credits (under the VAT regime) or reimbursement of remaining credits is guaranteed. This addresses a distortion previously imposed on exporting companies, such as the Carina Project, related to the accumulation of unusable ICMS credits.

Cash Flow Analysis and Sensitivity Analysis

The Project's estimated pre-tax, unlevered NPV is \$1,726.0 million using a discount rate of 8%. The post-tax NPV, using the same discount rate is \$1,066.5 million. The pre-tax IRR is 26.4% and the post-tax IRR is 21.8%. The average annual earnings before interest, taxes, depreciation and amortization (EBITDA) is \$351.5 million. The total pre-tax undiscounted cash flow generated over the life of the Carina Project is \$5,156.2 million and the total free cash flow post-tax is \$3,411.5 million. The pre-tax payback period after the start-up of the operations is 3.9 years. The post-tax payback period after the start-up of the operations is 4.5 years.

FINANCIAL RESULTS SUMMARY

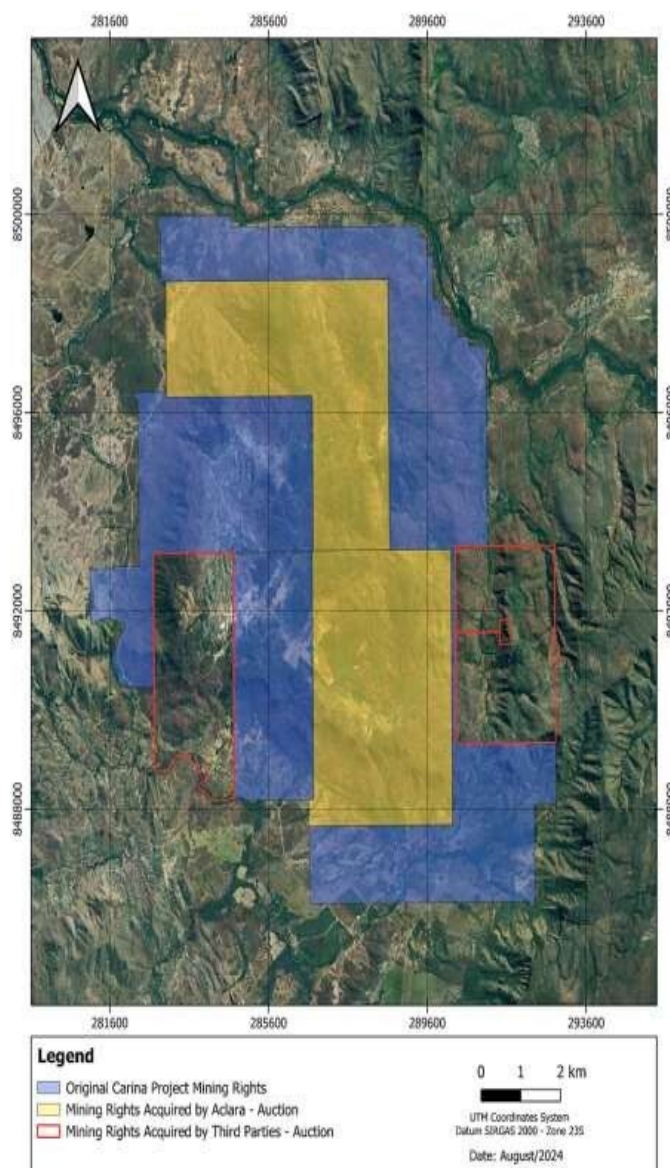
Financial Analysis	Pre-Tax	Post-Tax
Net present value (million US\$)	1,726.0	1,066.5
Internal rate of return (%)	26.4	21.8
Annual average EBITDA (million US\$)	351.5	351.5
Payback period (years)	3.9	4.5
Total Cash Flow	5,156.2	3,411.5

The sensitivity analysis shows the impact of adjusting key input variables on the pre-tax and post-tax Carina Project's NPV. Each variable was adjusted independently, while the mine plan and schedule were held constant. It should be noted that scenarios combining simultaneous favorable or unfavorable variations in multiple variables would result in more pronounced impacts on project economics than single-variable sensitivities. The analysis indicates that the Carina Project's returns are most sensitive to variations in the MREC sales price and the desorption efficiency, while sensitivity to CAPEX, OPEX, separation cost and discount rate is less pronounced.

5.2.(q) ADJACENT PROPERTIES

A third party bid on two (2) mining rights adjacent to the Carina Project during a recent ANM auction process. Aclara does not believe that these properties have any geological potential and made a very low bid for them in the auction process. The third party that won the auction for these properties did not pay the winning bid, however, resulting in the properties reverting to the ANM to be auctioned again in the future.

MINING RIGHTS ACQUIRED BY ACLARA AND ADJACENT PROPERTIES ACQUIRED BY A THIRD PARTY



ITEM 5B: OTHER MINERAL PROJECTS

During 2025, the Company continued to conduct ionic clays early stage prospectivity exploration in projects in Brazil, which continue to be assessed for future drilling campaigns.

ITEM 6: RISK FACTORS

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration, development and operation of mining properties. The risk factors identified below could have a material adverse impact on the Company's business, operations, results of operations, financial condition and future prospects and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

The risk factors identified below are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties are discussed in the technical reports and other documents filed by the Company from time to time on SEDAR+. In addition, other risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the Company's business, operations, results of operations, financial condition and future prospects.

6.1. RISKS RELATED TO THE COMPANY'S FOREIGN OPERATIONS

The Company's operations in Chile and Brazil are subject to political, socioeconomic and other risks associated with operating in foreign jurisdictions.

The Company's main mining operations are located in Brazil (the Carina Project) and Chile (the Penco Module) and as such are subject to political, socioeconomic and other risks associated with operating in foreign jurisdictions.

The Penco Project will depend upon the performance of the Chilean economy, exposing the Company to political, socioeconomic and other conditions in the country as well as governing laws, including the laws governing the mining industry. Inherent risks are associated with conducting foreign operations, over which the Company has no control. Such risks include: political, social, and labor unrest; negotiation, renegotiation, or nullification of concessions, licenses, approvals, permits, and contracts; expropriation and nationalization; changes in taxation policies; restrictions on foreign exchange and repatriation; changing political norms, currency controls and governmental regulations that favor or require the Company to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction; high inflation rates; extreme fluctuations in currency exchange rates; illegal mining; organized crime; hostage taking; terrorism; violent crime; military repression; and war or civil war.

The Company's results of operations and general financial condition depend in part on Chilean markets for labor and certain services, materials, supplies, machinery and equipment and on factors relating to Chilean economic, social, and political stability generally, and may be materially and adversely affected by economic downturns, currency depreciation, inflation, interest rate fluctuation, government policies, regulation, taxation, social instability, civil unrest, terrorism and other developments in or affecting the country. In the past, Chile has experienced periods of weak economic activity and deterioration in economic conditions. The Company cannot provide assurance that such deterioration will not occur or that such a recurrence would not have a material and adverse effect on its business, financial condition or results of operations.

Changes, if any, to Chile's constitution or mining or investment policies or shifts in political attitude in Chile may adversely affect Company operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of parts and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of concessions, licenses, approvals, and permits, Indigenous rights, environmental matters, regulation of national parks and protected areas, land use, land claims of local people, water use and mine safety. Failure to strictly comply with applicable laws, regulations, and local practices relating to mineral right applications and tenure could result in loss, reduction, or expropriation of entitlements or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

A deterioration of the global economy or a sharp decrease in prices may adversely affect Chile's economy. A global economic crisis could negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Chile. Such events could materially and adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

The Company continues to monitor developments and policies in Chile and their potential impacts on its operations. The Company's financial condition and results of operations may be adversely affected by changes in Chile's political, regulatory and economic climate to the extent that such changes affect the nation's economic policies, growth, stability, outlook or regulatory environment.

The Company's mining interests in Brazil may also be affected, in varying degrees, by political instability, nationalization of resources, illegal mining, social and labour unrest, granting of licenses, infrastructure issues, economic downturns, issues relating to access to land, or changes to Brazilian laws affecting the ownership of assets, mining activities, taxation, royalties, rates of exchange, environmental regulations and labour relations.

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policies and regulations. Historically, Brazilian politics have affected the performance of the Brazilian economy. Past political crises have affected the confidence of investors and the public, generally resulting in an economic slowdown. Changes, if any, in mining or investment policies or shifts in political attitude in Brazil (stemming from the recent changes to the Brazilian government or otherwise) may adversely affect the Company's ability to undertake exploration and development activities, currently contemplated or otherwise, as well as the Company's profitability. These events are beyond the Company's control and may adversely affect the Brazilian economy and the Company's business.

In terms of tax risks, the Brazilian tax regime is complex and subject to a variety of interpretations by governmental authorities. Such complexity may expose the Company to unpredicted challenges in day-to-day practices for bookkeeping, accounting and payment of taxes. One such unknown is the future changes that may be made to Brazilian tax laws. Since taking office January 1, 2023, Brazilian president Luiz Inácio Lula da Silva has indicated that tax changes may be introduced to support economic recovery. Likewise, in December 2022, the State of Goiás created an infrastructure fund which would be supported by a levy of 1.65% of gross revenue for certain industries, including mining. Other changes may be considered or proposed in the future, including but not limited to increases in mining or income taxes, new royalties, or changes to value added taxes, which could adversely affect the Company's operations and financial condition.

The perception of higher risk in other emerging economies may materially and adversely affect the Chilean and Brazilian economies and the Company's business.

Financial turmoil in any emerging market country may materially and adversely affect prices in stock markets and prices for debt securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Chile and Brazil and materially and adversely affect the Chilean and Brazilian economies in general. The Company cannot provide assurances that an investors' interest in Chile and Brazil will not be materially and adversely affected by events in other emerging markets or the global economy in general.

The Company's mineral rights in Chile and Brazil may be terminated or not renewed by governmental authorities, and the Company may be negatively impacted by changes to mining laws and regulations in those foreign jurisdictions.

The Company's business is subject to extensive laws and regulation in Chile and Brazil, including regulations related to mining, environmental, labor, health and safety, and tax matters. Under applicable law in Chile and Brazil, the Company is required to obtain authorizations, permits, concessions, and/or licenses from the relevant governmental regulatory bodies (including environmental and mining agencies). The Company has obtained, or is in the process of obtaining, all material authorizations, permits, concessions, and licenses required to conduct our mining and mining-related operations. In the future, additional requirements for authorizations, permits, concessions, and licenses (including environmental ones) could be implemented, which are subject to the Company's compliance with conditions imposed and regulations promulgated by the relevant governmental authorities. While the Company anticipates that all required authorizations, permits, concessions, and environmental licenses or their renewals will be granted as and when sought, there is no assurance that these items will be granted as a matter of course, and there is no assurance that new conditions will not be imposed in connection with such renewals.

If the Company were to violate any of the foregoing laws and regulations or the conditions of the Company's concessions, authorizations, and environmental licenses, it may be subjected to substantial fines or criminal sanctions, revocations of operating permits or licenses, and possible closings of certain of the Company's facilities. In addition, any changes in the interpretation of any of the foregoing laws and regulations may increase compliance, operational, or other costs and could potentially require the Company to materially alter its operations.

Additionally, the Company's Brazilian business may be adversely affected by changes to government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and safety. The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policies and regulations. Changes, if any, in mining or investment policies or shifts in political attitude in Brazil may adversely affect the Company's operations or profitability. It is important to bear in mind this state of continuous change, and that new laws, regulations and requirements may be applicable regardless of the stage of a given procedure to obtain certain authorizations, permits, concessions and/or licenses. The environmental regulation in Brazil is carried out concurrently, allowing regulatory acts to be issued by municipalities, states and the federal government. Therefore, Company's operations may or may not be subject to new regulations in any of these jurisdictions.

The Brazilian government has also frequently implemented changes to tax laws, tax treaties and other regulations, including modifications to tax rates. Any such changes, as well as changes in the interpretation of such tax laws and regulations, may result in increases to the Company's overall tax burden, which would negatively affect its profitability.

Under Brazilian law, mineral resources belong to the federal government and governmental concessions are required to explore for, and exploit, mineral reserves. Any mining, exploration or other related concessions that the Company holds in respect to its operations, development projects and prospects in Brazil may be terminated under very specific circumstances. Termination of any one or more of the Company's mining, exploration or other concessions could have an adverse effect on the Company's financial condition or results of operations. However, it is noteworthy a recent movement from authorities towards a friendlier environment for mining projects, specially those related to the exploitation of critical minerals.

The courts of the jurisdictions in which the Company operates or might operate in the future may offer uncertainty as to the judicial outcome, or less effective forms of redress, or a more protracted judicial process.

The courts and legal systems in the jurisdictions in which the Company operates or might operate in the future may offer uncertainty as to judicial outcome and less effective forms of redress. Accordingly, the Company could face risks from: (i) a higher degree of discretion on the part of governmental authorities; (ii) a lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iii) inconsistencies or conflicts between and with various laws, regulations, decrees, orders, and resolutions; (iv) relative inexperience of the judiciary and courts in such matters; or (v) a more protracted judicial process, resulting in delays in reaching a judicial outcome. Similarly, there may be less certainty that government officials and agencies will abide by legal requirements, licenses, permits, and negotiated agreements. There can be no assurance that the foregoing would not have an adverse effect on the validity or enforceability of the joint ventures, licenses, permits, or other legal arrangements entered into by the Company or the application or enforcement of laws and regulations to which the Company is subject.

Additionally, the legal systems in Chile and Brazil have inherent uncertainties that could limit the legal protections available to the Company, which include: (i) inconsistencies among and within laws; (ii) limited judicial and administrative guidance on interpreting Chilean and Brazilian legislation, particularly that relating to business, corporate, and securities laws; (iii) in Chile, the ongoing process to amend the Constitution; (iv) substantial gaps in regulatory structures due to a delay or absence of enabling regulations; (v) a lack of judicial independence from political, social, and commercial forces; (vi) corruption; and (vii) bankruptcy procedures that are subject to abuse, any of which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows, or prospects. Furthermore, it may be difficult to obtain swift and equitable enforcement of Chilean or Brazilian judgements, or enforcement of a judgement by a court of another jurisdiction, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows, or prospects.

As the Company is a holding company, all of its subsidiaries and the majority of its assets are located outside of Canada. Accordingly, it may be difficult for investors to enforce within Canada any judgments obtained against the Company, including judgments predicated upon the civil liability provisions of applicable Canadian securities laws. Consequently, investors may be effectively prevented from pursuing remedies against the Company under Canadian securities laws or otherwise.

Some of the directors and officers of the Company reside outside of Canada. Some or all of the assets of those persons may be located outside of Canada. Therefore, it may not be possible for investors to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for investors to effect service of process within Canada upon such persons.

The Company has subsidiaries incorporated in Chile, Peru, and Brazil. It may be difficult for an investor or any other person or entity to assert Canadian securities law claims or otherwise in original actions instituted in these countries. Courts in these jurisdictions may refuse to hear a claim based on a violation of Canadian securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by foreign law.

The Company may be responsible for corruption and anti-bribery law violations.

The Company's business is subject to the United States Foreign Corrupt Practices Act of 1977 (the "FCPA") and the *Corruption of Foreign Public Officials Act* (Canada), which generally prohibit companies and company employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The FCPA also requires companies to maintain accurate books and records and internal controls, including at foreign-controlled subsidiaries.

Since all of the Company's presently held interests are located in Chile and Brazil, there is a risk of potential FCPA violations. In addition, the Company is subject to the anti-bribery laws of Chile and Brazil and of any other countries in which it conducts business in the future. Further, Brazilian markets have historically experienced heightened volatility due to the uncertainties generated by corruption and bribery allegations and investigations of certain prominent politicians. In addition, certain media posts and reports of corruption, or allegations of corruption, in Brazil may have an adverse effect on the public perception and reputation of Brazilian companies or other companies conducting business in Brazil and may adversely affect the trading price of the Common Shares. The Company's value and share price could also be adversely affected by illegal activities by others, corruption or by claims, even if groundless, implicating the Company in illegal activities.

The Company's employees or other agents may, without its knowledge and despite its efforts, engage in prohibited conduct under the Company's policies and procedures and the FCPA, the CFPOA or other anti-bribery laws for which the Company may be held responsible. The Code of Ethics and the Company's Anti-Bribery Policy mandate compliance with these anti-corruption and anti-bribery laws and the Company has implemented training programs, internal monitoring and controls, and reviews and audits to ensure compliance with such laws. However, there can be no assurance that the Company's internal control policies and procedures will always protect it from recklessness, fraudulent behavior, dishonesty or other inappropriate acts committed by its affiliates, employees, directors, officers, partners, contractors, agents and service providers. Any violations or alleged violations of anti-corruption and anti-bribery laws or sanctions regulations could result in the Company suffering severe penalties and other consequences that may have a material adverse effect on its business, reputation, financial condition and results of operations.

Any further downgrading of Brazil's credit rating could adversely impact the Brazilian economy and the Company's operations.

Credit ratings affect investors' perceptions of risk and, as a result, the trading value of securities and yields required on future debt issuance in the capital markets. Rating agencies regularly evaluate Brazil and its sovereign ratings, which are based on a number of factors, including macroeconomic trends, fiscal and budgetary conditions, indebtedness metrics and the prospect of changes in any of these factors.

Brazil's long-term foreign and local currency debt is rated sub-investment grade. Rating agencies began the classification review of Brazil's sovereign credit rating in September 2015. As a result of credit rating downgrades in 2018, Brazil's sovereign debt lost its investment grade status with the three major rating agencies, S&P, Moody's and Fitch Ratings Inc., and, consequently, the trading prices of securities of the Brazilian debt and equity markets

were negatively affected. Any further downgrade of Brazil's sovereign credit ratings could heighten investors' perception of risk and, as a result, adversely affect the Brazilian economy and our operations.

Inflation and efforts by the Brazilian government to combat inflation may contribute significantly to economic uncertainty in Brazil and could have an adverse effect on the Company.

Brazil has historically experienced periods of high inflation. Inflation, as well as governmental measures put in place to combat inflation, have had a material adverse effect on the Brazilian economy. Inflationary pressures persist, and actions taken in an effort to curb inflation, coupled with public speculation about possible future governmental actions, have in the past contributed to economic uncertainty in Brazil and heightened volatility in the Brazilian securities market. The inflation rate in Brazil, as reflected by the Broad Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*) published by the Brazilian Institute of Geography and Statistics or IBGE (*Instituto Brasileiro de Geografia e Estatística*), was 12% in 2022, 10.6% in 2021, and 4.52% in 2020.

As a result of inflationary pressures and macroeconomic instability, the Brazilian government has historically adopted monetary policies that have resulted in Brazil's interest rates being historically among the highest in the world. The Central Bank of Brazil sets the base interest rates (*Sistema Especial de Liquidação e Custódia*) (the "**SELIC rate**") generally available to the Brazilian banking system, based on the expansion or contraction of the Brazilian economy, inflation rates and other economic indicators. The SELIC rate was 11.75% on December 31, 2024, 13.75% on December 31, 2022, and 9.25% on December 31, 2021. As of March 30, 2024, the SELIC rate was 10.75%. Any future increase in interest rates could negatively affect the Company's profitability and results of operations in Brazil and could increase the costs associated with financing such operations.

Measures to control inflation have often and historically included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and limiting economic growth. Despite this intention, these policies may be incapable of preventing increases in inflation rates. Furthermore, the absence of such policies may trigger increases in inflation rates and thereby adversely affect economic stability. In the event of an increase in inflation, the Company may not be able to adjust customer prices accordingly to offset the effects of inflation on its cost structure, which may result in further adverse effects.

6.2. RISKS RELATED TO THE COMPANY'S BUSINESS AND INDUSTRY

The Company may fail to comply with the law or may fail to obtain necessary permits and licenses or renew them.

The Company's operations in Chile and Brazil are subject to extensive laws and regulations governing such matters as environmental protection, management and use of toxic substances, health, exploration and development of mines, commercial production and sale of by-products, ongoing and post-closure reclamation, safety and labor, taxation and royalties, maintenance of mineral tenure, expropriation of property, and protection of Indigenous property and rights. The activities of the Company require licenses and permits from various governmental authorities.

The costs associated with compliance with these laws and regulations and of obtaining licenses and permits are substantial, and possible future laws and regulations, changes to existing laws and regulations, and more stringent enforcement of current laws and regulations by governmental authorities could cause additional expenses, capital expenditures, restrictions on or suspensions of Company operations, and delays in the development of its properties. There is no assurance that any future changes in such laws and regulations will not adversely affect Company operations. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety practices of the Company's past and current operations or possibly even the actions of former property owners and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. The Company may fail to comply with current or future laws and regulations. Such noncompliance can lead to financial restatements, civil or criminal fines, penalties and other material negative impacts on the Company.

The Company is required to obtain or renew further government permits and licenses for the Company's current and contemplated operations, including the development of the Penco Module and the Carina Project. Obtaining,

amending, or renewing the necessary governmental permits and licenses can be a time-consuming process, potentially involving numerous regulatory agencies, public hearings and costly undertakings on the Company's part.

The Company filed EIA 1 on June 10, 2024, which covers the first six years of life-of-mine of the Penco Module and encompasses three extraction zones (Victoria Norte, Luna and Maite), one deposition zone (Neptuno) and the production facilities of the Penco Module. The production of these three zones is anticipated to be operationally balanced with the deposition zone and is expected to cover the payback period of the initial capex of the Penco Module. EIA 1 aims to largely reduce the Penco Module's exposure to native forests as well as address the observations received from the evaluation services.

EIA 2 will be prepared when the Company is prepared to expand its production at the Penco Module to zones not covered by EIA 1 (namely, Victoria Sur, Alexandra Oriente, and Alexandra Poniente) based on the availability of new deposition zones. The Company will present a permit application to reactivate the Jupiter deposition zone as well as evaluate new deposition zones. Furthermore, EIA 2 will consider an increase to the production plant's throughput capacity.

There can be no assurance that further delays in the permitting process will not occur, that EIA 1 will be granted, or that legal challenges may not be presented by third parties against EIA 1 once granted, causing further delays in the development of the Penco Module. The duration and success of the Company's efforts to obtain, amend and renew permits and licenses are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Company may not be able to obtain, amend or renew permits or licenses that are necessary to its operations, or the cost to obtain, amend or renew permits or licenses may exceed what the Company believes it can ultimately recover from a given property once in production. Any unexpected delays or costs associated with the permitting and licensing process could delay the development or impede the operation of the Penco Module. To the extent necessary permits or licenses are not obtained, amended or renewed, or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with planned development, commercialization, operations and exploration activities. Such curtailment or prohibition may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

With respect to the Company's operations in Brazil, pursuant to current regulations, all exploration activities that the Company undertakes must be carried out on valid exploration licences or prospecting permits issued by the ANM based on an approved plan for a period up to four years, subject to a further automatic extension of up to an additional four year period, provided that certain conditions are met. Once the exploration plan is completed, the licensee must submit a final exploration report to ANM and if the report is approved, the licensee has up to one year to file a mining concession application, which includes a economic exploitation plan (known in Portuguese as "*Plano de Aproveitamento Economico*" or "PAE"), together with any requests for mining easements, if applicable. The PAE and mining concession application describes the details of an economic analysis of the project including methods of operation, detailed mine plan, metallurgical process, a plan for mine closure, among other requirements. Once approved by the ANM, the final mining concession is granted. Royalties are then payable to the government, and landowners, depending on the contractual bond established with the owner of the surface rights, on products mined.

On January 7, 2026, ANM approved the final exploration reports of three of the mining rights that comprise the Carina Project (mining rights numbers 861270/2015, 860301/2017 and 860190/2017). The Company plans to file the PAE and mining concession application for these three mineral rights during the second quarter of 2026. The Company also plans to file the final exploration reports or an extension, as applicable, for the remaining mineral rights (861435/2024; 861856/2024; 860476/2023) that comprise the Carina Project during the third quarter of 2026.

Further, the heightened awareness of the impact of mining operations in Brazil following dam failures involving other mining companies in Brazil in 2015 and 2019, and the resulting loss of life and damage, have resulted in (and could in the future result in further) increased requirements, delays in licensing and other material consequences to all mining companies, even if the circumstances of the project or the Company's development and operational methodologies are significantly different than such other companies and projects. The Company may encounter delays in obtaining environmental, mining and other operating licenses or may not be able to obtain and/or renew an authorization, permit and/or license. These events and additional costs may have a negative impact on the

development of the Carina Project or other operations and have an adverse effect on the Company's financial performance in Brazil.

Additionally, mining activities in Brazil are subject to public consents and licenses related to the environment, waste management and health from various governmental authorities.

Social and environmental activism can negatively impact exploration, development, and mining activities.

There is an increasing level of public concern relating to the effects of mining on the natural landscape, communities, and the environment. Certain non-governmental organizations, public interest groups, and reporting organizations who oppose resource development can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which has resulted in disruption and delays to the relevant operation. While the Company seeks to operate in a socially responsible manner and believes it has good relationships with stakeholders in the districts in which it operates, non-governmental or local community organizations could direct adverse publicity against and/or disrupt the operations of the Company with respect to one or more of its properties, regardless of its compliance with social and environmental best practices.

The Company has previously experienced local opposition to the development of the Penco Module from certain groups and social organizations and cannot rule out the possibility of local and national opposition increasing in the future with respect to its development prospects or to obtaining the necessary environmental and sectorial permits for the Penco Module. As of the date of this AIF, the Company continues to execute on its stakeholder and local community engagement efforts including expanding outreach initiatives, facilitating the dissemination of information related to the Penco Module through the Company's information center, guided site visits and monthly community meetings, as well as strengthening its community ties through efforts including hosting various workshops and promoting events, initiatives and organizations aimed to address local needs and advance community development.

The Company also has implemented its stakeholder and local community engagement strategy in the Municipality of Nova Roma, where the Carina Project is located, including engagement with municipal authorities, community outreach with local and rural communities (including the Família Magallanes Quilombola community), and initiatives supporting local workforce development, suppliers, public infrastructure and emergency response in Nova Roma. The Company also established a joint working group with municipal representatives to address potential project-related impacts. Notwithstanding these efforts, there can be no assurance that stakeholder engagement initiatives will be sufficient to maintain community support or avoid opposition, delays, disruptions, increased costs or other adverse impacts on the Carina Project. Failure to complete or delays in concluding the FPIC process with the Família Magalhães Quilombola community and INCRA could cause delays in the licensing process and additional costs, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

The Company's operations depend on its relations and agreements with local communities, and new projects may require carrying out a prior consultation procedure.

Several local communities surround Company's operations in Chile and Brazil. The Company also interacts with regional and local governments and depends on its close relations with local communities and regional and local governments to carry out its operations. If the Company's relationships with the local communities or regional or local governments deteriorates in the future, or local communities do not comply with or fail to renew agreements that may be in place with such communities, it could have a material adverse effect on the Company's business, properties, operating results, financial condition, or prospects. Furthermore, to develop new projects on land owned by, or in the possession of, third parties, the Company needs to reach an agreement with such third parties in order to use that land. The failure to reach such agreements or obtain governmental approvals for the Company's new projects could result in a material adverse effect on the Company's business, properties, operating results, financial condition, or prospects. Social protests related to the environmental impact of mining projects could also result in a

material adverse effect on the Company's business, financial condition, and results of operations if they impede the Company's existing operations or expansion projects.

Compliance with environmental regulations can be costly.

The Company's development of the Penco Module and the Carina Project and exploration of its other properties are all subject to environmental regulation, including regulations for the special protection for native or endangered species. Regulations cover, among other things, water quality standards, land reclamation, the generation, transportation, storage and disposal of hazardous waste and general health and safety matters. Native or endangered species such as queuele, naranjillo, and pitao trees exist within the Penco Module area. The Company has taken measures to identify and protect these tree species.

The Carina Project is located within an ecologically sensitive area due to its proximity to legally protected units (Figure 20-4). Notably, the Area of Indirect Influence overlaps with Chapada dos Veadeiros National Park (the "Park"), a Biosphere Reserve recognized by UNESCO (United Nations Educational, Scientific and Cultural Organization) and identified as a priority area for biodiversity conservation of the Cerrado biome (MMA, 2023). The Area of Direct Influence of the Carina Project is outside the 2.0 km radius established by the environmental licensing framework of Goiás environmental licensing authority (SEMAD). Accordingly, for purposes of the Carina EIA application with SEMAD, the Company is not required to secure authorization from Brazil's federal natural park authority (Chico Mendes Institute for Biodiversity Conservation or "ICMBio"). However, if the regulations applicable to the Park change, including the adoption of a buffer zone for the Park, SEMAD will have to consult with ICMBio before approving the Carina EIA, causing delays in the licensing process and additional costs, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

There is no assurance that the Company has been or will at all times be in full compliance with all environmental laws and regulations or hold and be in full compliance with all required environmental and health and safety approvals and permits. The potential costs and delays associated with compliance with such laws, regulations, approvals and permits could prevent the Company from economically operating or proceeding with the further development and exploration of the Penco Module and Carina Project. Any non-compliance with such laws, regulations, approvals, and permits at the Penco Module or the Carina Project could result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Environmental approvals and permits are currently, and may in the future be, required in connection with the Company's current and planned operations. See *"Item 5a: Material Mineral Projects"*. To the extent such environmental approvals and permits are required and not obtained, the Company's plans and the operation of mines may be curtailed or it may be prohibited from proceeding with planned exploration or development of additional mineral properties. Failure to comply with applicable environmental laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Future changes to environmental laws and regulations could potentially increase the amount of investment and work required to comply with the applicable environmental obligations, including those related to the implementation of reclamation and remediation measures. Any increment in future costs could materially impact the amounts charged to operations in this regard. In addition, any future changes, including amendments to environmental legislation, may have potential to significantly increase compliance costs to the Company.

Environmental hazards may also exist on the properties on which the Company holds interests that are unknown to the Company at present and have been caused by previous or existing owners or operators of the properties and for which the Company may be liable for remediation. Parties engaged in mining operations, including the Company, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable environmental laws or regulations, regardless of whether the Company actually caused the loss or damage. The costs of such compensation, fines or penalties could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The regulatory and industry response to climate change, restrictions, caps, taxes, or other controls on greenhouse gas emissions, including limits on emissions from the combustion of carbon-based fuels, controls on effluents and restrictions on the use of certain substances or materials could significantly increase Company and customer operating costs. A number of authorities are evaluating regulatory changes in response to the potential impacts of climate change. These regulatory initiatives may directly or indirectly impact Company operations through its suppliers or customers.

Ongoing efforts to address greenhouse gas emissions by the United Nations and other international organizations consist of controlling the activities that may increase the atmospheric concentration of greenhouse gases. International agreements, such as the Kyoto Protocol, which set internationally binding emission reduction targets, are at various stages of negotiation and implementation. The measures included in such agreements may result in an increase of costs related to the installation of new controls aimed at reducing greenhouse gas emissions, the purchase of credits or licenses for atmospheric emissions, and the monitoring and registration of greenhouse gas emissions generated by our operations. If adopted in the jurisdictions in which the Company operates, these measures could adversely affect its business, financial condition and results of operations.

The Company's operations and planned activities in Brazil and Chile are governed by municipal, state, and federal laws, regulations and permits related to the environment which could result in difficulties in compliance with any such laws. Any violation or modification of these laws could impact the Company's operations as currently conducted. Aclara's future operations in Chile and Brazil may involve conducting certain baseline environmental studies as required by law, which may also impact any expected costs of compliance.

Actual production, capital, and operating costs may be different than those anticipated.

The Company prepares estimates of future production and capital and operating costs of production for operations at the Penco Module and the Carina Project. In addition, as a result of the substantial expenditures involved in the development of a mineral project like the Penco Module or the Carina Project, the need to project years into the future, to make assumptions, and to use models that may not adequately approximate reality and the fluctuation of costs over time increase the risk of material cost overruns. The Penco Technical Report and Carina Technical Report both include estimated capital costs and cash operating costs based upon, among other things:

- anticipated tonnage, grades, and metallurgical characteristics of the mineralization to be mined and processed;
- anticipated recovery rates of REE and other metals from the mineralized materials;
- cash operating costs of comparable facilities and equipment;
- anticipated availability of labor and equipment; and
- anticipated foreign exchange rates.

Capital and operating costs, production and economic returns and other estimates may differ significantly from those anticipated by the Penco Technical Report and/or the Carina Technical Report, and there can be no assurance that the Company's actual capital or operating costs will not be higher than currently anticipated or that returns will not be lower than currently anticipated. The Company's actual costs may vary from estimates for a variety of reasons, including: limitations inherent in modeling; changes to assumed third-party costs; short term operating factors; operational decisions made by the Company; revisions to mine plans; risks and hazards associated with development and mining described elsewhere in this AIF; natural phenomena, such as inclement weather conditions, water availability, or other natural disasters; and unexpected labor shortages or strikes. Operating costs may also be affected by a variety of factors, including: changing strip ratios, ore metallurgical grade-recovery curves, the availability of processing operations, the availability of storage capacity, the availability of equipment and facilities necessary to complete exploration and development work at the Penco Module and the Carina Project, the cost of consumables and mining and processing equipment, labor costs, additional taxes to the mining sector, the availability and productivity of skilled labor, the cost of commodities, general inflationary pressures, currency exchange rates, technological and engineering problems, accidents or acts of sabotage or terrorism, the regulation of the mining industry by various levels of government and quasi-governmental

organizations and political factors. Many of these factors are beyond the Company's control. Furthermore, significant cost overruns could make the Penco Module or the Carina Project uneconomical. Failure to achieve estimates or material increases in costs could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Furthermore, unforeseen delays in the construction and commissioning of mining projects or other technical difficulties may result in additional capital expenditures being required. Any delay in the development, cost overruns, or operational difficulties with regards to the Penco Module or the Carina Project may have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

The construction and start-up of mines is subject to a number of factors, and the Company may not be able to successfully complete new development projects.

The success of the Penco Module and the Carina Project is subject to several factors, including: the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants; the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental and regulatory permits); the successful completion and operation of mining stopes, processing plants and conveyors to move ore; the supply of key materials, such as ammonium sulfate; and other operational elements. A delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Company depends in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with new mines could delay or prevent the construction and start-up of new mines as planned. There can be no assurance that current or future construction and start-up plans implemented by the Company will be successful, that the Company will be able to obtain sufficient funds to finance construction and start-up activities, that personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects, that the Company will be able to obtain all necessary governmental approvals and permits or that the completion of the construction, or that the start-up costs and the ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by the Company. Any of the foregoing factors could adversely impact the Company's business, financial condition, results of operations, cash flows and prospects.

The capital expenditures and time required to develop new mines or other projects are considerable, and changes in costs or construction schedules can affect project economics. Thus, it is possible that actual costs may change significantly, and economic returns may differ materially from the Company's estimates.

Commercial viability of a new mine or development project is predicated on many factors. Mineral resources projected by the Penco Technical Report and Carina Technical Report and other technical assessments performed on Company projects may not be realized, and the level of future metal prices needed to ensure commercial viability may not materialize. Consequently, there is a risk that start-up of new mine and development projects may be subject to write-down and/or closure as they may not be commercially viable.

Any uncertainty and inability in the estimation, recalculation or replacement of mineral resources could materially affect the Company's results of operations, cash flows and financial position.

To ensure the continued operation of the business and realize the Company's growth strategy, it is essential that the Company continues to realize its existing identified mineral resources, convert mineral resources into mineral reserves, increase its mineral resource base by adding new mineral resources from areas of identified mineralized potential, and otherwise successfully undertake exploration and/or acquire new mineral reserves and mineral resources. The LOM estimates included herein may not be correct.

REE prices are volatile and may be lower than expected.

The Company's business and its ability to sustain operations depend on, among other things, the market price of REEs. The REE prices realized by the Company will affect future development decisions, production levels,

earnings and cash flows and the financial condition and prospects of the Company. If the global market prices of REEs were to drop and the prices realized by the Company on REE sales were to decrease significantly and remain at such levels for any substantial period, the Company's business, financial condition, results of operations, cash flows and prospects would be negatively affected.

The value and price of the Common Shares and the Company's financial results may be affected by volatility in the prices of REEs and related products, which are affected by numerous factors beyond Company's control, such as interest and exchange rates, inflation or deflation, fluctuation in the relative value of the U.S. dollar against foreign currencies on the world market, global and regional supply and demand for REEs and related products, and the political and economic conditions of countries that produce REEs and related products, such as quotas on the Chinese production of REEs.

Demand for the Company's intended products is affected by demand for downstream products incorporating REEs, including motors used in hybrid and electric vehicles, auto catalysts and other clean technology products, and materials used in the aerospace and electronics industries. Lack of growth in these markets may adversely affect the demand for its products, which would have a material adverse effect on the Company's business and the results of its operations.

Extended periods of high prices may create economic dislocations that may destabilize the supply of and demand for REEs and ultimately, the broader markets. Strong REE prices as well as real or perceived disruptions in the supply of REEs, also create economic pressure to identify or create alternate technologies that ultimately could depress future long-term demand for REEs and related products and at the same time may incentivize development of otherwise marginal mining properties.

Mining operations are risky.

The development of mining operations involves various types of risks and hazards typical of companies engaged in the mining industry, including: (i) industrial accidents; (ii) unusual or unexpected rock formations; (iii) structural cave-ins or slides and pitfall, ground or slope failures and accidental release of water from surface storage facilities; (iv) fire, flooding, and earthquakes; (v) rock bursts; (vi) metal losses in handling and transport; (vii) periodic interruptions due to inclement or hazardous weather conditions; (viii) environmental hazards; (ix) discharge of pollutants or hazardous materials; (x) failure of processing and mechanical equipment and other performance problems; (xi) geotechnical risks, including the potential instability of washed clays deposits and unusual and unexpected geological conditions; (xii) unanticipated variations in grade, water, surface, or underground conditions and other geological problems; (xiii) labor disputes or slowdowns; (xiv) social opposition and unrest; and (xv) work force health issues as a result of working conditions; and (xvi) force majeure events or other unfavorable operating conditions.

These risks, conditions, and events could result in, among other things: (i) damage to or destruction of the value of the Penco Module, Carina Project, or respective facilities; (ii) personal injury or death; (iii) environmental damage to the Penco Module or the Carina Project, or surrounding lands, waters or properties of others; (iv) delays or prohibitions on mining or the transportation of minerals; (v) monetary losses; and (vi) potential legal liability. Any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operation, cash flows or prospects. In particular, underground refurbishment and exploration activities present inherent risks of injury to people and damage to equipment. Significant mine accidents could occur, potentially resulting in a complete shutdown of Company operations at the Penco Module or the Carina Project which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

There are also risks related to: (i) reliance on the dependability of current and new or developing technology; (ii) the reliance on the work performance of outside consultants, contractors, and manufacturers; (iii) changes to project parameters over which the Company does not have complete control such as REE prices or labor or material costs; (iv) unknown, unanticipated, or underestimated costs or expenses; (v) unknown, unanticipated or underestimated additions to the scope of work due to changing or adverse conditions encountered as a mine is refurbished and redeveloped; (vi) unexpected variances in the geometry or quality of ore zones; (vii) unexpected reclamation requirements or expenses; (viii) permitting time lines; (ix) unexpected or unknown ground conditions; (x) unexpected

changes to estimated parameters used to estimate past timelines, projections or costs; and (xi) liquidity. An adverse change in any one of such factors, hazards or risks may have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Mining operations require geologic, metallurgic, engineering, title, environmental, economic, and financial assessments that may be materially incorrect and thus the Company may not produce as expected.

The operations of mining properties or mining companies are based in large part on geologic, metallurgic, engineering, title, environmental, economic and financial assessments, all of which involve uncertainty. Such assessments may differ materially from actual results, which may produce a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects. These assessments include a series of assumptions regarding such factors as: (i) orebody geometries, grades and recoverability; (ii) regulatory and environmental restrictions, including special protection for native or endangered species such as the queule, naranjillo, and pitao native trees in Chile, and potentially others which may be identified following the Company's completion of requisite baseline studies in respect of the Carina Project in Brazil; (iii) future prices of metals and operating costs; and (iv) future capital expenditures and royalties and government levies which will be imposed over the producing life of the mineral resources and mineral reserves. There are numerous uncertainties inherent in estimating quantities of mineral resources and mineral reserves and estimates in projecting potential future rates of mineral production, including factors subject to change and beyond the Company's control. Mineral reserve and MREs are based on limited samples and interpretations, which may not be representative of actual mineral reserves and mineral resources. In addition, title and rights of access to Company properties can never be guaranteed. Although select title and environmental reviews were conducted relating to the Penco Module and the Carina Project, such review cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat the Company's title to certain assets or that environmental defects, liabilities or deficiencies do not exist or are not greater than anticipated.

The Company's calculations of mineral resources are estimates and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may be inaccurate. Actual recoveries of REEs from mineralized material may be lower than those indicated by test work. Any material change in the quantity of mineralization, grade or stripping ratio may affect the economic viability of Company properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Notwithstanding pilot plant tests for metallurgical recovery and other factors, there remains the possibility that the mineralized material may not perform in commercial production in the same manner as it did in testing. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mining and metallurgy are sciences that may be subject to variations, accordingly, there always remains an element of risk that a mine may not prove to be commercially viable.

Until a deposit is actually mined and processed, the quantity of mineral resources and mineral reserves and grades must be considered as estimates only. In addition, the quantity of mineral resources and mineral reserves may vary depending on, among other things, metal prices, cut-off grades and operating costs. Any material change in quantity of mineral reserves, mineral resources, grade, percent extraction of those mineral reserves recoverable by the relevant mining techniques or the tripping ratio for those mineral reserves recoverable by open pit mining techniques may affect the economic viability of the Company's mining projects and could have a material adverse effect on the Company's future revenues, cash flows, profitability, results of operations, financial condition and prospects and result in write-downs of the Company's investment in mining properties and increased amortization charges.

Inferred mineral resources are also considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Due to the uncertainty that may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to proven or probable mineral reserves as a result of continued exploration or of economic considerations being applied to them.

In addition, market fluctuations in REE prices as well as increased production costs, reduced recovery rates or increased operating and capital costs due to inflation or other factors may render the exploitation of certain mineral reserves and mineral resources uneconomical and may ultimately result in a restatement of mineral reserves,

mineral resources, or both. Such a restatement could affect depreciation and amortization rates and have an adverse effect on the Company's financial performance.

The Company depends on development stage mineral projects, the Penco Module and the Carina Project.

The Penco Module and/or the Carina Project account for all of the Company's mineral resources and reserves and the current potential for the future generation of revenue. Any adverse development affecting the Penco Module and/or the Carina Project will have a material adverse effect on the Company's business, prospects, profitability, financial performance, and results of operations. These developments include: (i) the inability to obtain necessary permits or financing to develop the Penco Module or Carina Project; (ii) changes in technical parameters of project development; (iii) changes in costs or anticipated costs that may make it uneconomical to develop and/or operate the Penco Module or Carina Project; and (iv) unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to or destruction of property and could hinder the development and operation of the Penco Module and/or Carina. Given the Penco Module and Carina Project both have limited life expectancy based on MREs, as the Company continues production at the Penco Module, it will be required to replace and expand its mineral resources and obtain mineral reserves. In the absence of additional modules, the Company will be solely dependent upon the Penco Module and/or the Carina Project for its revenue and profits, if any.

The REE mining industry is intensely competitive.

The REE mining and processing markets are capital intensive and competitive. Production of REEs is dominated by the Company's Chinese competitors. These competitors may have greater financial resources as well as other advantages to operate, maintain, improve, and expand their facilities. Additionally, these Chinese competitors have historically been able to produce at relatively low cost due to domestic economic and regulatory factors, including less stringent environmental and governmental regulations and lower labor and benefit costs. Even upon successful completion of the Penco Module and/or Carina Project, if the Company is not able to achieve anticipated costs of production, any strategic advantages that the Company's competitors may have over it, including, without limitation, lower labor, compliance and production costs, could have a material adverse effect on the Company's business.

Competition in the mining industry is primarily for: (i) properties that can be developed and can produce economically; (ii) the technical expertise to find, develop, and operate such properties; (iii) labor to operate such properties; and (iv) capital to fund such properties. Such competition may result in the Company being unable to recruit or retain qualified employees and consultants or to acquire the capital necessary to fund its operations and develop the Penco Module or the Carina Project. The Company's inability to compete with other mining companies for these resources could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows, or prospects.

Many competitors not only explore for and mine minerals, but conduct refining and marketing operations on a worldwide basis. In the future, the Company may also compete with such mining companies in refining and marketing its products to international markets. Any inability to compete with established competitors could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

China currently dominates the REE market and may use this market position to prevent future competition.

China's dominance of the REE market is well documented. According to the United State Geological Survey, China accounts for approximately 70% of REO worldwide production and 93% of separation of REO globally, which has a direct effect on pricing of these materials. In addition, despite the fact that China has made very slight changes to HREE production quotas between 2014 and 2022, and that there is increasing global pressure to limit non-environmentally compliant REE production (that could lower production volumes), there is a risk that China could significantly increase its HREE production, potentially producing a material drop in HREE prices. The inability of the Company to secure independent providers of separation for its product or to secure independent off-takers or China using its market dominance to reduce future competition could have a material adverse effect on the Company's financial condition or results of operations.

The success of the Company's business will depend, in part, on the growth of existing and emerging uses for REE products.

The success of the Company's business will depend, in part, on the growth of existing and emerging uses for REE products. The Company's strategy is to develop REE products for use in critical existing and emerging technologies, such as hybrid and electric vehicles, wind turbines, aerospace applications, robotics, drones, medical equipment, military equipment, air conditioners and other high-growth, advanced motion technologies. The success of the Company's business depends on the continued growth of these end markets and successful commercialization of REE products in such markets. However, the technology pertaining to the aforementioned technologies is changing rapidly, and there has been an increased focus on research and development activities pertaining to both the recycling of REE products and potential technical substitutes for REE products. Accordingly, there is no assurance the REE products will continue to be used to the same degree as they are now or are expected to be in the future, or that they will be used at all. If the market for these critical existing and emerging technologies does not grow as expected or grows more slowly than expected or if the demand for the Company's products in these markets decreases (including as a result of the availability of recycled REE products or substitutes for REE products), then the Company's business, prospects, financial condition and operating results could be harmed. In addition, the market for these technologies, particularly in the automotive industry, tends to be cyclical, which exposes the Company to increased volatility. It is uncertain how such macro-economic factors will impact the Company's business. Any unexpected costs or delays in the commercialization of REEs or less-than-expected demand for the critical existing and emerging technologies that use REE products could have a material adverse effect on the Company's financial condition or results of operations.

Earthquake damage to the Company's properties and operations could negatively affect the Company's results.

Chile is located in a seismically active area that exposes the Company's operations to the risk of earthquakes. Chile has been adversely affected by powerful earthquakes in the past, including most recently: (i) in 2015 when an earthquake struck the coast of Chile; (ii) in 2014 when an earthquake struck the north of Chile; and (iii) in 2010 when a severe earthquake struck the southern central region of Chile. The 2015 earthquake measured 8.3 on the Richter scale and affected the coast of Chile just north of Santiago, with no significant consequences for the rest of the country. The 2014 earthquake measured 8.2 on the Richter scale and affected mainly the Arica and Tarapacá Regions, with no significant consequences for the rest of the country. The 2010 earthquake measured 8.8 on the Richter scale. Its aftershocks as well as tsunamis from adjacent coastal waters caused severe damage to Chile's infrastructure, including roads, bridges, ports, and Santiago's international airport, affecting areas across the country. Any such damage caused by an earthquake not covered by insurance could have an adverse effect on the Company's financial condition, results of operations or cash flow.

Geological, hydrological, and climatic events could suspend mining operations or increase costs.

All mining operations face geotechnical, hydrological and climate challenges. Unanticipated adverse geotechnical and hydrological conditions, such as landslides, subsidence and uplift, embankment failures and rock fragility may occur in the future; such events may not be detected in advance. Geotechnical instabilities and adverse climatic conditions can be difficult to predict and are often affected by risks and hazards outside of the Company's control, such as severe weather and seismic activity. Geotechnical failures could result in limited or restricted access to mines, suspension of operations, environmental damage, government investigations, increased monitoring costs, remediation costs, loss of REEs and other impacts. The potential impact of climate change on Company operations is uncertain and would be specific to the geographic circumstances of facilities and operations. It may include changes in rainfall patterns, water shortages, rising sea levels, changing storm patterns and intensities and changing temperatures. These effects may materially and adversely impact the cost, production and financial performance of Company operations.

The Company's exploration efforts are highly uncertain in nature and may be unsuccessful.

Mineral exploration is highly uncertain in nature, involves many uncertainties and risks and is frequently unsuccessful. It is performed to demonstrate the dimensions, position, and mineral characteristics of mineral deposits, estimate mineral resources and mineral reserves, assess amenability of the deposit to mining and processing scenarios and estimate potential deposit value. Therefore, once mineralization is discovered, it may

take several years from the initial exploration phase before production is possible, during which time the potential feasibility of the Penco Module or Carina Project may decrease. Substantial expenditures are required to establish proven and probable mineral reserves, determine processes to extract the metals and, if required, construct mining and processing facilities and obtain the rights on the land and resources required to develop the mining activities. The Company holds exploration authorizations, mineral concessions, mining applications and exploration applications that cover various areas in Chile and Brazil. See “Item 5a: Material Mineral Projects”.

Development projects have no operating history upon which to base estimates of proven and probable mineral reserves and estimates of future cash operating costs. To a large extent, estimates are based upon the interpretation of geological data and modeling obtained from drillholes and other sampling techniques, studies that derive estimates of cash operating costs based upon the anticipated tonnage and grades of material to be mined and processed, the configuration of the deposit, expected recovery rates of metal from the mill feed material, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, actual cash operating costs and economic returns based upon development of proven and probable mineral reserves may differ significantly from those originally estimated. Moreover, significant decreases in actual or expected prices may mean mineralization, once found, will be uneconomical to mine.

Currency fluctuations may result in unanticipated losses.

Currency fluctuations may affect the Company’s capital costs and the costs it incurs at its operations. REEs are sold throughout the world based principally on a U.S. dollar price. The appreciation of the Chilean peso or Brazilian real relative to the U.S. dollar could increase the cost of production for the Penco Module or Carina Project, which could materially adversely affect the Company’s earnings and financial condition.

In particular, the Brazilian currency has been historically volatile and has been devalued frequently over the past three decades. Brazilian law provides that, whenever there is a serious imbalance in Brazil’s balance of payments or there are substantial reasons to foresee a serious imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad. The Company cannot predict whether the Central Bank of Brazil or the Brazilian government will continue to let the Brazilian real float freely or intervene in the exchange rate market. The Company cannot assure that measures will not be taken by the Brazilian government in the future.

As at the date of this AIF, the Company has not hedged its exposure to the Chilean peso, Brazilian real, or any other exchange rate fluctuations applicable to its business; therefore, it is exposed to the effects of adverse fluctuations of the Chilean peso and Brazilian real against the U.S. dollar. In the future, the Company may use foreign exchange forwards to reduce risks associated with currency volatility. However, the Company’s hedging activities could cause it to lose the benefit of an increase in the currency price. The cash flows and the mark-to-market values of our production hedges can be affected by factors such as the volatility of currency, which are not under Company control.

The Company’s projects are subject to operational risks that may result in increased costs or delays that prevent their successful implementation.

The Company invests in increasing its mine and metal production capacity and in developing new operations. The Company’s projects, including the Processing Facility, are subject to several risks that may materially and adversely affect growth prospects and profitability, including the following:

- The Company may encounter delays or higher than expected costs in obtaining the necessary equipment, machinery, materials, supplies, labor or services and in implementing new technologies to develop and operate a project.
- The Company’s efforts to develop projects according to schedule may be hampered by a lack of infrastructure, including a reliable power supply.
- The Company may fail to obtain, or experience delays or higher than expected costs in obtaining, the required agreements, authorizations, licenses, approvals and permits to develop a project, including the prior consultation procedure and agreements with local communities.

- Changes in market conditions or regulations may make a project less profitable than expected at the time the work was initiated on a given project.
- Accidents, natural disasters, labor disputes and equipment failures could occur.
- Adverse mining conditions may delay and hamper the Company's ability to produce the expected quantities and qualities of minerals upon which the Penco Module or Carina Project were budgeted.
- Conflicts with local communities (See "Item 6.2: Social and environmental activism can negatively impact exploration, development, and mining activities" for summary description of recent events related to local opposition to the Penco Module) and/or strikes or other labor disputes may delay the implementation or the development of projects.

The Company's inability to industrialize the processing and recovery methods in its operations may have a material adverse effect on its financial condition or results of operations.

The metallurgical process to be used by the Company is based on a well-known reaction between ammonium sulfate and ionic clays. However, there are no documented precedents of having industrial-scale production of REE concentrates using a closed (recirculated) circuit.

The Company has extensively tested this reaction at bench scale through internationally recognized third parties and has completed batch pilot testing to confirm precipitate REE concentrates and impurities, but continuous pilot testing is still pending and will be performed in the coming months before a feasibility study is completed. The recirculated solution can offer both benefits and complications to the process and can result in increases in capital and operating expenditures. It may produce unanticipated residues, which could require additional permits or amendments to existing permits.

An inability to confirm the results achieved to date at the laboratory or pilot level on an industrial level may have a material adverse effect on the Company's financial condition or results of operations. In addition, changes in processing and recovery processes may be required with time. Any delay or failure in developing processes to meet changing needs may have a material adverse effect on the Company's financial condition or results of operations.

The successful development and operation of the Penco Module and the Carina Project and the development of its Processing Facility depend on the skills of the Company's management and workforce.

The Company's business depends on retaining the services of its key management personnel with a variety of skills and experience, including in relation to the development and operation of mineral projects. The success of the Company is, and will continue to be, dependent to a significant extent on the expertise and experience of its directors and senior management. Failure to retain or loss of one or more of the Company's directors and/or senior management could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects. The Company's success will also depend to a significant degree upon the contributions of qualified technical personnel and the Company's ability to attract and retain a highly skilled workforce. Competition for such personnel is intense, in particular within the mining sector, and the Company may not be successful in attracting and retaining qualified personnel. The Company's inability to attract and retain these people could have a material adverse effect on its business, financial condition, results of operations, cash flows or prospects.

Planned development at the Processing Facility may not be achieved on schedule or budget, or at all and we have not yet commenced commercial operations.

We may not complete, commission, or operate the planned U.S. separation facility on schedule or budget, or at all. The separation project at the Port of Vinton, Louisiana is at an early stage and subject to complex engineering, procurement, construction, and commissioning risks, including long-lead equipment, contractor performance, and integration of the solvent extraction flowsheet at commercial scale. Delays or cost overruns could adversely affect our ability to bring separated oxides to market and realize projected economics.

The Processing Facility is exposed to critical utility risks, including power reliability and high-purity water availability; outages or shortages could disrupt operations and increase costs. Process upsets can drive higher freshwater demand even in processes designed to recycle water, leading to potential operational curtailments or higher operating costs.

We have not commenced production of REOs at our Processing Facility, and we may not be able to secure the necessary feedstock, offtake, or equipment in order to economically produce REOs, including from the Penco Module and/or Carina Project. We have not realized any revenues to date from the sale of REOs, and our operating cashflow needs have been financed through the incurrence of debt and equity raises and not through cash flows derived from our operations. As a result, we have little historical financial and operating information available to help you evaluate our performance.

As discussed above, any delays in the procurement of any necessary equipment, may significantly hinder our ability to complete development of the Processing Facility or reach anticipated production rates within the expected time frame or at all. If we are unsuccessful in reaching and maintaining expected production rates for REOs at the Processing Facility, including by failing to reach anticipated throughput, recoveries, uptimes, yields, or any combination thereof, within expected time frames or at all, we may not be able to build a sustainable or profitable business as currently expected or at all.

The Processing Facility is at preliminary conceptual stage and is not yet technically proven.

The Processing Facility is preliminary, conceptual and aspirational in nature as at the date hereof. There is not yet a physical plant or facility and the development of the Processing Facility will require funding and the support of business partners, customers and various levels of government in order to be designed, developed, constructed and become operational, none of which is assured.

The development, construction and commissioning of the Processing Facility will require the commitment of substantial resources and capital expenditures. The estimated expenses may increase as additional consultants, personnel and equipment associated with our efforts are added, and as a result of inflationary pressures. The progress of the Processing Facility, the amounts and timing of expenditures and the success of the Processing Facility will depend in part on the following:

- availability of funds to finance construction and development activities;
- successful construction of, and installation of equipment in, the Processing Facility;
- impact of stoppages or delays on construction;
- ability to timely procure new equipment and materials, certain of which may involve long lead-times;
- ability of service providers or vendors to meet contractually-negotiated delivery or completion deadlines or meet performance specifications or guarantees;
- receipt of required governmental approvals and permits in connection with the construction and operation of the Processing Facility;
- negotiating contracts for equipment, equipment assembly and installation, labour and work related to commissioning the Processing Facility;
- availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants;
- availability of a sufficiently skilled workforce;
- disputes with contractors or other third parties;
- negotiating sales and off-take contracts for our planned production;
- the execution of any joint venture agreements or similar arrangements with strategic partners;
- adequacy of water supply on an uninterrupted basis;
- government regulations (including regulations to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, as well as the costs of protection of the environment);
- fluctuations in commodity prices and exchange rates; and
- accidents, labour actions and force majeure events.

The Company may have exposure to radionuclides and related regulatory requirements.

Rare earth mineral deposits may contain naturally occurring radionuclides which, when concentrated through mining or processing activities, can result in elevated levels of radioactivity and trigger enhanced regulatory oversight, licensing requirements and compliance obligations. In Brazil, projects with the potential to generate radioactive materials are subject to evaluation by the National Nuclear Safety Authority (*Autoridade Nacional de Segurança Nuclear* or **ANSN**), which replaced the National Nuclear Energy Commission (*Comissão Nacional de Energia Nuclear* or **CNEN**) in September 2025.

As part of the environmental licensing process for the Carina Project, the project underwent an initial review by CNEN to determine the applicable level of regulatory oversight and whether federal or state licensing and radiological protection requirements would apply. Following this review, CNEN issued Official Letter No. 19/2025-DIMAP/DRS/CNEN, indicating that the Carina mine-industrial facility is, at this preliminary stage, exempt from compliance with the applicable safety and radiological protection requirements. This exemption remains subject to confirmation through an on-site inspection by ANSN following project start-up.

There can be no assurance that ANSN will confirm this preliminary classification following inspection, or that future regulatory interpretations, changes in applicable laws or regulations, or modifications to project design or operations will not result in the Carina Project becoming subject to additional radiological protection requirements, permitting obligations, operational constraints or monitoring and reporting requirements. Any such developments could result in increased capital or operating costs, project delays, restrictions on operations, or, in extreme cases, suspension of activities, any of which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Operations during mining cycle peaks are more expensive.

During times of increased demand for metals and minerals, price increases may encourage expanded mining exploration, development and construction activities across the mining sector. Escalation in these activities may result in increasing demand for and cost of contract exploration, development and construction services and equipment. Increased demand for and cost of services and equipment could cause exploration and project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability and increased potential for scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment. Any of the aforementioned could materially increase project development or construction costs, result in project delays or increase operating costs, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Industry consolidation may result in increased competition, which could result in a reduction in revenue.

Some of the Company's competitors have made or may make acquisitions or enter into partnerships or other strategic relationships to achieve competitive advantages. In addition, new entrants who are not currently considered competitors may enter our market through acquisitions, partnerships or strategic relationships. The Company expects these trends to continue as demand for REE materials increases. Industry consolidation may result in competitors with more compelling product offerings or greater pricing flexibility than the Company or business practices that make it more difficult for the Company to compete effectively, including on the basis of price, sales, technology or supply. These competitive pressures could have a material adverse effect on the Company's business.

Inadequate infrastructure may constrain mining operations.

Any potential commercial production at the Penco Module and the Carina Project will depend on adequate infrastructure. In particular, reliable power and water supplies and transportation and surface facilities are necessary to develop and operate mines. Failure to adequately meet these infrastructure requirements or changes in the cost of such requirements could affect the Company's ability to develop or commence production at the Penco Module and the Carina Project and could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Fluctuations in the market prices and availability of commodities and equipment affect the Company's business.

The cash flows and profitability of the Company's business will also be affected by the market prices and availability of commodities, supplies and equipment that are consumed or otherwise used in connection with Company operations and development projects. Prices of such commodities and resources are also subject to volatile price movements, which can be material and can occur over short periods of time due to factors beyond the Company's control.

If there is a significant and sustained increase in the cost of certain commodities, the Company may decide that it is not economically feasible to continue certain or all of the Company's commercial production, development, and exploration activities; this could have an adverse effect on profitability. Higher worldwide demand for critical resources like input commodities, drilling equipment, ammonium sulfate, mobile mining equipment, tires, and skilled labor could affect the Company's ability to acquire them and lead to delays in delivery and unanticipated cost increases, which could have an effect on the Company's operating costs, capital expenditures and production schedules. The occurrence of one or more of these events may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Company's properties may be subject to title challenges or claims in the future.

Although the Company has received title opinions for the Penco Module, there is no guarantee that title to properties of the Company will not be challenged or impugned. The Company's claims may be subject to prior unregistered agreements or transfers, and title may be affected by unidentified or unknown defects. The Company has conducted an investigation on the title of properties that it has acquired to confirm that there are no claims or agreements that could affect its title to its mineral tenure or surface rights. Regardless, there is no guarantee that such title will not be challenged or impaired. If title to the Company's properties is disputed, it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which may affect the economic viability of the Company. Further, title insurance is generally not available for mineral tenure or surface rights, which constrains the Company's ability to ensure that it has obtained secure claim to title.

In respect of the Carina Project, the Company has secured and owns the mineral rights that comprise the Carina Project and current projections for the Carina Project envisage the potential exploitation to be carried out within the boundaries of the mining rights secured by the Company. The Company has to comply with the applicable administrative steps and requirements to convert the mining rights into mining concessions. These steps include the approval by the ANM of the final exploration report and PEA, among other requirements, for each mining right. While the current projection is favorable, there is no guarantee that title to properties relating to the Carina Project will not be challenged or impugned in the future or that the Company may need to obtain ownership of additional surface rights and property interests to advance exploration, development and operational activities in Brazil. Furthermore, there can be no assurances that should the Company require, that it will successfully acquire these additional surface rights, or that such rights may be obtained at market price without incurring significant premiums.

For additional discussion of the ANM and related processes, see "Item 4.7: Regulatory Framework – Mining Regulations in Brazil".

A failure to maintain satisfactory labor relations can adversely impact the Company.

The Company's operations in Chile and Brazil, and development of the Penco Module, the Carina Project and Project Dynamo depend on the efforts of its employees and the Company's relations with its employees. Company operations would be adversely affected if it failed to maintain satisfactory labor relations. Further, labour litigation in Brazil and Chile is an ongoing exposure for all companies working in Brazil and Chile, especially in the mining sector. Brazilian and Chilean labour law is a complex system of statutes and regulations, which is generally favourable to employees. As such, corporate labour compliance is a key success factor to minimize the impact of labour claims. Taking these matters into consideration, the Company may be subject to unfair labor practice charges, complaints and other legal, administrative and arbitral proceedings, which could divert management attention from Company operations, resulting in an adverse impact on the Company's operating results.

Because of the risks involved in the Company's operations, the Company may incur liability or damages in the course of conducting its business.

The Company's operations are subject to risks normally inherent in the mining industry, including potential liability resulting from, among other circumstances, personal injury, environmental claims or property damage. The Company maintains insurance policies for automobile, general, employer, environmental, director and officer, and fiduciary liability and property insurance. The availability of and ability to collect on insurance coverage is subject to factors beyond Company control. In addition, the Company may become subject to liability hazards in circumstances where it cannot or may elect not to insure (due to high premium costs or other reasons) or for occurrences that exceed maximum coverage under its policies. The Company also provides group employee health and dental insurance coverage to its employees. The Company has no control over changing conditions and pricing in the insurance marketplace; the cost or availability of various types of insurance may change dramatically in the future. In addition, the Company's costs of providing group health coverage may increase based on its claims experience. Furthermore, the inability to obtain insurance in the future for certain types of losses may require the Company to limit the services it provides or the areas in which it operates, thereby reducing the Company's revenue. Furthermore, the occurrence of a significant uninsured loss could have a material adverse effect on the Company. Due to the variable condition of the insurance market, the Company may experience future increases in self-insurance levels as a result of increased retention levels and premiums. If the Company elects to assume more risk for self-insurance through higher retention levels, the Company may experience more variability in self-insurance reserves and expense.

The directors and officers may have conflicts of interest with the Company.

Certain directors and officers of the Company are or may become associated with other mining and/or mineral exploration and development companies, which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve such a contract. In addition, directors and officers are required to act honestly and in good faith with a view to the best interests of the Company. Some of the directors of the Company have either other full-time employment or other business or time restrictions and accordingly, the Company will not be their only business enterprise. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner or to allocate opportunities that they become aware of to the Company could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Company's directors who are nominees of the Principal Shareholders may have conflicts of interests with respect to matters involving the Company.

Certain directors of the Company are affiliated with the Principal Shareholders. These persons have fiduciary duties to the Company and, in addition, will have duties to the Principal Shareholders. As a result, such circumstances may entail real or apparent conflicts of interest with respect to matters affecting both the Company and the Principal Shareholders, whose interests, in some circumstances, may be averse to those of the Company. In addition, as a result of the Principal Shareholders' ownership interest, conflicts of interest could arise with respect to transactions involving business dealings between the Company and the Principal Shareholders or their respective affiliates, including potential business transactions, potential acquisitions of businesses or properties, the issuance of additional securities, the payment of dividends by the Company and other matters.

Future acquisitions may require significant expenditures and may result in inadequate returns.

The Company may seek to expand through future acquisitions. However, there can be no assurance that the Company will locate attractive acquisition candidates, that the Company will be able to acquire such candidates on economically acceptable terms, if at all, or that the Company will not be restricted from completing acquisitions pursuant to the terms and conditions from time to time of arrangements with third parties, such as the Company's creditors. Future acquisitions may require the Company to expend significant amounts of cash, resulting in the Company's inability to use these funds for other business or may involve significant issuances of equity or debt. Future acquisitions may also require substantial management time commitments, and the negotiation of potential acquisitions and the integration of acquired operations could disrupt the Company's business by diverting

management and employee attention from day-to-day operations. The difficulties of integration may be increased by the necessity of coordinating geographically diverse organizations, integrating personnel with disparate backgrounds, and combining different corporate cultures.

Any future acquisition involves potential risks, including: (i) mistaken assumptions and incorrect expectations about mineral properties, mineral resources, mineral reserves and costs; (ii) an inability to successfully integrate any operation the Company acquired or acquires, as applicable; (iii) an inability to recruit, hire, train or retain qualified personnel to manage and operate the acquired operations; (iv) the assumption of unknown liabilities; (v) mistaken assumptions about the overall cost of equity or debt; (vi) unforeseen difficulties operating acquired projects, which may be in geographic areas new to the Company; and (vii) the loss of key employees and/or key relationships at the acquired project.

Failures of information systems or information security threats can be costly.

The Company has entered into agreements with third parties for hardware, software, telecommunications, and other information technology services in connection with its operations. Such operations depend, in part, on how well the Company and its suppliers protect networks, equipment, information technology systems and software against damage from threats, including cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade, and replacement of networks, equipment, information technology systems and software as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures or delays and/or higher capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation, results of operations, cash flows and financial condition.

To date, the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, but there can be no assurance that it will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber-security and the continued development and enhancement of controls, processes, and practices to protect systems, computers, software, data, and networks from attack, damage or unauthorized access remain a priority. As cyber-threats continue to evolve, the Company may need to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate security vulnerabilities.

Any of these factors could have a material adverse effect on the Company's results of operations, cash flows and financial position.

The Company may be subject to costly legal proceedings.

The Company may be subject to regulatory investigations, civil claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to: (i) the uncertainty inherent in regulatory actions and litigation; (ii) the difficulty of predicting decisions of regulators, judges and juries; and (iii) the possibility that decisions may be reversed on appeal. However, the defense and settlement costs of legal disputes can be substantial, even for claims with no merit. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes. However, if the Company is subject to legal disputes, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Product alternatives may reduce demand for the Company's products.

REE minerals have several applications, including their use as components in the manufacture of permanent magnets for electric vehicles, wind turbines, electronics, drones, catalysts and a wide variety of metal alloys. If competitive technologies emerge that use other materials in place of REEs, the demand and price of REEs might

fall, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Changes in climate conditions and resulting legislation may affect the Company's operations.

A number of governments have introduced or are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulations related to emission levels (such as carbon taxes) and energy efficiency are becoming more stringent. If the current regulatory trend continues, this may increase costs at the Company's operations. In addition, the physical risks of climate change may have an adverse effect on Company operations. These risks include:

- changes in sea levels that affect ocean transportation and shipping facilities used to transport supplies, equipment, workforce and products;
- extreme weather events (such as prolonged drought) that disrupt operations at the Company's mines and may require the Company to make additional expenditures to mitigate their impact; and
- climate change or extreme weather events that disrupt the delivery of essential consumables (e.g., fuel, tires, reagents) may reduce production levels at Company operations.

There can be no assurance that efforts to mitigate the risks of climate change will be effective and that the physical risks of climate change will not have an adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Company's level of indebtedness may increase and reduce financial flexibility.

The Company may incur additional indebtedness in the future. It is exposed to changes in interest rates on its cash and cash equivalents, bank indebtedness, and long-term debt. Debt issued at variable rates exposes the Company to cash flow interest rate risk. Debt issued at fixed rates exposes us to fair value interest rate risk. The Company's current and future borrowings will require interest payments. These need to be repaid and could require the Company to divert funds intended for other purposes to service the debt, which could create additional cash demands or impair the Company's liquidity position and add financial risk. Diverting funds to service debt may adversely affect the Company's business and growth prospects. If the Company cannot generate sufficient cash flow from operations to service its debt, the Company may need to refinance debt, dispose of assets, reduce or delay expenditures or issue equity to obtain the necessary funds. The Company does not know whether it would be able to take any of these actions on a timely basis, on terms satisfactory to the Company, or at all.

The Company's level of indebtedness could affect operations in several ways, including the following:

- a significant portion of cash flows could be used to service the Company's indebtedness;
- the covenants contained in agreements governing our outstanding indebtedness may limit the Company's ability to borrow additional funds, dispose of assets, pay dividends and make certain investments;
- the Company's debt covenants may also affect flexibility in planning for and reacting to changes in the economy and in the Company's industry;
- a high level of debt would increase the Company's vulnerability to general adverse economic and industry conditions;
- a high level of debt may place the Company at a competitive disadvantage compared to its competitors that are less leveraged and therefore may be able to take advantage of opportunities that the Company's indebtedness would prevent it from pursuing; and
- a high level of debt may impair the Company's ability to obtain additional financing in the future for working capital, capital expenditures, debt service requirements, acquisitions or other purposes.

In addition to the Company's debt service obligations, Company operations require material expenditures on a continuing basis. The Company's ability to make scheduled debt payments, to refinance obligations with respect to its indebtedness, and to fund capital and noncapital expenditures necessary to maintain the condition of its operating assets and properties as well as to provide capacity for the growth of its business depends on the Company's financial and operating performance. General economic conditions and financial, business and other factors affect the Company's operations and future performance. Many of these factors are beyond Company control. The Company may not be able to generate sufficient cash flows to pay the interest on its debt, and future working capital, borrowings or equity financing may not be available to pay or refinance such debt.

The Company depends on outside parties.

The Company has relied upon third parties, including consultants, engineers, suppliers, and others, and intends to rely on these parties for exploration, development, construction and operating expertise. The Company may need to engage additional third parties to explore and develop new projects and continue to develop the Penco Module and Carina Project, establish mineral resources and reserves through drilling, carry out environmental and social impact assessments and develop metallurgical processes to extract the REE from the ionic clays.

The Company's business requires substantial capital expenditures and is subject to financing risks.

The Company's business is capital intensive, particularly the exploration for and exploitation of REEs, mining machinery and equipment maintenance, and compliance with applicable laws and regulations all require substantial capital expenditures. The Company will need to continue to invest capital to establish mineral reserves and production. In 2024 and 2025, the Company invested US\$20 million and US\$39 million, respectively, in capital expenditures. The Company depends partially on proceeds raised in connection with the Offering and on additional external financing from time to time for maintenance capital expenditures.

No assurance can be given that the Company will be able to have access to sufficient investments, loans, or other financing alternatives to finance the Company's capital expenditure program at a level necessary to continue exploration and exploitation activities at appropriate levels. Any equity or debt financing, if available, may not be on terms that are favorable to the Company, and the issuance of additional equity may be subject to approval by the Company's shareholders or board of directors. If the Company's access to external financing is limited, it may not be able to execute management's growth and operational strategy, which could adversely affect the Company's business, financial condition, and results of operations. In addition, there are no assurances that any of the existing projects or future projects will be approved or, if approved and executed, that such execution will be completed on schedule, completed within budget or achieve an adequate return on investment.

The Company's operating expenses could increase significantly if the price of electricity, fuel, or other energy sources increases.

The Company's planned operations require significant use of energy. The Company's operating expenses are therefore sensitive to changes in electricity and fuel prices, including diesel, propane, natural gas and fuel oils, which can fluctuate widely with availability and demand from other users. During periods of peak usage, supplies of energy may be curtailed, and the Company may not be able to purchase them at historical rates. A disruption in the transmission of energy, inadequate energy transmission infrastructure or the termination of any of the Company's energy supply contracts could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Company is exposed to the possibility that applicable taxing authorities could take actions that result in increased tax or other costs that might reduce the Company's cash flow.

The Company pays a variety of taxes, fees, and other governmental charges in connection with the operation of its business, including federal, provincial, and local income taxes, ad valorem property taxes, sales and use taxes, inventory taxes, social security contributions and various assessments in Canada and foreign jurisdictions. These taxes, fees and other governmental charges are assessed by the Canada Revenue Agency and other taxing authorities pursuant to applicable laws, regulations and rules. Although the Company believes, subject to ongoing

compliance with existing laws, that it has made appropriate provisions for such taxes, fees and other governmental charges in the jurisdictions in which it operates, its position could be impacted as a result of changes in the applicable tax laws and principles, including increased tax rates, new tax laws, changes in taxing jurisdiction administrative interpretations, decisions and policies, and changes in accounting principles. Any of the foregoing changes could have an adverse impact on the Company's results of operations, cash flows and financial condition.

The Chilean and Brazilian tax regime are complex and subject to a variety of interpretations by government authorities. Such complexity may expose the Company to unpredicted challenges to day-to-day practices in bookkeeping, accounting and payment of taxes, including, without limitation, liability for any indirect capital gain taxes. From time to time, the Company may enter into specific agreements with such taxing authorities that provide for the reduction, abatement, or deferral of such taxes, fees or charges in exchange for certain payments or undertakings on the Company's part. If the Company enters into any such arrangements, the Company can give no assurance that any such reduction, abatement or deferral arrangements will be honored or that the applicable taxing authorities will not take actions that materially increase the amount of such taxes, fees or other governmental charges that the Company is required to pay. In addition, the Company may incur additional and unanticipated costs and expenses in connection with its efforts to resist any proposed increases in such taxes, fees or other charges or in connection with its efforts to enforce any reduction, abatement or deferral arrangements that the Company has previously put in place.

In Chile, congress approved in 2024 a mining royalty law. The proceeds are earmarked for designated government purposes. While there are no bills pending to increase or impose new taxes to mining companies, the Company cannot provide assurance that it will be able to be profitable following any increases in Chilean taxes applicable to the Company and Company operations.

In Brazil, any future adverse changes in government policies or tax legislation may adversely affect the Company's viability and profitability. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have on the Company.

The mining business is subject to inherent risks, some of which are not insurable.

The Company's business is subject to several risks and hazards (as further described in this AIF). Hazards associated with mining operations and the operation of a chemical intensive processing facility include fires and explosions, including those caused by flammable gas, gas and coal outbursts, cave-ins, ground falls, rock falls, openings collapse, lack of oxygen, air pollution, discharges of tailings, hazardous substances and materials, gases and toxic chemicals, water ingress and flooding, sinkhole formation, ground subsidence and other accidents and conditions resulting from mining activities, such as drilling, removing and processing material.

Such occurrences could result in: (i) damage to or destruction of the Company's properties or production facilities; (ii) damage to or destruction of third-party property; (iii) human exposure to pollution; (iv) personal injury or death; (v) environmental and natural resource damage or contamination; (vi) delays in mining; (vii) monetary losses; and (viii) legal liability. In addition, any such occurrences could damage the Company's reputation, which could result in additional environmental and health and safety legal oversight, and the imposition by authorities of more stringent conditions in connection with the licensing process of the Company's projects and operations. In addition, the Company's customers may be less willing to buy Company products if it has been subject to adverse publicity.

The Company maintains insurance typical in the mining industry and in amounts that it believes to be adequate. However, it may not provide complete coverage in certain circumstances. Insurance against certain risks (including certain liabilities for environmental contamination and other hazards as a result of exploration and production) is not generally available or is unaffordable. The Company may also be unable to obtain or maintain insurance to cover its risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development, or production may not be available to the Company on acceptable terms. The Company might also become subject to liability for pollution or other hazards against which it is not currently insured and/or against which it might not be insured in the future because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Company may be subject to misconduct by our employees or third-party contractors.

The Company may be subject to misconduct by its employees or third-party contractors, such as theft, bribery, sabotage, fraud, insider trading, violation of laws, slander or other illegal actions. Any such misconduct may lead to fines or other penalties, slowdowns in production, increased costs, lost revenues, increased liabilities to third parties, or impairment of assets or harmed reputation, any of which may have a material adverse effect on the Company's business, results of operations or financial condition.

The Company does not have any sales or off-take agreements, and deliveries under future sales agreements may be suspended or cancelled by customers.

The Company currently lack any sales or off-take agreements for future product. Currently, the majority of the downstream processing capacity for REE is in China; as such, there may be limited options for off-takers for the Company's future products. The Carina Technical Report assumes a separation fee of US\$30.25/kg for its future product that the Company plans to separate in its Processing Facility in Louisiana but that assumption may vary depending on availability of off-takers and future market conditions. In addition, under the Company's future sales agreements, the Company's customers may suspend or cancel delivery of our products in some cases, such as force majeure. Events of force majeure under these agreements generally include acts of God, strikes, fires, floods, wars, government actions or other events that are beyond the control of the parties involved. Any suspension or cancellation by the Company's future customers of deliveries under its future sales contracts that are not replaced by deliveries under new contracts would reduce our cash flow and could materially and adversely affect the Company's financial condition and results of operations.

Implementation of proposed amendments to the Metropolitan Land-Use Plan of Concepción could adversely affect the Penco Module.

Chilean governmental authorities have adopted regulations to regulate the physical development of urban and rural areas and the private and public interests that apply to land use. As such, in order to undertake certain specified activities in connection with any industrial project, a party with a vested interest must comply with the regulations that apply to a project based on its location and must request, in advance of undertaking such activities, confirmation from the applicable governmental authority that such activities are compatible with the permitted land-use regulations. The Penco Module is located in the Concepción area of Chile, which is regulated by the 2003 Metropolitan Land-Use Plan of Concepción ("**PRMC**").

The 2003 PRMC is in the process of being amended. The original proposed amendments impose several restrictions on industrial activities within the area in which the Penco Module is located, affecting in particular the facilities located in zoning areas ZEU-8, ZEU-3, and AR-4. As a result, some Penco Module's facilities (primarily the processing plant) would be rendered territorially incompatible under the amended PRMC. The amendments to the 2003 PRMC have been approved by the local Chilean authorities, but on March 3, 2022, they were rejected by the Office of the National Controller. In 2024, a new PRMC amendment process began, which is currently in its "Target Image" stage. The Target Image is a projection of a set of attributes expressed spatially, aimed at preserving or enhancing urban and territorial development in a metropolitan area over a future horizon to improve the quality of life of its inhabitants. The Target Image will serve as the foundation for drafting the new PRMC.

Once the Target Image is approved by the Regional Council, the Ministry of Urban Development must draft a preliminary amendment project and proceed with its formal review process.

An application for a project's construction permit stipulates the regulations that apply for the purposes of the granting of a permit as well as the activities envisaged to be undertaken at the project. The application is subject to the regulations in force at the time of filing regardless of any regulatory changes that may subsequently take effect. The Company intends to apply for the required construction permits relating to the Penco Module no later than when it secures the environmental permit relating to the project and, in any event, prior to the implementation of the amendments to the 2003 PRMC.

6.3. RISKS RELATED TO THE OWNERSHIP OF COMMON SHARES

Dilution from equity financing could negatively impact holders of Common Shares.

The Company may from time to time raise funds through the issuance of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. The Company cannot predict the size or price of future issuances of Common Shares, the size or terms of future issuances of debt instruments or other securities convertible into Common Shares, or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares. Sales or issuances of substantial numbers of Common Shares or the perception that such sales or issuances could occur may adversely affect prevailing market prices of the Common Shares. With any additional sale or issuance of Common Shares or securities convertible into Common Shares, investors will suffer dilution to their voting power, and the Company may experience dilution in its earnings per share.

Common Shares may be suspended from trading or delisted.

The TSX, on which the Common Shares are listed, may delist the Company's securities from its exchange, which could limit investors' ability to make transactions in the Company's securities and subject the Company to additional trading restrictions.

In addition, in the future, the Company's securities may fail to meet the requirements to be listed on the TSX. If the TSX delists the Common Shares from trading on its exchange, the Company could face significant material adverse consequences, including: (i) limited availability of market quotations for the Common Shares; (ii) a determination that the Common Shares is a "penny stock" which will require brokers trading in the Common Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for the Common Shares; (iii) a limited amount of news and analyst coverage for the Company; and (iv) a decreased ability to issue additional securities or obtain additional financing in the future.

Equity securities are subject to trading and volatility risks.

The securities of publicly traded companies can experience high price and volume volatility. The value of the Company's securities can be expected to fluctuate depending on various factors, not all of which are directly related to the success of the Company and its operating performance, underlying asset values, or prospects. These include risks described elsewhere in this AIF. Factors that may influence the price of the Company's securities, including the Common Shares, include:

- worldwide economic conditions;
- changes in government policies;
- investor perceptions;
- tariffs and retaliatory measures which have consequences on capital markets and global supply chains;
- global trade wars which negatively impact the Company's ability to raise funds;
- movements in global interest rates and global stock markets;
- variations in operating costs;
- the cost of capital that the Company may require in the future;
- metals prices;
- the price of commodities necessary for the Company's operations;
- recommendations by securities research analysts;
- issuances of equity or debt securities by the Company;

- operating performance and, if applicable, the share price performance of the Company's competitors;
- the addition or departure of key management and other personnel;
- the expiration of lock-up or other transfer restrictions on outstanding Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related industry and market issues affecting the mining sector;
- litigation;
- publicity about the Company, the Company's personnel or others operating in the industry;
- loss of a major funding source; and
- all market conditions that are specific to the mining industry.

There can be no assurance that such fluctuations will not affect the price of the Company's securities; consequently, purchasers of Common Shares may not be able to sell Common Shares at prices equal to or greater than the price or value at which they purchased such Common Shares or acquired them by way of the secondary market.

Sales by existing shareholders can reduce share prices.

Sales of a substantial number of the Common Shares in the public market could occur at any time. These sales or the market perception that the holders of a large number of Common Shares intend to sell their holdings could reduce the market price of the Common Shares. If this occurs and continues, it could impair the Company's ability to raise additional capital through the sale of securities.

A significant portion of the Company's total outstanding Common Shares may be sold into the public market in the near future, which could cause the market price of the Common Shares to drop significantly.

Sales or issuances of a substantial number of the Common Shares in the public market could occur at any time after the expiration of the applicable contractual lock-up period (or earlier if such lock-up period is waived by the Underwriters) described in "Item 16 – Material Contracts" of this AIF. These sales or the market perception that the holders of a large number of Common Shares intend to sell their holdings could significantly reduce the market price of the Common Shares, and the market price could decline. The Company cannot predict the effect, if any, that future public sales of Common Shares or the availability of Common Shares for sale will have on the market price of such Common Shares. If the market price of the Common Shares was to drop as a result, this might impede the Company's ability to raise additional capital and might cause remaining shareholders to lose all or part of their investment.

Future sales of Common Shares by the Principal Shareholders.

No prediction can be made as to the effect, if any, of future sales of Common Shares by either of the Principal Shareholders on the market price of the Common Shares. However, the future sale of a substantial number of Common Shares by either of the Principal Shareholders, or the perception that such sales could occur, could adversely affect prevailing market prices for the Common Shares. Pursuant to the 2021 Investor Rights Agreement (as defined herein) and the 2025 Investor Rights Agreement (as defined herein), each of the Principal Shareholders will have certain demand registration rights which can be exercised any time following the 12-month contractual lock-up period, as further described in "Item 16 – Material Contracts" of this AIF.

The Principal Shareholders have significant influence over the Company.

The Principal Shareholders directly or indirectly own or control approximately 66.73% of the issued and outstanding Common Shares. Accordingly, they have significant influence with respect to all matters submitted to the Company's shareholders for approval, including, without limitation, the election and removal of directors, amendments to the

Company's constituting documents, and the approval of certain business combinations. In addition, the Company and the Principal Shareholders are party to the 2021 Investor Rights Agreement and the 2025 Investor Rights Agreement, which, among other things, provides the Principal Shareholders the ability to cause the Company and the other shareholders to initiate a sale process or sell all of its Common Shares to an arm's length third-party bidder pursuant to a take-over bid for all or substantially all of the Common Shares of the Company, subject to specified timing and other considerations. If the Principal Shareholders exercise such rights, a change of control may occur, and the Company will be required to comply with the change of control offer obligations under the 2021 Investor Rights Agreement and the 2025 Investor Rights Agreement. See "Item 16: Material Contracts". Other shareholders of the Company may have a limited role in the Company's affairs. This concentration of holdings may cause the market price of the Common Shares to decline, delay or prevent any acquisition, delay or discourage take-over attempts that shareholders may consider to be favorable, or make it more difficult or impossible for a third-party to acquire control of the Company or effect a change in the Company board of directors and management. Any delay or prevention of a change of control transaction could deter potential acquirors or prevent the completion of a transaction in which the Company's shareholders could receive a substantial premium over the then current market price for their Common Shares.

Additionally, the Principal Shareholders' interests may not align with the interests of the Company's other shareholders.

Future offerings of debt securities, which would rank senior to the Common Shares upon the Company's bankruptcy or liquidation, and future offerings of equity securities that may be senior to the Common Shares for the purposes of dividend and liquidating distributions, may adversely affect the market price of the Common Shares.

In the future, the Company may attempt to increase capital resources by making offerings of debt instruments or other securities convertible into Common Shares. Upon bankruptcy or liquidation, holders of the Company's debt securities and lenders with respect to other borrowings will receive a distribution of the Company's available assets prior to the holders of Common Shares. Additional equity offerings may dilute the holdings of the Company's existing shareholders, reduce the market price of the Common Shares, or both. The Company's decision to issue securities in any future offering will depend on market conditions and other factors beyond its control. As a result, the Company cannot predict or estimate the amount, timing or nature of its future security offerings, and purchasers of Common Shares bear the risk of the Company's future offerings reducing the market price of the Common Shares and diluting their ownership interest in the Company.

Any issuance of Preferred Shares could make it difficult for another company to acquire the Company or could otherwise adversely affect holders of Common Shares, which could depress the market price of the Common Shares.

The Company's board of directors has the authority to issue Preferred Shares, to determine the preferences, limitations and relative rights of the Preferred Shares, and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by the Company's shareholders. The Preferred Shares could be issued with liquidation, dividend and other rights superior to the rights of the Common Shares. The potential issuance of Preferred Shares may delay or prevent a change in control of the Company, discourage bids for the Common Shares at a premium over the market price and adversely affect the market price and other rights of the holders of Common Shares. Any Preferred Shares issued will rank in preference to the Common Shares in certain circumstances, including with respect to asset distribution rights on a liquidation or winding-up of the Company.

Claims for indemnification by the Company's directors and officers may reduce its available funds to satisfy successful third-party claims against the Company and may reduce the amount of money available to it.

The Company's articles provide that the Company will indemnify its directors and officers. In addition, the Company has entered into indemnification agreements with the Company's directors and officers and require the Company to indemnify each of the Company's directors and officers, to the fullest extent permitted by the laws of British Columbia, Canada, if the basis of the indemnitee's involvement was by reason of the fact that the indemnitee is or was a director or officer of the Company or any of its subsidiaries. The Company must indemnify its officers and directors against all reasonable fees, expenses, charges and other costs of any type or nature whatsoever, including

any and all expenses and obligations paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal) or preparing to defend, be a witness or participate in any completed, actual, pending or threatened action, suit, claim or proceeding, whether civil, criminal, administrative or investigative, or establishing or enforcing a right to indemnification under the indemnification agreement. The indemnification agreements also require the Company, if so requested, to advance within 10 days of such request all reasonable fees, expenses, charges and other costs that such director or officer incurred, provided that such person will return any such advance if it is ultimately determined that such person is not entitled to indemnification by the Company. Any claims for indemnification by the Company's directors and officers may reduce its available funds to satisfy successful third-party claims against the Company and may reduce the amount of money available to it.

The Company's articles also provide that any derivative actions, actions relating to breach of fiduciary duties and other matters relating to the Company's internal affairs will be required to be litigated in Canada, which could limit a shareholder's ability to obtain a favorable judicial forum for disputes with the Company.

The Company's articles provide that, unless the Company consents in writing to the selection of an alternative forum, the Supreme Court of British Columbia, Canada and the appellate courts therefrom, will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of the Company's directors, officers, or other employees to the Company; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the *Business Corporations Act* (British Columbia) or the Company's articles; or (iv) any action or proceeding asserting a claim otherwise related to the relationships among the Company, its affiliates and their respective shareholders, directors and/or officers, but excluding claims related to the Company's business or the business of such affiliates. The forum selection provision also provides that the Company's security holders are deemed to have consented to personal jurisdiction in the Province of British Columbia and to service of process on their counsel in any foreign action initiated in violation of the foregoing provisions. See "*Item 7: Description of Capital Structure*".

The forum selection provision under the Company's articles seeks to reduce litigation costs and increase outcome predictability by requiring derivative actions and other matters relating to the Company's affairs to be litigated in a single forum. While forum selection clauses in corporate charters and by-laws/articles are becoming more commonplace for public companies, a recent decision of the Supreme Court of Canada has cast some uncertainty as to whether forum selection clauses would be upheld in Canada. Accordingly, it is possible that the validity of the Company's forum selection provision could be challenged and that a court could rule that such provision is inapplicable or unenforceable. If a court were to find our forum selection provision inapplicable to, or unenforceable with respect to, one or more of the specified types of actions or proceedings, the Company may incur additional costs associated with resolving such matters in other jurisdictions and the Company may not obtain the benefits of limiting jurisdiction to the courts selected.

The forward-looking statements contained in this AIF may prove to be incorrect.

The forward-looking statements in this AIF are based on opinions, assumptions and estimates made by the Company's management in light of their experience and perception of historical trends, current conditions and expected future developments as well as other factors the management believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Actual results of the Company in the future may vary significantly from the historical and estimated results and those variations may be material. There is no representation by the Company or its management that actual results achieved by the Company in the future will be the same, in whole or in part, as those included in this AIF. See "*Item 1.2: Cautionary Note Regarding Forward-Looking Information*".

Public companies are subject to securities class action litigation risk.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. If the Company faces such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could materially harm its business.

Global financial conditions can reduce the price of the Common Shares.

Following the onset of the credit crisis in 2008, global financial conditions were characterized by extreme volatility and several major financial institutions either went into bankruptcy or were rescued by governmental authorities. While global financial conditions subsequently stabilized, there remains considerable risk in the system given the extraordinary measures adopted by government authorities to achieve that stability. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises. Future economic shocks may be precipitated by a number of causes, including a rise in the price of oil, geopolitical instability, international conflicts and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favorable to the Company. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Further, in such an event, the Company's operations and financial condition could be adversely impacted.

Moreover, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the global mining industry, global supply and demand for commodities, political developments, international conflicts, legislative or regulatory changes, social or labor unrest and stock market trends will affect the Company's operating environment and its operating costs, profit margins and share price. Any negative events in the global economy could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Company is a holding company and, as such, it depends on its subsidiaries for cash to fund its operations and expenses.

The Company is a holding company and essentially all of its assets are the capital stock of its subsidiaries. As a result, investors in the Company are subject to the risks attributable to its subsidiaries. As a holding company, the Company conducts all of its business through its subsidiaries. Therefore, the Company's ability to fund and conduct business, service debt and pay dividends, if any, in the future will principally depend on the ability of the Company's subsidiaries to generate sufficient cash flow to make upstream cash distributions to the Company. The Company's subsidiaries are separate legal entities, and although they are wholly-owned and controlled by the Company, they have no obligation to make any funds available to the Company, whether in the form of loans, dividends or otherwise. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Company.

ITEM 7: DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. As of the date of this AIF the Company's issued and outstanding share capital comprises (i) 222,361,749 Common Shares and (ii) nil Preferred Shares.

7.1. COMMON SHARES

Except as described below, each Common Share ranks equally as to dividends, voting powers and participation in the remaining assets of the Company. In particular, Common Shares entitles the holder thereof to: (i) notice of and one vote per Common Share at meetings of the shareholders of the Company (except those meetings where only the holders of shares of another class or of a particular series are entitled to vote); (ii) subject to the prior rights of the holders of Preferred Shares, to receive dividends, if, as and when declared by the Company's board of directors; and (iii) to participate in receiving the remaining property and assets of the Company upon liquidation, dissolution or winding-up. Common Shares are not subject to any rights of retraction, redemption or pre-emption.

Pursuant to the 2021 Investor Rights Agreement and the 2025 Investment Agreement, the Principal Shareholders are entitled to certain pre-emptive rights to subscribe for additional Common Shares and top-up rights in certain instances. See “Item 16: Material Contracts”.

7.2. PREFERRED SHARES

The Company’s board of directors may, by resolution and subject to the *Business Corporations Act* (British Columbia) and the Company’s articles, determine (i) the maximum number of Preferred Shares of each series to be issued, and (ii) create an identifying name for each series and attach special rights or restrictions to each such series including, without limitation, any right to receive dividends, dates of payment thereof, terms or conditions of redemption or repurchase, conversion rights, retraction rights or any rights on the Company’s liquidation, dissolution or winding-up. Holders of Preferred Shares are not entitled to receive notice of, attend or vote at any meeting of the shareholders of the Company. Preferred Shares of each series, if and when issued, will, with respect to the payment of dividends, rank on parity with the Preferred Shares of every other series and be entitled to preference over the Common Shares and any other of the Company’s shares ranking junior to the Preferred Shares with respect to payment of dividends. In the event of the Company’s liquidation, dissolution or winding up, whether voluntary or involuntary, the holders of Preferred Shares will be entitled to preference with respect to distribution of our property or assets over the Common Shares and any other of our shares ranking junior to the Preferred Shares with respect to the repayment of capital paid up on and the payment of unpaid dividends accrued on the Preferred Shares.

7.3. OMNIBUS LONG-TERM INCENTIVE PLAN

The Company offers a long-term incentive plan (the “LTIP”) that permits the Company’s board of directors, or an authorized committee of the board of directors, to grant to eligible directors, officers, and employees of the Company certain equity-based awards including options, restricted share units, deferred share units and performance share units entitling the grantees thereof, as the case may be, to the right to receive Common Shares or the cash equivalent of Common Shares in accordance with the terms of the LTIP.

At the 2023 annual general and special meeting, shareholders of the Company passed an ordinary resolution approving amendments to the LTIP which included: (i) to provide that the aggregate number of Common Shares issuable under the LTIP and under all other security-based compensation arrangements of the Company be increased to 10% of the total number of Common Shares issued and outstanding from time to time, from the previous maximum of 5%; (ii) to provide that the number of Common Shares that may be (A) issued to insiders of the Company within any one-year period, or (B) issuable to the insiders of the Company at any time, in each case, under the LTIP alone or when combined with all other security-based compensation arrangements, shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time, from the previous maximum of 3%; and (iii) to remove the restriction that the number of Common Shares that may be issued to non-employee directors of the Company at any time under the LTIP shall not exceed 1.0% of the total number of Common Shares issued and outstanding from time to time.

As of the date of this AIF, the outstanding equity securities of the Company issued pursuant to the LTIP comprises: (i) nil options; (ii) an aggregate of 1,611,893 restricted share units; (iii) nil deferred share units; and (iv) nil performance share units.

ITEM 8: DIVIDENDS AND DISTRIBUTIONS

The Company has not declared or paid any dividends on its Common Shares since the date of its formation. The Company intends to retain its earnings, if any, to finance the growth and development of its business and has no present intention of paying dividends or making any other distributions in the foreseeable future.

ITEM 9: MARKET FOR SECURITIES

9.1. TRADING PRICE AND VOLUME

The Common Shares trade on the TSX under the symbol “ARA.” The following table sets forth the high, low and trading volume of the Common Shares on the TSX for 2025 on a monthly basis:

Period (2025)	High (\$)	Low (\$)	Volume
January	0.56	0.45	430,861
February	0.56	0.495	1,327,219
March	0.58	0.49	922,688
April	0.80	0.49	2,017,599
May	0.80	0.63	856,006
June	1.19	0.72	2,644,903
July	1.75	1.00	2,819,511
August	1.60	1.21	1,209,898
September	2.90	1.48	3,962,223
October	4.65	2.50	9,690,221
November	3.39	2.21	3,409,025
December	2.91	2.01	3,459,404

9.2. PRIOR SALES

The following table contains details of the prior sales of securities of the Company outstanding but not listed or quoted on a marketplace issued during the most recently completed fiscal year ended December 31, 2025:

Date of Issue	Type of Securities	Number of Securities	Issue/Exercise (\$)	Expiry Date
April 3, 2025	RSUs	3,977,220	N/A	April 3, 2035

ITEM 10: ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the knowledge of the Company, none of the securities of the Company are subject to escrow or contractual restriction on transfer.

ITEM 11: DIRECTORS AND EXECUTIVE OFFICERS

11.1. DIRECTOR AND EXECUTIVE OFFICER INFORMATION

Set out below is the name, education, province, state or municipality and country of residence, position held, present principal occupation and principal occupations held in the last five years if different of each director and executive officer of the Company. Each of the directors of the Company has been appointed to serve until the next annual meeting of the shareholders of the Company or until his or her successor is duly elected or appointed in accordance with the Company's articles.

Name, Residence and Position with the Company	Director Appointment Date	Principal Occupation During Past Five Years
Ramon Barua (Lima, Perú) <i>Director and Chief Executive Officer</i>	May 5, 2021	Mr. Barua was appointed Chief Executive Officer of the Company in October 2021, prior to which he served as the Chief Financial Officer of Hochschild Mining since June 2010. Prior to his appointment as Chief Financial Officer of Hochschild Mining, he served in various positions with other companies associated with the Hochschild Group, namely Chief Executive Officer of Fosfatos del Pacifico S.A., General Manager for Hochschild Mining's Mexican operations and Deputy Chief Executive Officer and Chief Financial Officer of Cementos Pacasmayo. Prior to joining the Hochschild Group, Mr. Barua was a Vice President of Debt Capital Markets with Deutsche Bank and a sales analyst with Banco Santander. Mr. Barua is an economics graduate of Universidad de Lima in Peru and holds an MBA from Columbia Business School in the United States.
Eduardo Hochschild⁽⁵⁾ (Lima, Perú) <i>Director and Chairman of the board of directors</i>	October 15, 2021	Mr. Hochschild has been Chairman of Hochschild Mining since 2006, and has over 30 years of experience in the extractive industries sector. He holds numerous board of directors appointments, including a Non-Executive Chairman at non-profit organizations such as UTEC, TECSUP and the Institute of Contemporary Art and as Advisor to the Economic Counsel of the Conferencia Episcopal Peruana. Mr. Hochschild joined the Hochschild Group in 1987 as Safety Assistant at the Arcata unit, becoming Head of the Hochschild Mining Group in 1998. Mr. Hochschild graduated from Tufts University, Boston with a Bachelor of Science degree in physics and mechanical engineering.
Paul Adams⁽¹⁾⁽²⁾⁽³⁾⁽⁹⁾ (Florida, United States) <i>Director</i>	December 2, 2021	Mr. Adams is a member of the board of directors of OC Oerlikon Corporation AG, Pfäffikon and Chromalloy Corp., and a senior advisor to VulcanForms, Inc. Mr. Adams has deep experience across the aerospace industry and in engine manufacturing in particular, gained from over 30 years of leadership experience in the aviation industry. Mr. Adams has spent much of his career with Pratt & Whitney where he held various senior management roles including Chief Operating Officer before serving as President until 2016. He was Chief Operating Officer at Precision Castparts, the world's largest supplier of aerospace metal, castings and forgings until 2018. Mr. Adams gained a degree in aerospace engineering from the University of Michigan in the United States and in 2013 was inducted to the National Academy of Engineering, Washington DC.
Catharine Farrow⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁶⁾⁽⁸⁾ (Ontario, Canada) <i>Director</i>	December 2, 2021	Dr. Farrow is a director of Franco-Nevada Corporation. She is a Registered Professional Geoscientist (PGO) with more than 25 years of mining industry experience. She also serves as a Director of Centamin plc and of Eldorado Gold Corporation and is active in the mining industry in both private companies and academia. From 2012 to 2017 she was Founding CEO, Director and Co-Founder of TMAC Resources Inc. Dr. Farrow has served on the board of directors of a number of not-for-profit and government advisory boards. She has been honored as one of the 100 Global Inspirational Women in Mining (2015 and 2018) and is a past recipient of the William Harvey Gross Medal of the Geological Association of Canada (2000) and the Distinguished Alumni Award from the Acadia Alumni Association (2020). Dr. Farrow obtained her BSc (Hons) from Mount Allison University, her MSc from Acadia University and her PhD from Carleton University, each in Canada. She also holds the ICD.D designation.
Maria Recart⁽¹⁾⁽⁴⁾⁽⁷⁾ (Región Metropolitana de Santiago, Chile) <i>Director</i>	February 9, 2023	Ms. Recart has been a member of the board of directors, and President of the Audit Committee, of CAP since 2021 and a member of the board of directors of Comunidad Mujer, a Chilean non-profit organization advocating for women's issues in public policy since 2021. Previously, Ms. Recart was the Rector of Universidad Santo Tomás from 2019 to 2023. Prior to that, she worked at BHP from 2010 to 2018 as Vice President Corporate Affairs and during that time, she also served as a member of the Owners' Council of Escondida, Vice President of the board of directors of Fundación Chile, Vice President of Centro

Name, Residence and Position with the Company	Director Appointment Date	Principal Occupation During Past Five Years
		de Entrenamiento Industrial y Minero (CEIM), and Vice President of Fundación Minera Escondida. Ms. Recart served as Vice Minister of Finance of Chile between 2006 and 2010. Ms. Recart is an economics graduate of Universidad de Concepción in Chile and holds a Master in Economy from Georgetown University in the United States.
Sanjay Sarma ⁽¹⁾⁽²⁾⁽³⁾ (Massachusetts, United States) <i>Director</i>	October 15, 2021	Mr. Sanjay is a Professor of Mechanical Engineering at Massachusetts Institute of Technology (MIT) and Vice President for Open Learning at MIT. He also currently serves as a member of the board of directors of Top Flight Technologies and G1S US and edX, the entity set up by MIT and Harvard to facilitate the distribution of free online education worldwide. Until October 2021, Mr. Sanjay was an independent non-executive director of Hochschild Mining. Mr. Sanjay's previous professional experience includes being the founder and Chief Technology Officer of OAT Systems (subsequently acquired by Checkpoint Systems) and has worked at Schlumberger Oilfield Services. Mr. Sarma earned a Bachelor of Technology from the Indian Institute of Technology, Kanpur, a Masters in Engineering from Carnegie Mellon University in the United States, and a Ph.D. from University of California at Berkeley in the United States.
Nicolas Hochschild ⁽⁵⁾ (Lima, Perú) <i>Director</i>	May 5, 2023	Mr. Hochschild has been M&A Associate of Forum Brands since June 2020. Mr. Hochschild previously served as Investment Banking Summer Analyst at Credit Suisse and JP Morgan. Prior to that, Mr. Hochschild founded and was the CEO of Acai Guys. He also currently serves as a member of the board of directors for Hochschild Mining and UTEC (Peruvian non-profit University). Mr. Hochschild holds a Bachelor degree in Science and Mechanical Engineering and a Masters in Management Science and Engineering from Stanford University.
Jorge Born ⁽⁵⁾ (Buenos Aires, Argentina) <i>Director</i>	February 22, 2024	Mr. Born worked at Bunge, a global leader in agribusiness headquartered in Brazil until 2001, for over 30 years, holding various positions, including CEO and board member for over 10 years. During his last 12 years with Bunge, from 2001 to 2013, Mr. Born served as the Deputy Chairman and Lead Independent Director, chairing the central risk and finance management committee of the board of directors. Mr. Born is also the founder and Executive President of Consult y Asociados S.A., a private M&A boutique company focused on developing opportunities with multinational companies in Argentina, Uruguay and Paraguay. From 2010 to 2022, Mr. Born was a member of the board of directors and chair of all board of director committees of Dufry Group, a leading global retailer. In addition, Mr. Born has served as a non-executive director at Hochschild Mining PLC since 2006 and has been a member of the board of directors of Caldenes Agropecuaria from 1997 to 2020. Additionally, he has been the chairman of Fundación Bunge and Born, an Argentinian NGO, since 2007.
Eduardo Landin ⁽⁵⁾ (Lima, Perú) <i>Director</i>	May 6, 2024	Mr. Landin has been the CEO and executive director of Hochschild Mining since August 29, 2023. Prior to assuming his current position, Mr. Landin joined Hochschild Mining in 2008 as General Manager of Argentinian operations and subsequently served as General Manager of Projects in 2011 and COO in 2013. These past roles with the company included taking direct responsibility for the development of the Inmaculada and Crespo Advanced Projects. Prior to joining Hochschild Mining, Mr. Landin held the position of Corporate Development Manager at Cementos Pacasmayo, an associate company of the Hochschild Group, and, prior to that, served at the Government of Peru's Ministry of Energy and Mines and worked for Repsol S.A. in England, Spain and Peru for over ten (10) years. Mr. Landin is a British Chartered Mechanical Engineer and holds a B.Eng (Honours) in Mechanical Engineering from Imperial College, London, and an Executive MBA from the Universidad de Piura, Peru. He is also a Fellow of the British Institution of Mechanical Engineers.

Name, Residence and Position with the Company	Director Appointment Date	Principal Occupation During Past Five Years
Juan Enrique Rassmuss⁽⁵⁾ (Región Metropolitana de Santiago, Chile) <i>Director</i>	March 13, 2025	Mr. Rassmuss is a professional with a distinguished international career in Germany, Argentina, Brazil, Peru, and Paraguay. Since 2016, he has led his family's companies in the mining, energy, and industrial sectors, contributing his vision and experience. In 2009, he joined the board of directors the publicly traded company Invercap S.A.; in December 2018, he joined the board of directors of CAP, which he has chaired since May 2023; and in November 2019, he joined the board of directors of Compañía Minera del Pacífico (CMP). In parallel to his business activities, he is an ambassador for Endeavor Chile due to his interest in promoting entrepreneurship as a driver of development and a board member of the Fundación Encuentros del Futuro, contributing to the reflection on the challenges and opportunities for Chile in a constantly changing world. He is a director and founder of Fundación Rassmuss, through which the foundation implements comprehensive solutions to problems in the areas of education and health, working in cooperation with strategic allies. Mr. Rassmuss studied Industrial Civil Engineering at the Pontifical Catholic University of Chile.
Jose Augusto Palma (Lima, Perú) <i>Executive Vice President</i>	-	Mr. Palma is a senior lawyer who has worked in demanding and high-profile roles across various sectors. Mr. Palma served as Vice President Legal and Corporate Affairs at Hochschild Mining for 18 years before joining Aclara in June 2024. In this role, he led and managed a multidisciplinary team of over 100 professionals in the legal, environmental, social relations and institutional affairs departments of the company. Before Hochschild, he was a partner at the law firm of Swidler Berlin in Washington DC, served in the World Bank and in the government of Peru. Mr. Palma has served in the board of directors of private and listed companies and in industry associations such as Peru's Mining, Petroleum and Energy Association, where he presided the mining industry between 2019-2020 and Comex Peru. Mr. Palma holds a Masters of Law (LLM) from Georgetown University and a juris doctor degree from the Universidad Iberoamericana.
Francois Motte Sauter (Lima, Perú) <i>Chief Financial Officer</i>	-	Mr. Motte joined REE Uno in February 2021 as Chief Financial Officer and was appointed Chief Financial Officer of the Company in October 2021. He has more than 10 years of experience in the finance sector having worked for 9 years at Hochschild Mining in financial planning and controls, business development, investor relations and corporate finance. Mr. Motte graduated from Universidad de Lima with a Bachelor in Business Administration and holds a MSc in Innovation Management and Business Development from Aarhus University in Denmark. While pursuing his Master's degree, Mr. Motte worked for REE Uno as an independent consultant conducting extensive market research of the rare earth industry.
Hugh Broadhurst (Nevada, United States) <i>Chief Operating Officer</i>	-	Mr. Broadhurst was appointed as Chief Operating Officer of the Company on June 16, 2025. He brings over 20 years of leadership experience with multinational corporations, specializing in global operations, process development, project finance, capital project implementations and building high performing teams. Prior to joining Aclara, Mr. Broadhurst worked for Lithium Americas Corp. as the General Manager for the Thacker Pass Project where he led process development, operations readiness and was deeply involved in the financing process with the U.S. Department of Energy and other strategic investors. Mr. Broadhurst has a proven track record in delivering value in new and existing chemical processes with a focus in specialty chemicals. His multinational corporate experience includes roles at Rohm & Haas (Dow Chemical), Syngenta and Arysta LifeScience. Mr. Broadhurst holds a MSc in Chemical Engineering from Louisiana State University and a Bachelor of Science in Chemical Engineering from the University of KwaZulu-Natal, Durban, South Africa.

Notes:

(1) Independent director for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators ("NI 58-101").

- (2) Member of our Audit Committee.
- (3) Member of our CNCG Committee.
- (4) Member of our Sustainability Committee.
- (5) Nominees of the Principal Shareholders. See "Item 16: Material Contracts".
- (6) Lead independent director.
- (7) Chair of our Sustainability Committee.
- (8) Chair of our CNCG Committee.
- (9) Chair of our Audit Committee.

11.2. SHAREHOLDINGS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this AIF, the directors and executive officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly 10,956,232 Common Shares representing approximately 4.93% of the issued and outstanding Common Shares. This figure excludes 80,340,876 Common Shares owned by New Hartsdale, an investment holding company the control and direction of which are held by the independent trustees of an irrevocable, discretionary trust, representing approximately 36.52% of the issued and outstanding Common Shares. As previously disclosed, the Common Shares previously held by Pelham were ultimately transferred to New Hartsdale pursuant to a series of internal reorganization transactions, and in connection with the internal reorganization the shares of New Hartsdale were subsequently transferred to an irrevocable, discretionary trust under the control and direction of independent trustees. The statement as to the number of Common Shares beneficially owned, or over which a director or executive officer exercises control or direction, directly or indirectly, not being within the knowledge of the Company, has been furnished by the directors and executive officers.

11.3. CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Except as disclosed below, to the knowledge of the Company, no director or executive officer of the Company or shareholder holding a sufficient number of securities to affect materially the control of the Company:

- (a) is, as at the date of this AIF, or has been, within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company, including the Company, that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, as at the date of this AIF, or has been within ten years before the date of this AIF, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
- (c) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director.

None of the directors or officers of the Company or shareholder holding a sufficient number of securities to affect materially the control of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or have entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

None of the directors or officers of the Company has, within the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

11.4. CONFLICTS OF INTERESTS

To the best of the Company's knowledge and other than as disclosed herein, there are no existing or potential conflicts of interest among the Company, its directors, officers or other members of management of the Company except that certain of the directors, officers and other members of management serve as directors, officers and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies and their duties as a director, officer, promoter or management of the Company.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company will rely upon such laws with respect to any directors' and officers' conflicts of interest or with respect to any breaches of duty to any of its directors and officers.

ITEM 12: PROMOTERS

During the two most recently completed financial years, no person or company has been a promoter of the Company.

ITEM 13: LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company may, from time to time, be involved in legal proceedings of a nature considered normal to our business. The Company believes that none of the litigation in which the Company is currently involved or have been involved since the beginning of the most recently completed financial year, individually or in the aggregate, is material to the Company's financial condition or results of operations.

ITEM 14: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this AIF, to the knowledge of management of the Company, no (a) director or executive officer, (b) person or company that beneficially owns, controls or directs, directly or indirectly, more than 10% of the Common Shares, nor (c) any associate or affiliate of any of the persons or companies referred to in (a) or (b) has, or has had within the three most recently completed financial years before the date hereof, any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Company. For discussion of management's interests in material transactions of the Company, see "*Item 16: Material Contracts*".

ITEM 15: TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc. is the registrar and transfer agent for the Company at its principal offices at 800 – 324 8 Avenue SW Calgary, Alberta, Canada T2P 2Z2.

ITEM 16: MATERIAL CONTRACTS

The following sections summarize the material attributes of the Company's material contracts. The below is subject to, and qualified in its entirety by reference to, the respective material contracts, copies of which have been filed with the Canadian securities regulatory authorities and are available on SEDAR+ at www.sedarplus.ca, under the Company's profile. Investors are encouraged to read the full text of such material contracts.

Investor Rights Agreements

2021 Investor Rights Agreement

In connection with the Going Public Transactions, the Company entered into an investor rights agreement with each of Pelham and HM Holdings (the “**2021 Investor Rights Agreement**”), whereby Pelham subsequently assigned its rights thereunder to New Hartsdale on December 21, 2023. The following is a summary of the material attributes and characteristics of the 2021 Investor Rights Agreement.

Board of Directors

The 2021 Investment Shareholders shall each have the right to designate a number of nominees for election to the Company’s board of directors equal to: (i) four (4), provided that a 2021 Investment Shareholders holds at least 40% of the Common Shares outstanding (on a non-diluted basis); (ii) three (3), provided that a 2021 Investment Shareholder holds at least 30% of the Common Shares outstanding, but less than 40% thereof (on a non-diluted basis); (iii) two (2), provided that a 2021 Investment Shareholder holds at least 20% of the Common Shares outstanding, but less than 30% thereof (on a non-diluted basis); and (iv) one (1), provided that a 2021 Investment Shareholder holds at least 10% of the Common Shares outstanding, but less than 20% thereof (on a non-diluted basis). If a 2021 Investment Shareholder holds less than 10% of the Common Shares outstanding (on a non-diluted basis), it shall not have any rights to designate a nominee for election to the board of directors of the Company.

Pre-Emptive Rights and Top-Up Rights

In the event of any distribution or issuance, including by way of a share dividend (“**Distribution**”) of Common Shares or of the securities convertible or exchangeable into Common Shares or giving the right to acquire Common Shares (other than options or other securities issued under compensatory plans or other plans to purchase Common Shares or any other securities in favor of the management, directors, employees or consultants of the Company, and certain other exceptions to be set forth in the 2021 Investor Rights Agreement) (the “**Convertible Securities**” and, together with the Common Shares, the “**Distributed Securities**”), the 2021 Investor Rights Agreement will provide each of the 2021 Investment Shareholders, for so long as it owns, controls or directs at least 10% of the outstanding Common Shares (on a non-diluted basis), the right to subscribe for that number of Common Shares, or, as the case may be, for securities convertible or exchangeable into or giving the right to acquire, on the same terms and conditions, including subscription or exercise price, as applicable, *mutatis mutandis* (except for the ultimate underlying securities which shall be Common Shares), as those stipulated in the Convertible Securities, that number of Common Shares, respectively, which carry, in the aggregate, a number of voting rights sufficient to fully maintain the proportion of total voting rights (on a fully-diluted basis) associated with the then outstanding Common Shares (the “**Rights to Subscribe**”).

The Rights to Subscribe shall be issued to each of the 2021 Investment Shareholders in a proportion equal to their respective holdings of Common Shares and shall be issued concurrently with the completion of the Distribution of the applicable Distributed Securities. To the extent that any such Rights to Subscribe are exercised, in whole or in part, the securities underlying such Rights to Subscribe (the “**Subscription Securities**”) shall be issued and must be paid for concurrently with the completion of the Distribution and payment to the Company of the issue price for the Distributed Securities, at the lowest price permitted by the applicable securities and stock exchange regulations and subject (as to such price) to the prior consent of the exchanges but at a price not lower than: (i) if the Distributed Securities are Common Shares, the price at which Common Shares are then being issued or distributed; (ii) if the Distributed Securities are Convertible Securities, the price at which the applicable Convertible Securities are then being issued or distributed; and (iii) if the Distributed Securities are voting shares other than Common Shares, the higher of (a) the weighted average price of the transactions on the Common Shares on the TSX (or such other primary stock exchange on which they are listed, as the case may be) for the 20 trading days preceding the Distribution of such voting shares, or (b) the weighted average price of transactions on the Common Shares on the TSX (or such other primary stock exchange on which they are listed, as the case may be), the trading day before the Distribution of such voting shares.

The privileges attached to Subscription Securities which are securities convertible or exchangeable into or giving the right to acquire Common Shares shall only be exercisable if and whenever the same privileges attached to the

Convertible Securities are exercised and shall not result in the issuance of a number of Common Shares which increases the proportion (as in effect immediately prior to giving effect to the completion of the Distribution) of total voting rights associated with the Common Shares after giving effect to the exercise by the holder(s) of the privileges attached to such Convertible Securities.

In addition, the 2021 Investor Rights Agreement provides each of the 2021 Investment Shareholders, for so long as it owns, directly or indirectly, or exercises control or direction of at least 10% of our outstanding Common Shares (on a non-diluted basis), top-up rights in connection with the conversion, exercise or exchange of any Convertible Securities, including any Common Shares issued upon vesting pursuant to any compensatory plans or other plans to purchase securities of the Company so as to permit the 2021 Investment Shareholder to maintain its pro rata equity ownership in the Company.

The top-up right shall be exercisable from time to time following dilutive issuances that result in the reduction of the 2021 Investment Shareholders' ownership by an aggregate of 1.0% or more (the "**Top-Up Threshold**"). The Top-Up Threshold shall be calculated by aggregating all dilutive issuances that occurred in each case from the later of: (i) the date of the 2021 Investor Rights Agreement; (ii) the date of the last top-up notice; and (iii) the date of completion of the last top-up offering.

Lock-up Arrangements

Pursuant to the 2021 Investor Rights Agreement, each of the 2021 Investment Shareholders will agree not to, directly or indirectly, effect a transfer of any Common Shares held by them on closing and closing of the 2021 Concurrent Private Placement, for a period of 12 months after the closing date, unless permitted under the 2021 Investor Rights Agreement.

Registration Rights

The 2021 Investor Rights Agreement will provide each of the 2021 Investment Shareholders, provided it at the relevant time owns at least 10% of the Common Shares outstanding (on a non-diluted basis), with the right (the "**Piggy-Back Registration Right**") to require the Company to include Common Shares held by the 2021 Investment Shareholders in any future public offering undertaken by the Company by way of prospectus that it may file with applicable Canadian securities regulatory authorities (a "**Piggy-Back Distribution**"). Upon written request of a 2021 Investment Shareholder, the Company will be required to use reasonable commercial efforts to cause to be included in the distribution all of the Common Shares that the 2021 Investment Shareholders request to be sold, provided that if the distribution involves an underwriting and the lead underwriter determines that the total number of Common Shares to be included in such distribution should be limited for certain prescribed reasons, the Common Shares to be included in the distribution will be first allocated to the Company and the remainder to the participating 2021 Investment Shareholders, allocated proportionally between the participating 2021 Investment Shareholders.

In addition, the 2021 Investor Rights Agreement will provide each of the 2021 Investment Shareholders, if at the relevant time it owns at least 20% of the Common Shares outstanding (on a non-diluted basis), with the right (the "**Demand Registration Right**") to require the Company to use reasonable commercial efforts to file one or more prospectuses with applicable Canadian securities regulatory authorities qualifying Common Shares held or controlled by the 2021 Investment Shareholders for public distribution (a "**Demand Distribution**"). The 2021 Investment Shareholders will be entitled to request not more than two Demand Distributions per calendar year, but no more than once during any 90-day period, and each Demand Distribution must comprise such number of Common Shares that would be expected to result in aggregate gross proceeds of at least \$5 million; provided that, if the Demand Distribution involves an underwriting and the lead underwriter determines that the total number of Common Shares to be included in such Demand Distribution should be limited for certain prescribed reasons, the Common Shares to be included in the Demand Distribution will be first allocated to the applicable 2021 Investment Shareholders in full and the remainder to be allocated to the Company. Any Demand Distribution will be through underwriters selected by the 2021 Investment Shareholders in consultation with the Company.

Each of the Piggy-Back Registration Right and the Demand Registration Right will be exercisable at any time following the 12-month lock-up period. The Piggy-Back Registration Right and the Demand Registration Right will be subject to customary conditions and limitations, and the Company will be entitled to defer any Demand

Distribution in certain circumstances for a period not exceeding 90 days, provided the Company is not permitted to postpone the filing of any offering document for a period of more than 120 days in any 12-month consecutive period. All expenses with respect to a Piggy-Back Distribution or a Demand Distribution will be borne by the Company, except that the fees of counsel of the 2021 Investment Shareholders, any underwriting fee, discount or commission will be borne by the applicable 2021 Investment Shareholders. The 2021 Investor Rights Agreement provides that the Company will indemnify the applicable 2021 Investment Shareholders for any misrepresentation in a prospectus under which Common Shares held by a 2021 Investment Shareholder is distributed (other than with respect to any information provided by a 2021 Investment Shareholder, with respect to such 2021 Investment Shareholder, for inclusion in the prospectus) and the applicable 2021 Investment Shareholders will indemnify the Company for any information provided by a 2021 Investment Shareholder, with respect to such 2021 Investment Shareholder, for inclusion in the prospectus. Unless the Company proposes to file a registration statement for the distribution of Common Shares to the public in the United States these registration rights will not require the Company to register Common Shares under the U.S. Securities Act.

Provided that, at the relevant time, a 2021 Investment Shareholder owns or exercises control or direction over at least 20% of the Common Shares outstanding (on a non-diluted basis), the Company shall not, without the prior written consent of the particular 2021 Investment Shareholder, which consent may be arbitrarily withheld, grant any registration rights to any person unless such rights are subordinated to the registration rights granted to the 2021 Investment Shareholders under the 2021 Investor Rights Agreement and are on terms reasonably satisfactory to the particular 2021 Investment Shareholder.

Term

The rights of each of the 2021 Investment Shareholders under the 2021 Investor Rights Agreement will terminate with respect to the particular 2021 Investment Shareholder will terminate on the earlier of: (i) the last day of the first continuous 180-day period during which the Common Shares owned, controlled or directed, directly or indirectly, in the aggregate, by such 2021 Investment Shareholder constitutes less than 10% of all of the issued and outstanding Common Shares (on a non-diluted basis) but only with respect to such 2021 Investment Shareholder and shall otherwise continue in full force and effect as between the Company and remaining 2021 Investment Shareholder; (ii) the date on which the 2021 Investor Rights Agreement is terminated by written agreement of the 2021 Investment Shareholders and the Company; or (iii) dissolution or liquidation of the Company.

A copy of the 2021 Investor Rights Agreement is available on SEDAR+ under the Company's profile at www.sedarplus.ca.

2025 Investor Rights Agreement

Pursuant to the terms of the Subscription Agreement between the Company and CAP, concurrent with the closing of the 2025 Private Placement, the Company and CAP entered into the 2025 Investor Rights Agreement with respect to certain director nomination rights, governance matters and shareholder rights. The following is a summary of the material attributes and characteristics of the 2025 Investor Rights Agreement.

Board of Directors

Under the terms of the 2025 Investor Rights Agreement, CAP is entitled to designate Mr. Juan Enrique Rassmus as its nominee for election to the Company's board of directors. The Company and CAP further agree that as long as CAP holds, directly or indirectly, between at least 10% and up to 15% of the Common Shares outstanding (on a non-diluted basis), Mr. Juan Enrique Rassmus will be the only eligible designated nominee of CAP for election to the board. For so long as CAP holds at least 15% of the Common Shares outstanding (on a non-diluted basis), it shall have the right to designate any eligible nominee for election to the board.

Pre-Emptive Rights

At any time CAP owns, directly or indirectly, or exercises control or direction over an aggregate of 10% or more of the outstanding Common Shares (on a non-diluted basis), in the event of any Issuance or distribution, the Company shall, during the period ending on the third anniversary of the date of the 2025 Investment Agreement:

- (a) subject to any rights of the 2021 Investment Shareholders pursuant to the 2021 Investor Rights Agreement, offer to CAP the right to subscribe for any Distributed Securities, subject also to applicable Canadian securities laws and rules of any stock exchange on which the Common Shares are then listed, on the same terms and conditions, including subscription or exercise price, as the Distribution until such time as CAP holds 19.9% of the issued and outstanding Common Shares (on a non-diluted basis); and
- (b) thereafter issue to CAP rights to subscribe for that number of Common Shares or, as the case may be, for securities convertible or exchangeable into or giving the right to acquire, on the same terms and conditions, including subscription or exercise price, as applicable, *mutatis mutandis* (except for the ultimate underlying securities which shall be Common Shares), as those stipulated in the Convertible Securities, that number of Common Shares, respectively, which carry, in the aggregate, a number of voting rights sufficient to fully maintain the proportion of total voting rights (on a fully diluted basis) associated with the then outstanding Common Shares.

Top-Up Rights

In the event of any Issuance or distribution, including by way of a share dividend of Common Shares of the Company or of securities convertible or exchangeable into Common Shares of the Company, the 2025 Investor Rights Agreement provides that, for so long as CAP owns, directly or indirectly, or exercises control or direction over an aggregate of 10% or more of the outstanding Common Shares (on a non-diluted basis):

- a) CAP has the right (the “**Top-Up Right**”) to subscribe for and to be issued in connection with the issuance of Common Shares in connection with (any, a “**Dilutive Issuance**”): (i) any equity-based compensation arrangements of the Company; and (ii) the conversion, exercise or exchange of convertible securities (the “**Dilutive Shares**”) up to such number of Common Shares (the “**Top-Up Shares**”) such that the ratio that the Top-Up Shares bears to the sum of the Top-Up Shares and the Dilutive Shares is the same as the ratio that (a) the aggregate of the Common Shares then owned by or over which control or direction is exercised by CAP (calculated on a non-diluted basis), bears to (b) all Common Shares then outstanding (calculated on a non-diluted basis); and
- b) the Top-Up Right is exercisable from time to time following Dilutive Issuances that result in the reduction of CAP’s ownership by an aggregate of 1.0% or more (the “**CAP Top-Up Threshold**”). The CAP Top-Up Threshold shall be calculated by aggregating all Dilutive Issuances that occurred in each case from the later of: (i) the date of the 2025 Investor Rights Agreement; (ii) the date of the last Top-Up Notice; and (iii) the date of completion of the last Top-Up Offering (such terms as defined in the 2025 Investor Rights Agreement).

Demand Subscription Right

For a period beginning on the occurrence of either of the following events and continuing for a period of 30 days following after the subsequent occurrence of the other: (i) the third anniversary of the date of the CAP Investment Agreement; and (ii) the earlier of (a) the issuance of the installation permit (*Licença de Instalação*) by the Secretariat of the Environment and Sustainable Development (*Secretaria de Meio Ambiente e Desenvolvimento Sustentável de Goiás*) in respect of the Company’s Carina Project, or (b) 18 months after the end of such third anniversary of the date of the CAP Investment Agreement, CAP may by delivery of written notice (the “**Demand Subscription Notice**”) require, subject to compliance with applicable Canadian securities laws and rules of any stock exchange on which the Common Shares are then listed, the Company to issue by way of a private placement Common Shares to CAP to bring CAP’s holdings of Common Shares to a number that is not more than 19.9% of the issued and outstanding Common Shares (on a non-diluted basis) (a “**Demand Subscription**”). The Common Shares must be issued at a price per Common Share equal to the closing price on the immediately preceding trading day before the date on which the Company (subject to the minimum pricing rules of any stock exchange on which the Common

Shares are then listed), in its sole discretion, notifies the TSX (the “**Primary TSX Notice**”) of its intent to carry out the issuance of treasury Common Shares that are referred to in the Demand Subscription Notice, and such Primary TSX Notice must be filed with the TSX within such three-month period. If the three-month period indicated above has elapsed without the Company having filed the Primary TSX Notice, for any reason, the price per Common Share to be paid by CAP in respect of such Demand Subscription will be deemed to be the closing price of Common Shares on the last trading day of such three-month period (subject to the minimum pricing rules of any stock exchange on which the Common Shares are then listed), and in such case the Company shall notify the TSX forthwith after such three-month period of its intent to carry out the issuance of treasury Common Shares that are referred to in the Demand Subscription Notice at such deemed price per Common Share (the “**Subsequent TSX Notice**”). Following the determination of the price per Common Share payable by CAP in respect of the Common Shares subject to the Demand Subscription Notice (whether that date of determination being the date of the Primary TSX Notice or the end of such three-month period as set out in the Subsequent TSX Notice), CAP will have a period of three business days from the date of such determination to inform the Company in writing of its refusal to subscribe for such Common Shares notwithstanding the giving of the Demand Subscription Notice. For greater certainty, failure by CAP to refuse to subscribe for such Common Shares shall be deemed to be an acceptance of the subscription price per Common Share as set out in the Primary TSX Notice or the Subsequent TSX Notice, as applicable. For greater certainty, this Demand Subscription right of CAP will not be subject to CAP holding 10% percent or more of the Company’s Common Shares, on a non-diluted basis, at the time of providing the Demand Subscription Notice. If CAP delivers a Demand Subscription Notice and then subsequently notifies the Company of its refusal to subscribe for such Common Shares as provided above, CAP shall no longer have the right to the Demand Subscription.

Lock-up Arrangements

Pursuant to the 2025 Investor Rights Agreement, CAP agrees not to, directly or indirectly, effect a transfer of any Common Shares it holds upon closing of the 2025 Private Placement, for a period of 12 months after the date of closing, unless otherwise permitted under the 2025 Investor Rights Agreement.

Term

CAP’s rights under the 2025 Investor Rights Agreement will terminate on the earlier of: (i) the last day of the first continuous 180-day period during which the Common Shares owned, controlled or directed, directly or indirectly, in the aggregate, by CAP constitutes less than 10% of all of the issued and outstanding Common Shares (on a non-diluted basis); the date on which the 2025 Investor Rights Agreement is terminated upon written agreement of the Company and CAP; or (iii) dissolution or liquidation of the Company.

A copy of the 2025 Investor Rights Agreement is available on SEDAR+ under the Company’s profile at www.sedarplus.ca.

CAP Investment Agreement

On March 12, 2024, the Company and CAP entered into the CAP Investment Agreement, whereby CAP agreed to make a US\$29.1 million capital contribution in REE Uno, Aclara’s Chilean subsidiary which owns the Penco Module and all of the Company’s mining concessions in Chile, in exchange for a 20% equity ownership interest in REE Uno. Under the terms of the CAP Investment Agreement, CAP also has an option to invest an additional US\$50 million in REE Uno for an additional 20% ownership interest, upon the Company obtaining the requisite environmental permit in respect of the Penco Module, and a three-year option to subscribe for up to a 19.9% interest in the Company. Further, the CAP Investment Agreement contemplates the terms upon which the parties agreed to form a joint venture company to develop metals and alloys for the rare earths permanent magnet industry, including a US\$3 million investment in consideration for 50% of the ownership interests in such joint venture entity.

The transaction has provided the Company with the funds to support permitting, community engagement and feasibility study-related activities with respect to the Penco Module, and leverages CAP’s decades-long experience in permitting and operating mineral resource assets in Chile and its extensive network of contacts in the industry. To date, the Company has received two tranches totaling US\$22.2 million, with the remaining tranche of US\$6.9 million scheduled to be paid by CAP in January 2026.

An English translated copy of the CAP Investment Agreement, which was drafted and negotiated in the Spanish language, is available on SEDAR+ under the Company's profile at www.sedarplus.ca.

Subscription Agreements

As discussed under “Item 3.2: Three-Year History – 2024 – Announcement of 2025 Private Placement”, on December 23, 2024 the Company announced it had entered into Subscription Agreements with each of CAP, HM Holdings and New Hartsdale in connection with the Private Placement transaction. Under the terms of the Subscription Agreements, CAP, HM Holdings and New Hartsdale agreed to subscribe for and purchase from the Company 22,163,143, 10,260,715 and 18,879,715 Common Shares, respectively, pursuant to exemptions from the prospectus requirements under applicable securities laws.

Copies of the Subscription Agreements are available on SEDAR+ under the Company's profile at www.sedarplus.ca.

ITEM 17: INTERESTS OF EXPERTS

Certain information in this AIF relating to the Penco Module is summarized or extracted from the Penco Technical Report, which was prepared for the Company by Ausenco and authored by Francisco Castillo, Alejandro Solar, Manuel Hernandez, Luis Oviedo, Scott Weston, Scott Elfen, and Gavin Beer, each of whom is a “qualified person” and “independent” within the meanings of NI 43-101. Additional technical information relating to the Penco Module outlined in this AIF was prepared, reviewed and approved by Stuart Saich, Andres Beluzan and Luis Oviedo, each of whom is a “qualified person” and “independent” within the meanings of NI 43-101.

Certain information in this AIF relating to the Carina Project is summarized or extracted from the Carina Technical Report, which was prepared for the Company by Hatch and authored by Tyler Wilson, Luis Oviedo, Stuart Saich, Andres Beluzan, Paulo Laymen, Paulo Franca, Stefan Hlouschko, and Rolf Schmitt, each of whom is a “qualified person” and “independent” within the meanings of NI 43-101.

To the Company's knowledge, as at the date hereof, the persons referred to above, as a group, and the corporations by which they are employed, beneficially owned, directly or indirectly, less than one percent (1%) of the Company's outstanding securities or of the securities of an associated party or an affiliate of the Company.

The Company's auditors, EY Servicios Profesionales de Auditoria y Asesorías SpA Chartered Professional Accountants, located at Santiago, Chile, confirmed that it is independent in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Canada, and has further confirmed that it has fulfilled its other ethical responsibilities in accordance with these requirements.

ITEM 18: AUDIT COMMITTEE INFORMATION

18.1. AUDIT COMMITTEE CHARTER

The Company's Audit Committee is governed by its Audit Committee Charter, a copy of which is annexed hereto as Appendix “B.”

18.2. COMPOSITION OF THE AUDIT COMMITTEE

The Company's Audit Committee consists of three (3) directors, all of whom are persons determined by the Company's board of directors to be both independent directors and financially literate within the meaning of National Instrument 52-110 – *Audit Committees* (“NI 52-110”). The Company's Audit Committee is comprised of Paul Adams, who acts as chair of the committee, Catharine Farrow and Sanjay Sarma.

18.3. AUDIT COMMITTEE OVERSIGHT

Since the commencement of the Company's most recently completed fiscal year, the board of directors of the Company has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

18.4. RELEVANT EDUCATION AND EXPERIENCE

Each of the Company's Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles as well as an understanding of the internal controls and procedures necessary for financial reporting. Mr. Adams held various senior management roles, including President at Pratt & Whitney and Chief Operating Officer at Precision Castparts. Mr. Adam's role in each of these companies has provided him with the ability to interpret and analyze financial statements. He has also completed the Stanford Executive Program at the Stanford Graduate Business School and is a member of the board of directors of Rolls Royce, OC Oerlikon Corporation AG, Pfäffikon and Aerion Corp. and a senior advisor to VulcanForms, Inc. Dr. Farrow is a director of Franco-Nevada Corporation (a TSX listed company), Eldorado Gold Corporation and an audit committee member of the board of directors of Centamin plc (a TSX and LSE listed company) and was Founding CEO, Director and Co-Founder of TMAC Resources Inc. (a TSX listed company), and given her significant experience as a CEO, director and audit committee member of publicly listed companies, she is familiar with financial statements and financial matters. Dr. Farrow has also completed the Institute of Corporate Directors Course, which advanced her understanding of accounting principles. Mr. Sarma has significant experience as an entrepreneur, and is a professor of Mechanical Engineering at Massachusetts Institute of Technology (MIT) and Vice President for Open Learning at MIT. He received his Bachelor of Technology from the Indian Institute of Technology, Kanpur, his Masters from Carnegie Mellon University and his PhD from the University of California at Berkeley, and he sits on various boards and advises national governments and global companies. Through his education and experience, Mr. Sarma has gained familiarity and understanding of financial statements and financial matters.

18.5. PRE-APPROVAL POLICIES AND PROCEDURES

The Company shall provide appropriate funding, as determined by the Audit Committee, for the payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

18.6. EXTERNAL AUDITORS AND SERVICE FEES

Fees paid to the Company's external auditors in each of the last two fiscal years for audit fees as follows:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Audit Fees ⁽¹⁾	\$114,257	\$144,740
Audit-Related Fees	-	-
Tax Fees	-	-
All Other Fees ⁽²⁾	-	-
Total	\$114,257	\$144,740

Notes:

(1) Fees for audit service on an accrued basis.

(2) Fees for tax compliance, tax advice and tax planning.

ITEM 19: ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's information circular for its most recent annual meeting of shareholders that involved the election of directors, and additional financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial reporting periods.

Additional information related to Aclara is available and may be found under the Company's profile on SEDAR+ at www.sedarplus.ca.

APPENDIX A

GLOSSARY OF TERMS AND ABBREVIATIONS

Glossary of Terms

“2003 PRMC” means the Plan Regulador Metropolitano de Concepción (Metropolitan Land Use Plan of Concepción), in force since 2003.

“2014 CIM Definition Standards” means the *CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines* dated May 10, 2014, prepared by the CIM Standing Committee on Reserve Definitions, and adopted by CIM.

“2021 Concurrent Private Placement” means the private placement by the Company on December 10, 2021 of 39,351,986 Common Shares at a price of \$1.70 per Common Share for aggregate gross proceeds of \$66,898,376.

“2021 Investor Rights Agreement” means the investor rights agreement entered into by the Company and each of Pelham and HM Holdings, in connection with the Going Public Transactions.

“2021 Investment Shareholders” means collectively, New Hartsdale and HM Holdings.

“2025 Investor Rights Agreement” means the strategic investment agreement between the Company and CAP, dated February 19, 2025.

“2025 Private Placement” means the non-brokered private placement by the Company on December 23, 2024 of 51,303,573 Common Shares at a price of \$0.70 per Common Share.

“Anti-Bribery Policy” means the Company’s anti-bribery policy, which establishes the Company’s commitment to compliance with Canada’s *Corruption of Foreign Public Officials Act* and the United States *Foreign Corrupt Practices Act* of 1977 and any applicable local and foreign anti-bribery or anti-corruption laws and regulations.

“Ausenco” means Ausenco Engineering Chile Limitada.

“CAP” means CAP S.A.

“CAP Rights to Subscribe” means the right of CAP to subscribe for certain Common Shares or other convertible or exchangeable securities, as further described in *“Item 16 – Material Contracts”*.

“CAP Top-Up Threshold” means the top-up right exercisable, pursuant to the 2025 Investor Rights Agreement, from time to time following dilutive issuances that result in the reduction of CAP’s ownership by an aggregate of 1.0% or more.

“Carina Technical Report” means the updated technical report titled “NI 43-101 Technical Report & Pre-Feasibility Study on the Carina Project, Goiás, Brazil” with an effective date of October 22, 2025, prepared in accordance with NI 43-101 by Hatch Ltd. and authored by Branca Horta, Eduardo Dequech, Fábio Valério Xavier, Juan Pablo Navarro Ramirez, Luiz Jorge Frutuoso Junior, Porfio Cabaleiro Rodriguez and Stuart Saich, each of whom is a “qualified person” and “independent” within the meanings of NI 43-101.

“Chilean Mining Legislation” means, collectively, Chile’s Constitution, the Constitutional Law Governing Mining Concessions (Law 18,097 of January 21, 1982) and the Mining Code (Law 18,248 of October 14, 1983).

“Code of Ethics” means the Company’s ethics policy that applies to all Company officers, directors, employees, and contractors and agents acting on the Company’s behalf.

“Common Shares” means the common shares in the authorized capital of the Company.

“Convertible Securities” means the future event of a distribution or issuance of Common Shares or of the Company’s securities convertible or exchangeable into Common Shares or giving the right to acquire Common Shares or any other securities in favor of management, directors, employees or consultants.

“Demand Distribution” means the contemplated distribution in relation to the to the Demand Registration Right and pursuant to the 2021 Investor Rights Agreement, as further described in *“Item 16 – Material Contracts”*.

“Demand Registration Right” means the right provided to each 2021 Investment Shareholder, holding at least 20% of the Common Shares outstanding on a non-diluted basis at the relevant time, to require the Company to use reasonable commercial efforts to file one or more prospectuses qualifying Common Shares held or controlled by the 2021 Investment Shareholders for public distribution, pursuant to the 2021 Investor Rights Agreement and as further described in *“Item 16 – Material Contracts”*.

“Demerger Transactions” means the series of transactions including, among other things, the distribution *in specie* by Hochschild Mining to holders of its ordinary shares of 70,606,502 Common Shares of the Company, representing 80% of the outstanding Common Shares of the Company on December 10, 2021, resulting in the spinout of REE Uno, and Hochschild Mining and the Company being separate publicly listed companies.

“Distributed Securities” means the Convertible Securities together with the Common Shares.

“Distribution” means any distribution or issuance of Distributed Securities, including by way of a share dividend.

“EDEM Group” means the Empresa de Desenvolvimento em Mineração Ltda.

“EIA 1” means the EIA currently being prepared by the Company and expected to be filed during the first quarter of 2024.

“General Environmental Law” means, collectively, Chilean Law No. 19.300 (1994) modified by Law No. 20.417 (2010).

“Global Compact” means the United Nations Global Compact.

“Going Public Transactions” means, collectively, the Offering and the 2021 Concurrent Private Placement.

“Hatch” means Hatch Ltd.

“HM Holdings” means Hochschild Mining Holdings Limited.

“Hochschild Mining” means Hochschild Mining Plc.

“indicated mineral resource” means that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit, as defined in the 2014 CIM Definition Standards.

“inferred mineral resource” means that part of a mineral resource for which quantity and grade or quality is estimated on the basis of limited geological evidence and sampling, as defined in the 2014 CIM Definition Standards.

“Madesal” means Madesal SpA.

“measured mineral resource” means that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit, as defined in the 2014 CIM Definition Standards.

“mineral reserve” means the economically mineable part of a measured and/or indicated mineral resource, as defined in the 2014 CIM Definition Standards.

“mineral resource” means a concentration or occurrence of solid material of economic interest in or on the earth’s crust in such form, grade, or quality and quantity that there are reasonable prospects for eventual economic extraction, as defined in the 2014 CIM Definition Standards.

“Mining Code” means the Chilean Mining Code (Law 18,248 of October 14, 1983).

“modifying factors” means considerations used to convert mineral resources to mineral reserves, as defined in the 2014 CIM Definition Standards.

“New Hartsdale” means New Hartsdale Capital Inc.

“NI 43-101” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

“NI 52-110” means National Instrument 52-110 – *Audit Committees*.

“NI 58-101” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

“NR 22” mean Regulatory Standard No. 22, established by the Brazilian Ministry of Labor and Employment.

“Offering” means the initial public offering by the Company on December 10, 2021 of 35,000,000 Common Shares at a price of \$1.70 per Common Share for aggregate gross proceeds of \$59,500,000.

“Original EIA” means the EIA of the Penco Module initiated in 2018.

“Pelham” means Pelham Investment Corporation.

“Penco Module” means the Company’s REE exploration and development project covering approximately 600 ha of mining concessions owned by the Company located within the Penco and Concepción district of the Biobío Region of Chile.

“Penco Technical Report” means the technical report titled “Amended and Restated NI 43-101 Technical Report – Preliminary Economic Assessment for Penco Module Project,” with an effective date of September 15, 2021, prepared by Ausenco in accordance with NI 43-101 and authored by Francisco Castillo, Alejandro Solar, Manuel Hernandez, Luis Oviedo, Scott Weston, Scott Elfen, and Gavin Beer, each of whom is a “qualified person” and “independent” within the meanings of NI 43-101.

“Phase 1 Drilling Campaign” means the Company’s auger drilling campaign in the Carina Project during the first quarter of 2023.

“Piggy-Back Distribution” means the contemplated distribution in relation to the Piggy-Back Registration Right, pursuant to the 2021 Investor Rights Agreement and as further described in “*Item 16 – Material Contracts*”.

“Piggy-Back Registration Right” means the right of the 2021 Investment Shareholders to require the Company to include Common Shares in any future public offering undertaken by the Company, pursuant to the 2021 Investor Rights Agreement and as further described in “*Item 16 – Material Contracts*”.

“Phase 2 Drilling Campaign” means the Company’s second phase reverse circulation drilling campaign at the Carina Project.

“Preferred Shares” means preferred shares in the authorized capital of the Company.

“Principal Shareholders” means, collectively, New Hartsdale, HM Holdings and CAP.

“probable mineral reserve” means the economically mineable part of an indicated mineral resource, and in some circumstances, a measured mineral resource, as defined in the 2014 CIM Definition Standards.

“proven mineral reserve” means the economically mineable part of a measured mineral resource, as defined in the 2014 CIM Definition Standards.

“Prospecciones Greenfield” means Prospecciones Greenfield SpA.

“REE Uno” means REE UNO SpA.

“Revised EIA” means the revised EIA of the Penco Module submitted to the SEA on April 28, 2023.

“Rights to Subscribe” means the right of the 2021 Investment Shareholders to subscribe for certain Common Shares or other convertible or exchangeable securities, as further described in *“Item 16 – Material Contracts”*.

“Special Meeting” means the special meeting of shareholders of Aclara held February 13, 2025.

“Subscription Agreement” means the respective subscription agreement entered into between the Company and each of CAP, HM Holdings and New Hartsdale, respectively, whereby the Company agreed to offer, sell and issue an aggregate of 51,303,573 Common Shares and each of CAP, HM Holdings and New Hartsdale agreed to subscribe for and purchase 22,163,143, 10,260,715 and 18,879,715 Common Shares, respectively, in connection with the 2025 Private Placement.

“Subscription Securities” means securities underlying Rights to Subscribe, as applicable.

“Top-Up Threshold” means the top-up right exercisable, pursuant to the 2021 Investor Rights Agreement, from time to time following dilutive issuances that result in the reduction of the 2021 Investment Shareholders’ ownership by an aggregate of 1.0% or more.

“Updated Mineral Resource Statement” means the updated mineral resource statement in relation to the Penco Module as at October 13, 2022, prepared, reviewed, and approved by Andres Beluzan, General Manager at ABelco Consulting SpA, an independent consultant for geostatistics and resource estimation, who is a “qualified person” and “independent” within the meanings of NI 43-101.

Glossary of Abbreviations

ALB	albitized (alteration)
ANA	National Water and Basic Sanitation Agency of Brazil (Agência Nacional de Água e Saneamento Básico)
ANM	National Mining Agency of Brazil (Agência Nacional de Mineração)
ACSCC	Arbitration Center of the Santiago Chamber of Commerce
C\$	Canadian dollars
CAPEX	capital expenditures
Ce, DRT, Dy, Er, Eu, Gd, GG, Ho, La, Lu, MP, Nd, Tb, Th, Tm, Pr, Sm, Y, Yb	abbreviations for the following elements: cerium, diorite, dysprosium, erbium, europium, gadolinium, garnet granitoid, holmium, lanthanum, lutetium, metapelite, neodymium, terbium, thorium, thulium, praseodymium, samarium, yttrium, and ytterbium, respectively
CFEM	Financial Compensation for the Exploitation of Mineral Resources
CIM	Canadian Institute of Mining, Metallurgy and Petroleum
COFINS	Brazilian Contribution for Social Security Financing tax
CONAF	National Forest Corporation
CONAMA	National Council of the Environment
EDA	Exploratory Data Analysis

EIA	Environmental Impact Assessment
EU	estimation unit
FCPA	United States Foreign Corrupt Practices Act of 1977
GU	geological units
ha	hectare
HH	high hydrothermal (alteration)
HREE	heavy rare earth element(s), as the context requires
IRR	internal rate of return
kg	kilogram
km	kilometre
kt	kilotonne
LI	installation license granted by the applicable Brazilian governmental entity
LO	operating license granted by the applicable Brazilian governmental entity
LOM	life-of-mine
LP	preliminary license granted by the applicable Brazilian governmental entity
LREE	light rare earth element(s), as the context requires
m	metre
mm	millimetre
m ³	cubic metre
MBL	Minera BioLantánidos
MoU	Memorandum of Understanding
MRE	mineral resource estimate
MREC	mixed rare earth carbonate(s), as the context requires
Mt	million tonnes
NPV	net present value
NSR	Net Smelter Return
OK	ordinary kriging
OPEX	operating expenditures
PBG	Porphyritic Biotite Granite
PIS	Brazilian Social Integration Program tax
PM	permanent magnet
ppm	parts per million
PRMC	Metropolitan Land-Use Plan of Concepción
QA/QC	quality assurance/quality control
R\$	Brazilian reals
RC	reverse circulation
RDI	research, development and innovation
REE	rare earth element(s), as the context requires
REO	rare earth oxide(s), as the context requires
REO Eq	rare earth oxide equivalent
RIMA	Relatório de Impacto Ambiental
ROM	run-of-mine
SEA	Environmental Assessment Service in Chile
SEMAD	State of Goiás Secretariat of Environment and Sustainable Development
SRC	Saskatchewan Research Council
t	tonne
TREE	total rare earth element(s), as the context requires
TREO	total rare earth oxide(s), as the context requires
TSX	Toronto Stock Exchange

US\$ or U.S. dollar	United States dollars
VAC	VACUUMSCHMELZE GmbH & Co. KG
WDF	waste disposal facility

APPENDIX B

AUDIT COMMITTEE CHARTER

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “**Committee**”) of the board of directors of Aclara Resources Inc. (the “**Company**”).

1. Statement of Purpose

The purpose of the Committee is to assist the board of directors in fulfilling its oversight responsibilities with respect to:

- financial reporting and related financial disclosure;
- the implementation of risk management and internal control over financial reporting and disclosure controls and procedures;
- external and internal audit processes;
- financial risk exposures; and
- risk management policies.

2. Committee Membership

The Committee shall consist of as many directors of the board of directors as the board may determine (the “**Members**”), but in any event, not less than three (3) Members. Each Member shall meet the criteria for independence and financial literacy established by applicable laws and the rules of any stock exchanges upon which the Company’s securities are listed, including National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) subject to any exceptions permitted under NI 52-110.

Members shall be appointed by the board of directors, taking into account any recommendation that may be made by the Compensation, Nominating and Corporate Governance Committee of the board of directors (the “**CNCG Committee**”). Any Member may be removed and replaced at any time by the board of directors, and will automatically cease to be a Member if he or she ceases to meet the qualifications required of Members. The board of directors will fill vacancies on the Committee by appointment from among qualified directors of the board of directors, taking into account any recommendation that may be made by the CNCG Committee. If a vacancy exists on the Committee, the remaining Members may exercise all of its powers so long as there is a quorum in accordance with Section 3 below.

Chair

The board of directors will designate one of the independent directors of the board of directors to be the chair of the Committee (the “**Chair**”), taking into account any recommendation that may be made by the Nominating and Compensation Committee.

Qualifications

At least three (3) Members shall be independent and financially literate as described above. Members must have suitable experience and must be familiar with auditing and financial matters.

Attendance of Ex Officio Members, Management and other Persons

The Committee may invite, at its discretion, senior executives of the Company or such persons as it sees fit to attend meetings of the Committee and to take part in the discussion and consideration of the affairs of the Committee. The Committee may also require senior executives or other employees of the Company to produce such information and reports as the Committee may deem appropriate in the proper exercise of its duties. Senior

executives and other employees of the Company shall attend a Committee meeting if invited by the Committee. The Committee may meet without senior executives in attendance for a portion of any meeting of the Committee.

Delegation

Subject to applicable law, the Committee may delegate any or all of its functions to any of its Members or any subset thereof, or other persons, from time to time as it sees fit.

3. Committee Operations

Meetings

The Chair, in consultation with the other Members, shall determine the schedule and frequency of meetings of the Committee. Meetings of the Committee shall be held at such times and places as the Chair may determine. To the extent possible, advance notice of each meeting will be given to each Member unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings of the Committee either in person or by telephone, video or other electronic means. Powers of the Committee may also be exercised by written resolutions signed by all Members.

At the request of the external auditors of the Company, the Chief Executive Officer or the Chief Financial Officer of the Company or any Member, the Chair shall convene a meeting of the Committee. Any such request shall set out in reasonable detail the business proposed to be conducted at the meeting so requested.

Agenda and Reporting

To the extent possible, in advance of every regular meeting of the Committee, the Chair shall prepare and distribute, or cause to be prepared and distributed, to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require senior executives and other employees of the Company to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

The Chair shall report to the board of directors on the Committee's activities since the last board of directors meeting. However, the Chair may report orally to the board of directors on any matter in his or her view requiring the immediate attention of the board of directors. The Committee shall oversee the preparation of, review and approve the applicable disclosure relating to the Committee for inclusion in the Company's annual information form (the "AIF").

Secretary and Minutes

The secretary of the Company may act as secretary of the Committee unless an alternative secretary is appointed by the Committee. The secretary of the Committee shall keep regular minutes of Committee proceedings and shall circulate such minutes to all Members and to the chair of the board of directors (and to any other director of the board of directors that requests that they be sent to him or her) on a timely basis.

Quorum and Procedure

A quorum for any meeting of the Committee will be a simple majority. The procedure at meetings will be determined by the Committee. The powers of the Committee may be exercised by a simple majority of Members at a meeting where a quorum is present or by resolution in writing signed by all Members. In the absence of the Chair, the Committee may appoint one of its other Members to act as Chair of any meeting.

Exercise of Power between Meetings

Between meetings, the Chair, or any Member designated for such purpose by the Committee, may, if required in the circumstance, exercise any power delegated by the Committee on an interim basis. The Chair or other designated Member will promptly report to the other Members in any case in which this interim power is exercised.

4. Duties and Responsibilities

The Committee is responsible for performing the duties set out below and any other duties that may be assigned to it by the board of directors as well as any other functions that may be necessary or appropriate for the performance of its duties.

Financial Reporting and Disclosure

Review and recommend to the board of directors for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly financial statements, annual and quarterly management's discussion and analysis, financial reports, and other applicable financial disclosure, prior to the public disclosure of such information.

Review and recommend to the board of directors for approval, where appropriate, financial information contained in any prospectuses, AIFs, annual reports to shareholders, management proxy circulars, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such documents or information.

Review with senior executives of the Company, and with external auditors, significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("IFRS"), with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly the Company's financial position and the results of its operations in accordance with IFRS, as applicable.

Seek to ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure in financial statements, the annual and interim earnings press releases and the AIF, and periodically assess the adequacy of those procedures.

Internal Controls and Internal Audit

Review the adequacy and effectiveness of the Company's internal control and management information systems through discussions with senior executives of the Company and the external auditor relating to the maintenance of (i) necessary books, records and accounts in sufficient detail to accurately and fairly reflect the Company's transactions; (ii) effective internal control over financial reporting; and (iii) adequate processes for assessing the risk of material misstatements in the financial statements and for detecting control weaknesses or fraud. From time to time the Committee shall assess any requirements or changes with respect to the establishment or operations of the internal audit function having regard to the size and stage of development of the Company at any particular time.

Satisfy itself, through discussions with senior executives of the Company that the adequacy of internal controls, systems and procedures has been periodically assessed in accordance with regulatory requirements and recommendations.

Review and discuss the Company's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities.

Review and make recommendations to the board of directors regarding, the adequacy of the Company's risk management policies and procedures with regard to identification of the Company's principal risks and

implementation of appropriate systems and controls to manage such risks including an assessment of the adequacy of insurance coverage maintained by the Company.

Periodically review the Company's policies and procedures for reviewing and approving or ratifying related party transactions.

External Audit

Recommend to the board of directors a firm of external auditors to be nominated for appointment as the external auditor of the Company.

Ensure the external auditors report directly to the Committee on a regular basis.

Review the independence of the external auditors.

Review and recommend to the board of directors the fee, scope and timing of the audit and other related services rendered by the external auditors.

Review the audit plan of the external auditors prior to the commencement of any audit.

Establish and maintain a direct line of communication with the Company's external auditors.

Meet in camera with (i) only the auditors, (ii) only senior executives of the Company (without the auditors present), or (iii) only the Members (without the auditors or senior executives of the Company present), where and to the extent that such parties are present, at any meeting of the Committee.

Oversee the work of the external auditors of the Company with respect to preparing and issuing an audit report or performing other audit or review services for the Company, including the resolution of issues between senior executives of the Company and the external auditors.

Review the results of the external audit and the external auditor's report thereon, including discussions with the external auditors as to the quality of accounting principles used and any alternative treatments of financial information that have been discussed with senior executives of the Company and any other matters.

Review any material written communications between senior executives of the Company and the external auditors and any significant disagreements between the senior executives and the external auditors.

Discuss with the external auditors their perception of the Company's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and availability of records, data and other requested information and any recommendations with respect thereto.

Discuss with the external auditors their perception of the Company's identification and management of risks, including the adequacy or effectiveness of policies and procedures implemented to mitigate such risks.

Review the reasons for any proposed change in the external auditors which is not initiated by the Committee or board of directors and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the board of directors.

Review annually a report from the external auditors with respect to their internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to address any such issues.

Associated Responsibilities

Monitor and periodically review the Whistleblower Policy of the Company and associated procedures for:

- the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
- the confidential, anonymous submission by directors, officers and employees of the Company of concerns regarding questionable accounting or auditing matters; and
- if applicable, any violations of applicable law, rules or regulations that relates to corporate reporting and disclosure, or violations of the Company's Code of Ethics.

Review and approve the Company's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditors of the Company.

Non Audit Services

Pre approve all non-audit services to be provided to the Company or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its Members the authority to pre approve non audit services but pre approval by such Member or Members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre approval.

Other Duties

Direct and supervise the investigation into any matter brought to its attention within the scope of the Committee's duties. Perform such other duties as may be assigned to it by the board of directors from time to time or as may be required by applicable law.

5. The Committee Chair

In addition to the responsibilities of the Chair described above, the Chair has the primary responsibility for overseeing and reporting on the evaluations to be conducted by the Committee as well as monitoring developments with respect to accounting and auditing matters in general and reporting to the Committee on any related significant developments.

6. Committee Evaluation

The performance of the Committee shall be evaluated by the board of directors as part of its regular evaluation of the board of directors committees.

7. Access to Information and Authority to Retain Independent Advisors

The Committee shall be granted unrestricted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors of the Company, officers and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at the Company's expense, independent legal, financial, and other advisors, consultants and experts to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve their fees. The Committee shall select such advisors, consultants and experts after taking into consideration factors relevant to their independence from management and other relevant considerations.

The Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management and the external advisors, in accordance with its business judgment. Members are entitled to rely, absent knowledge to the contrary, on the integrity of the persons and organizations from whom they receive information, and on the accuracy and completeness of the information provided. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee or the board of directors a standard of care or

diligence that is in any way more onerous or extensive than the standard to which members of the board of directors are subject under applicable law.

The Committee also has the authority to communicate directly with internal and external auditors. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or comply with IFRS and other applicable requirements. These are the responsibilities of the senior executives of the Company responsible for such matters and the external auditors. The Committee, the Chair and any Members identified as having accounting or related financial expertise are members of the board of directors, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and the board of directors in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure. This Charter is not intended to change or interpret the constating documents of the Company or applicable law or stock exchange rule to which the Company is subject, and this Charter should be interpreted in a manner consistent with the constating documents of the Company and all applicable laws and rules. Certain of the provisions of this Charter may be modified or superseded by the provisions of the investor rights agreement between the Company and certain of its shareholders (the "**Investor Rights Agreement**"). In the event of a conflict between this Charter and the Investor Rights Agreement, the Investor Rights Agreement shall prevail.

The board of directors may, from time to time, permit departures from the terms of this Charter, either prospectively or retrospectively. This Charter is not intended to give rise to civil liability on the part of the Company or its directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

8. Review of Charter

The Committee shall periodically review and assess the adequacy of this Charter and recommend any proposed changes to the board of directors for consideration.