ACLARA RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis ("MD&A") has been prepared as of November 5, 2026, and is intended to assist readers in understanding the operational performance and financial condition of Aclara Resources Inc. (hereinafter, the "Company" or "Aclara"). The Company is, and will remain, a holding company and the only business of the Company is that of its subsidiaries. The Company's material assets consist of interests in: (i) Aclara Resources Mineração Ltda. ("Aclara Brazil"), a wholly-owned Brazilian subsidiary that holds the Carina Project (as defined below) and performs exploration activities in Brazil; (ii) REE Uno SpA ("REE Uno"), a majority-owned Chilean subsidiary that holds the Penco Module (as defined below); (iii) Aclara Technologies Inc. ("Aclara Technologies"), a wholly-owned U.S. subsidiary that holds Project Dynamo (as defined herein) in the United States for the processing, separation and purification of super pure rare earth carbonate ("SPREC") from the Carina Project and the Penco Module into individual rare earth oxides ("REO"); (iv) Aclara Metals SpA ("Aclara Metals") and Aclara Metals Inc. ("Aclara Metals Inc."), 50%-owned Chilean and U.S. joint ventures, respectively, both established with the objective of developing a project for the conversion of REO to metals and alloys for the manufacture of rare earth permanent magnets; (v) SPV Pesquisa & Mineração Ltda. ("SPV Mineração"), a wholly-owned indirect Brazilian subsidiary that performs exploration activities in Brazil; (vi) Prospecciones Greenfield SpA ("Prospecciones"), a majority-owned indirect Chilean subsidiary that holds other exploration concessions located in Chile; (vii) Fundación de Beneficencia Pública, Medioambiental, Científica, Cultural y Social Queule ("Fundación"), a majority-owned indirect Chilean subsidiary that performs charitable work through implementing, promoting and supporting initiatives and projects pertaining to environmental conservation and heritage rescue, as well as Chilean cultural, social and scientific development; (viii) Polaris Creek LLC ("Polaris"), a wholly-owned indirect U.S. subsidiary that performs exploration activities in the United States; and (ix) Aclara Resources Peru S.A.C. ("Aclara Peru"), a wholly-owned Peruvian subsidiary that provides administrative services to Aclara and performs exploration activities in Peru.

This MD&A provides information concerning the Company's interim consolidated financial condition and results of operations for the three (3) and nine (9) months ended September 30, 2026 ("Q3 2026") and September 30, 2025 ("Q3 2025"). This MD&A should be read in conjunction with the Company's interim unaudited consolidated financial statements and the notes thereto for the three (3) and nine (9) months ended September 30, 2026, and September 30, 2025 (collectively, the "Interim Unaudited Consolidated Financial Statements"). The Interim Unaudited Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34 "Interim Financial Reporting".

As used in this MD&A, references to "Q1", "Q2", "Q3" and "Q4" are to the three months ended March 31, June 30, September 30, and December 31, respectively, of the applicable fiscal year, references to "H1" and "H2" are to the six months ended June 30 and six months ended December 31, respectively, of the applicable fiscal year, and references to "FY" are to the 12 months ended December 31 of the applicable fiscal year. Unless otherwise specified, the financial information contained in this MD&A is reported in United States dollars ("$"). Certain totals, subtotals and percentages throughout this MD&A may not reconcile due to rounding. Additional cautionary statements regarding forward-looking information and Mineral Reserves and Mineral Resources can be found under the section of this MD&A entitled "*Cautionary Statements and Reader Advisories*".

COMPANY OVERVIEW

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

Aclara's business strategy is supported by its ion-absorption clay ("ionic clay") deposits in Brazil and Chile, which feature large concentrations of heavy rare earths ("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 within its Circular Mineral Harvesting ("CMH") process, which results in low water consumption and minimal carbon emissions.

Aclara's flagship projects are the Carina project, a 9,863-hectare HREE ionic clay project located in Nova Roma, Goiás, Brazil (the "Carina Project"), and the Penco Module project, a 600-hectare HREE ionic clay project located in Biobío, Chile (the "Penco Module"). The Company has successfully completed the feasibility study technical report for the Carina Project and an updated preliminary economic assessment ("PEA") for the Penco Module, the results of which are respectively detailed in the following technical reports:

- "NI 43-101 Technical Report & Feasibility Study on the Carina Project, Goiás, Brazil", dated effective March 20, 2026 (the "Carina Project FS Technical Report" or "Carina FS"); and
- "NI 43-101 Technical Report & Preliminary Economic Assessment on the Penco Module, Biobío, Chile", dated effective September 18, 2026 (the "Penco Module PEA Technical Report").

The Company holds an aggregate of approximately: (i) 85,585 hectares of mining rights in Chile, distributed in the regions of Maule, Ñuble and Biobío; and (ii) 70,194 hectares 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.

Aclara, through its wholly-owned U.S.-based subsidiary, Aclara Technologies, is focused on enhancing product value through the development of a rare earth separation facility in the United States ("Project Dynamo"). Aclara Technologies aims to source SPREC from Aclara's mining projects to further refine and separate it into individual REOs. The Company announced the completion of basic engineering for Project Dynamo on October 13, 2026, and Project Dynamo is advancing through pilot-scale validation and permitting in support of its next stage of development.

In addition, Aclara, through its equally-owned joint venture, Aclara Metals, is focused on developing rare earth metals and alloys production capabilities through a rare earth metals and alloys facility (the "Metals and Alloys Project"). The Metals and Alloys Project is intended to convert refined REOs into high-purity metals and alloys required for the manufacturing of permanent magnets, using separated oxides from Project Dynamo as feedstock. The Metals and Alloys Project is advancing through demonstration-scale validation and feasibility study activities in support of its next stage of development. 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.

BUSINESS DEVELOPMENT AND OVERALL PERFORMANCE HIGHLIGHTS

During Q3 2026, the Company continued to advance the development of the Carina Project, the Penco Module, Project Dynamo and the Metals and Alloys Project, and made consistent investments in respect of evaluation and exploration assets ("E&E") and property, plant and equipment assets ("PP&E").

In Q3 2026, the Company invested $10.22 million in E&E and $5.68 million in PP&E. In comparison, investments in Q3 2025 totaled $6.66 million for E&E and $1.21 million for PP&E. In Q3 2026, the year-to-date cumulative investment in E&E and PP&E totaled $23.29 million and $11.91 million, respectively, compared to $21.63 million and $2.00 million in E&E and PP&E, respectively, for the same period in 2025. Aggregate expenditures for E&E and PP&E in FY 2025 totaled $33.33 million and $5.83 million, respectively.

Development of Downstream / Mining Projects

Carina Project and Future Outlook

On June 29, 2026, the Company announced the successful development of SPREC, an advanced rare earth carbonate product containing approximately 99% rare earth content, compared with conventional mixed rare earth carbonate ("MREC"), where rare earth concentration can be as low as 40%. SPREC was developed at the Company's pilot plant in Santiago, Chile, through the application of solvent extraction ("SX") technology combined within its CMH proprietary process. The pilot plant produced its first SPREC sample in May 2026.

Compared with conventional MREC, SPREC is expected to reduce impurities affecting downstream separation into individual REOs, increase heavy rare earth concentration, facilitate the processing of production from both projects through a common SX circuit and reduce logistics costs through the transportation of a smaller-volume, higher-value product.

On April 13, 2026, the Company successfully delivered the Carina Project FS Technical Report, confirming the project's strong economics including the following: (i) net present value at an 8% discount rate of approximately $1.7 billion; (ii) estimated internal rate of return of 26.9% over the 18-year life-of-mine and payback period of 2.9 years; (iii) average annual net revenue of $599 million (excluding the first year of ramp-up and last year of ramp-down); and (iv) average net smelter return of $61.8 per tonne processed, compared to an average production cost of $13.1 per tonne processed.

Additionally, and in an effort to move the Carina Project towards an investment decision, the Company has advanced or is advancing the following activities in parallel:

- *Environmental Impact Assessment.* The Company successfully completed all baseline studies for the Carina Project in Q1 2025 and submitted the environmental impact assessment ("EIA") in May 2025, in support of its application for a preliminary license (the "Preliminary License"), to the Secretariat of the Environment and Sustainable Development ("SEMAD") of the State of Goiás, Brazil. Following regulatory updates, the Company resubmitted the EIA in Q3 2025 to ensure compliance with the revised requirements. During Q2 2026, the Company submitted additional information requested by SEMAD. On July 27, 2026, SEMAD issued a second request for clarification, to which the Company submitted its response on October 2, 2026, as part of the customary licensing procedure.

- *Technical Development.* In April 2026, the Company successfully completed the Carina FS, reflecting a higher level of engineering maturity and further refined capital cost estimates, supported by basic engineering development and market-based quotations for major equipment and service packages. These developments are expected to support progress toward detailed engineering and construction readiness.

- *Pilot Test Campaign*. During Q3 2025, the Company successfully completed the semi-industrial-scale pilot operation in Aparecida de Goiânia, Brazil, following its relocation from Concepción, Chile in Q3 2024. The pilot campaign operated continuously, incorporating the optimized configuration of the Company's proprietary CMH process. In total, the pilot plant processed approximately 130 tonnes of ionic clay, producing over 150 kilograms (kg) of high-purity MREC. The objectives of the campaign were to: (i) confirm the processing parameters and final process flowsheet design for the Carina Project pre-feasibility technical report (the "Carina PFS"), and the Carina FS; (ii) produce high-purity MREC for separation trials in support of future offtake agreements; and (iii) demonstrate the environmental sustainability of the process design to relevant stakeholders.

- *Commercial Efforts.* The Company is developing Project Dynamo in the United States to refine the Carina Project's SPREC into individual REOs. Additionally, in partnership with CAP S.A. ("CAP"), the Company is advancing its Metals and Alloys Project to produce the alloys needed for high-performance permanent magnets. As part of this strategy, the Company is engaged in commercial discussions with potential counterparties regarding offtake agreements, offering flexibility in product options including SPREC, individual REOs and metals and alloys derived from the Carina Project and the Penco Module. As of the date of this MD&A, the Company has entered into four non-binding memoranda of understanding, outlining product specifications, demand and initial commercial terms.

- *Carina Project Schedule.* The Company has updated its previously announced short-term milestones and/or targets in respect of the Carina Project as follows:

    - Anticipated EIA Approval — Q1 2027
    - Commencement of construction — H2 2027
    - Start-up of operation — Q2 2029
    - Ramp-up to stable operation — H2 2030

The timing of the Preliminary License remains subject to, among other things, the progress of the SEMAD Proceedings (as defined below) and the Free, Prior and Informed Consent ("FPIC") process with the Família Magalhães quilombola community (see "*Environmental, Social and Governance – Carina Project – SEMAD Administrative Proceedings and Public Prosecutor Inquiry*" and "*Environmental, Social and Governance – Carina Project – Social License*").

The construction, start-up and ramp-up milestones are subject to availability of funding and financing to support the related activities.

On September 2, 2025, the U.S. International Development Finance Corporation ("DFC"), the United States Government's development finance institution, committed up to $5 million in project development funding (the "Project Development Funds") for the Carina Project. The Project Development Funds, provided under DFC's Project Development Program, were primarily intended to support the Carina FS and are subject to milestone-based disbursements. 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 also has 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 a 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.

Penco Module and Future Outlook

On October 19, 2026, the Company announced the results of an updated preliminary economic assessment for the Penco Module. The updated Penco Module PEA Technical Report contemplates a 17-year life-of-mine and average annual production of approximately 732 tonnes of REO contained in SPREC. The updated project economics include: (i) an after-tax net present value at an 8% discount rate of approximately $344 million; (ii) an estimated after-tax internal rate of return of 26.1% and payback period of 3.2 years; (iii) average annual net revenue of approximately $155 million; and (iv) average net smelter return of $80 per tonne processed, compared to an average production cost of $28.9 per tonne processed. The Penco Module PEA Technical Report is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the results of the preliminary economic assessment will be realized.

The updated Penco Module PEA Technical Report includes an updated Mineral Resource estimate, with an effective date of September 18, 2026, comprising approximately 35.8 million tonnes of Measured and Indicated Mineral Resources at an average grade of 2,095 ppm total rare earth oxides ("TREO") and 2.2 Mt of Inferred Mineral Resources at an average grade of 1,768 ppm TREO. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The key assumptions, parameters and methods used to estimate the Mineral Resources are set out in the Penco Module PEA Technical Report.

On June 23, 2026, the Company announced that the Environmental Qualification Resolution ("RCA") for the Penco Module had been formally issued and published, successfully concluding the Penco Module's environmental assessment process covering the first six years of life-of-mine. The Company continues to advance the remaining sectoral permits required for project development while continuing preparatory work for the second environmental

impact assessment ("EIA 2"), which is intended to cover the full life-of-mine of the Penco Module. After the issuance of the RCA, certain third parties filed administrative challenges before the Committee of Ministers and the Environmental Assessment Service ("SEA") seeking the annulment or modification of the RCA. The RCA remains in force. See "*Environmental, Social and Governance – Penco Module – Administrative Challenges to the RCA*".

Following the positive results obtained with the Penco Module EIA, and in an effort to move the project towards an investment decision, the Company is advancing the following activities in parallel:

- *Social License.* The Company will continue its efforts to strengthen its relationship with the local community through continuous engagement at "Casa Aclara" (a community center located in the central Penco community), and through several social initiatives including education, technical training, development of local suppliers, reforestation and sports programs. The Company will maintain open dialogue and incorporate community feedback into its plans for the Penco Module.

- *Technical Development.* The Company continued to advance the Penco Module feasibility study technical report ("Penco FS"), focusing on basic engineering design development and capital and operating cost estimates.

- *Commercial Efforts.* The Company is pursuing the same commercial strategy for the Penco Module as with the Carina Project, as described above under "*Development of Downstream / Mining Projects – Carina Project and Future Outlook – Commercial Efforts*".

- *Updated Penco Module Schedule.* As a result of its updated permitting and development strategy, the Company is working to achieve the following proposed milestones and/or targets in respect of the Penco Module:

    - Complete Penco FS — Q1 2027
    - Complete detailed engineering — H1 2027
    - Commencement of construction — H2 2027
    - Complete construction — Q3 2028
    - Conduct pre-commissioning, commissioning, and ramp-up to stable operations — H2 2028

The detailed engineering, construction, commissioning and ramp-up milestones assume, among other things, that (i) the RCA is upheld without material modification and that the required sectoral permits are obtained on a timely basis (see "*Environmental, Social and Governance – Penco Module – Administrative Challenges to the RCA*"), and (ii) availability of funding and financing to support the related activities.

On December 17, 2025, the Company's Local Suppliers Network initiative received recognition from the United Nations Global Compact Chile Network, reflecting its contribution to local employment and supplier development in the Biobío region. The initiative integrates small and medium-sized enterprises into the Company's supply chain, supporting local participation in the emerging rare earth industry and contributing to employment generation and productive development. Since its launch, the program has incorporated a significant number of regional suppliers and supports the Company's broader social engagement and sustainability objectives for the Penco Module.

Development of Downstream Projects

Project Dynamo and Future Outlook

On October 13, 2026, the Company announced the completion of the basic engineering for Project Dynamo, incorporating an updated design for the separation of NdPr, Dy, Tb, Y, Gd and Sm and establishing an Association for the Advancement of Cost Engineering ("AACE") International Class 3 construction capital estimate of approximately $494 million. The updated project economics include: (i) an after-tax net present value at an 8% discount rate of approximately $773 million; (ii) an estimated after-tax internal rate of return of 27.9%; and (iii) a payback period of 2.6 years.

On September 14, 2026, the Company announced the approval by the Louisiana Department of Environmental Quality (“LDEQ”), Office of Environmental Services, of the State Air Permit for Project Dynamo, which authorizes construction and operation of the facility under permitted emission sources and establishes the associated emission limits, controls, and operating requirements. The air permit marks the main permitting milestone to advance Project Dynamo into construction, subject to securing the required financing.

On September 4, 2026, the Company announced that the Export-Import Bank of the United States (“EXIM”) issued a letter of interest (the “EXIM Letter of Interest”) indicating its willingness to consider providing up to $750 million in financing support for the development of Project Dynamo. Based on preliminary information provided by Aclara regarding expected U.S. jobs and U.S. exports supported by Project Dynamo, EXIM indicated the potential financing could cover up to $750 million in project costs, with a repayment tenor of up to 15 years. The EXIM Letter of Interest represents a significant milestone in Aclara’s financing strategy, providing a pathway toward a long-term financing package to support the construction and execution of Project Dynamo. The EXIM Letter of Interest is non-binding and remains subject to EXIM’s customary due diligence, application, underwriting, authorization, documentation and other requirements.

On July 23, 2026, the Company announced that Aclara Technologies was selected by the U.S. Department of Energy (“DOE”) to receive federal funding, subject to award negotiations, under the DOE’s Genesis Mission initiative. The Phase I project, titled “AI-Enabled Process Optimization for Multi-Feed Rare Earth Separation,” will be conducted in collaboration with Argonne National Laboratory and Virginia Tech and is intended to develop and validate an AI-assisted digital twin to optimize rare earth solvent extraction circuits, improve process stability, recovery and product purity, and support the scale-up of the Company’s U.S. rare earth separation technology. Successful Phase I projects may be eligible to advance to Phase II and receive additional federal funding.

On June 26, 2026, the Company announced that the State of Louisiana granted final approval under the Industrial Tax Exemption Program (“ITEP”) for the Company's planned heavy rare earth separation facility at the Port of Vinton, Louisiana. The approval followed the execution of the Industrial Tax Exemption Contract by Governor Jeff Landry, which provides an 80% exemption from ad valorem property taxes for an initial five-year period. Based on the Company's current estimates, the exemption is expected to generate approximately $4.2 million in annual property tax savings (representing approximately $20.8 million during the initial five-year term) with an opportunity to renew the exemption for five additional years. ITEP forms part of an approximately $46.4 million state-level incentive package associated with the project, which also includes benefits under the High Impact Jobs Program, an infrastructure grant and the LED FastStart Workforce Development Program.

Additionally, and in an effort to move Project Dynamo towards an investment decision, the Company has advanced or is advancing the following activities in parallel:

- *Pilot Plant Operations*. On March 19, 2026, the Company commenced operations at its rare earth separation pilot plant at the Virginia Tech Corporate Research Center (“VTCRC”). During Q3 2026, the pilot plant continued to refine operating parameters and further evaluate the five-circuit SX configuration. In addition, the Company advanced the expansion of the pilot plant through the installation of additional SX circuits to support the separation and production of Y, Sm and Gd oxides. The operational data generated by the pilot plant are expected to support the validation and optimization of the Company’s rare earth separation technology, the refinement of equipment sizing for its planned industrial-scale separation facility in Louisiana and the development of an AI-driven digital twin of the SX process to optimize future scale-up, ramp-up and operations.

- *Technical Development.* The Company completed the basic engineering (“FEL 3”) for the planned industrial facility in Louisiana, incorporating the expanded non-magnetic rare earth separation scope and further defining the project design and execution framework. These activities are intended to support Project Dynamo’s next stage of development.

- *Project Dynamo Schedule*. As part of the next stage of development of Project Dynamo, the Company is targeting the following key development milestones:

- Production of samples of heavy REO at the demonstration plant Q1 2027
- Commencement of construction Q1 2027
- Complete construction Q3 2028
- Conduct pre-commissioning, commissioning, and ramp-up to stable operations Q4 2028

The construction, commissioning and ramp-up milestones assume availability of funding and financing to support the related activities.

On January 15, 2026, the Company announced that Aclara Technologies entered into a cooperative research and development agreement with Argonne National Laboratory, a U.S. DOE national laboratory, to develop an artificial intelligence-enabled digital twin for the Company's heavy rare earth separation process. The initiative is intended to support process simulation and optimization, leveraging the Company's unique pilot-scale data.

Metals and Alloys Project and Future Outlook

On October 7, 2026, the Company inaugurated the Metals and Alloys demonstration plant in Chile. The plant uses molten salt electrolysis to convert NdPr oxides into metals and alloys and has a nominal production capacity of up to 175 kilograms of rare earth metal per day, with a target purity of at least 99.5%. The demonstration plant is expected to operate through production campaigns to validate stable and continuous operating conditions and generate technical and operational data to support the basic engineering of the future industrial project in Louisiana and the continued development of the AI-driven digital twin aimed at optimizing process performance.

On April 13, 2026, the Company successfully completed the Metals and Alloys Project Front-end Loaded 2 (FEL 2) Technical Report (pre-feasibility study level) and disclosed its highlights, confirming the project's economics including the following: (i) net present value at an 8% discount rate of approximately $203 million; (ii) estimated internal rate of return of 25.0% and payback period of 3.7 years; and (iii) average annual net revenue of $80 million (excluding the first year of ramp-up and last year of ramp-down).

Following this milestone, the Company has advanced or is advancing the next stage of development, including the following activities:

- *Technical Development*. Following the completion of the FEL 2 study for the Metals and Alloys Project, the Company advanced to a FEL 3 engineering technical report (the "Metals and Alloys FS").

- *Metals and Alloys Project Schedule*. Based on the current development plan, the Company is targeting the following key development milestones for the Metals and Alloys Project:

    - Complete Metals and Alloys FS Q1 2027
    - Commencement of construction Q1 2027
    - Complete construction Q3 2028
    - Conduct pre-commissioning, commissioning, and ramp-up to stable operations Q4 2028

The construction, commissioning and ramp-up milestones assume availability of funding and financing to support the related activities.

Greenfield Exploration and Future Outlook

On September 8, 2026, the Company announced that it entered into a Joint Venture ("JV") agreement with the Japan Organization for Metals and Energy Security ("JOGMEC") to jointly explore and advance the development of ionic clay hosted heavy rare earth deposits in Brazil. The JV will be structured as an unincorporated joint venture through a newly established Aclara subsidiary in Brazil. Under the terms of the agreement, JOGMEC will solely fund up to $3.0 million of exploration expenditures over a three-year earn-in period. Subject to certain conditions, JOGMEC may elect to contribute an additional $1.5 million, extending the earn-in period by one year. Upon satisfying its funding commitments, JOGMEC will have the option to acquire a 30% participating interest in one of Aclara's exploration projects in Brazil. JOGMEC may accelerate its funding commitments at its sole discretion. Following completion of the earn-in, all further project funding

will be contributed by the JV partners on a pro-rata basis in accordance with their respective participating interests. Subject to the completion of the earn-in, JOGMEC will also have the right to purchase production equivalent to its participating interest, plus an additional 10% of the project's future production, on arm's-length commercial terms designed to support the project's long-term financing and development. JOGMEC may also assign its participating interest and related rights to one or more Japanese companies or consortium subject to the terms and conditions of the JV.

During Q3 2026, the Company continued to advance its greenfield exploration activities and incurred total greenfield exploration expenses of $0.27 million, as compared to $0.68 million incurred in Q3 2025.

The Company intends to continue advancing its greenfield exploration strategy in Brazil and Chile to identify additional rare earth element ("REE") mineralization and potential new modules. In Brazil, activities will focus on obtaining the environmental authorizations and land access agreements required to advance reverse circulation ("RC") drilling campaigns in targeted areas. In Chile, activities will focus on securing land access agreements and conducting field verification of the priority exploration targets.

In addition, the Company intends to continue its collaboration with Stanford University's Mineral-X initiative, a research program focused on applying artificial intelligence to critical minerals, to develop predictive AI models supporting the exploration of ionic clay-hosted REE and to promote academic and technical exchange.

Corporate Development

On October 19, 2026, the Company filed a preliminary short form base shelf prospectus that, once finalized, would allow the Company to offer and issue from time to time securities for an aggregate offering price of up to $175 million over the 25-month period that the prospectus remains effective. The filing would provide the Company with additional flexibility to access the capital markets, subject to market conditions and applicable regulatory requirements.

On April 2, 2026, the Company announced the closing of the first tranche ("Tranche 1") of its previously announced non-brokered private placement financing for aggregate gross proceeds of $41.5 million at a price of C$2.83 per common share (the "Private Placement"). On May 13, 2026, the Company announced the closing of the second tranche ("Tranche 2") for aggregate gross proceeds of $8.5 million at the same price per common share. Following completion of the Private Placement, the total number of issued and outstanding common shares of the Company increased from 222,361,749 to 246,577,297. As of the date of this MD&A, CAP, Hochschild Mining Holdings Limited and New Hartsdale Capital Inc. hold 31,849,363, 47,630,213 and 90,027,095 common shares, respectively, representing approximately 12.83%, 19.19% and 36.27% of the Company's issued and outstanding common shares.

Cash Balance and General Administrative Expenses

Cash Balance

As at the end of Q3 2026, the Company's consolidated cash balance was $28.46 million, consisting of $18.75 million from the Company, $7.28 million from its wholly-owned subsidiaries (Aclara Brazil, SPV Mineração, Aclara Technologies, Polaris and Aclara Peru) and $2.43 million from its majority-owned Chilean subsidiaries (REE Uno, Prospecciones and Fundación). Comparatively, as at the end of Q3 2025, the Company's consolidated cash and cash equivalents were $27.08 million. In addition, as at the end of Q3 2026, the cash balance of the Company's joint venture Aclara Metals was $0.87 million.

During Q2 2026, the Company completed the Private Placement, raising aggregate gross proceeds of $50.0 million. On January 20, 2026, the Company received the final tranche of $6.9 million in its subsidiary REE Uno pursuant to the investment agreement with CAP (the "CAP Investment Agreement") to continue advancing the development of the Penco Module.

General Administrative Expenses

In Q3 2026, the Company incurred $6.49 million in administrative expenses, which was primarily comprised of: (i) management compensation; (ii) continuous public disclosure and marketing activities; and (iii) ancillary activities undertaken for the development of the Penco Module, the Carina Project and the Company's vertical integration projects. In comparison, in Q3 2025, the Company incurred $1.63 million in administrative expenses.

Estimated Budget for 2026

The Company's budget for FY 2026 is approximately $65.9 million, which is comprised of estimated costs relating to the development of the Carina Project, the Penco Module, Project Dynamo, the Metals and Alloys Project and exploration activities aimed at identifying potential new modules. Key aspects of the FY 2026 budget include, among others: (i) $24.8 million in expenses related to the development of the Carina Project, which is comprised of engineering activities and piloting works ($10.1 million), purchase of surface land ($4.1 million), permitting and community relations expenses ($2.7 million), maintenance of mining concessions ($0.2 million) and administrative and personnel expenses ($7.7 million); (ii) $16.2 million in expenses related to the development of the Penco Module, which is comprised of engineering activities ($5.1 million), permitting and community relations expenses ($3.2 million), purchase of surface land ($1.3 million), expenses related to the maintenance of concessions ($0.2 million) and administrative and personnel expenses ($6.4 million); (iii) $13.7 million in expenses related to the development of Project Dynamo, which is comprised of engineering and piloting activities ($9.2 million) and administrative and personnel expenses ($4.5 million); (iv) $4.4 million for the Metals and Alloys Project expenses, which is comprised of engineering and piloting activities ($3.7 million) and administrative and personnel expenses ($0.7 million); (v) $6.0 million in administrative expenses, personnel and for general corporate and working capital purposes; and (vi) $0.8 million in mining concession maintenance costs and exploration in new areas.

The FY 2026 budget was approved by management on March 18, 2026, and is used by the Company to monitor anticipated expenditures and capital requirements for the remainder of FY 2026 and may not be appropriate for other purposes.

DISCUSSION OF RESULTS AND OPERATIONS UPDATE

Exploration Activities

Greenfield Exploration - Brazil

During Q3 2026, the Company continued advancing two priority greenfield exploration areas in Brazil toward RC drilling campaigns designed to assess the lateral and vertical continuity of REE mineralization within the regolith profile. Environmental field assessments were completed for one of the priority exploration areas, together with the preparation of supporting documentation for the authorization process.

In addition, the Company further refined the geological definition of these areas through the application of data science and machine-learning techniques and continued its regional exploration activities through the evaluation of existing exploration datasets and prioritization of additional prospective areas.

Comparatively, during Q3 2025, the Company continued executing its greenfield exploration strategy, focusing on community screening and environmental assessments to evaluate the baseline conditions for subsequent drilling campaigns. Furthermore, follow-up scout drilling was carried out within the Company's mineral rights concessions, aiming to gather geological data to support planned subsequent exploration stages. A total of 807 meters were completed from 144 auger drill holes, exceeding the 85 holes that were initially planned.

Exploration Activities - Carina Project

During Q3 2026, the Company continued advancing the standard mineral rights process for the Carina Project. On August 18, 2026, the Company filed the final exploration reports for two other mining rights (861435/2024 and

861856/2024) with the Brazilian Mining Agency (“ANM”). The Company is in the process of preparing an exploration report for mining right 860476/2023, which it aims to file in Q4 2026.

Comparatively, during Q3 2025, the Company received all chemical assay results from its Phase 2 drilling campaign, which enabled the consolidation of the geological database and the preparation of the resource model to support the Carina PFS. The cumulative Phase 2 drilling activities concluded in Q2 2025 totaled 25,990 meters across 1,823 drill holes, comprising 15,281 meters from 928 RC drill holes and 2,892 meters from 460 auger drill holes, and 7,817 meters from 435 RC drill holes completed during 2024. Phase 2 drilling activities represented a substantial increase in exploration efforts compared to Phase 1, which comprised 4,134 meters of drilling and served as the basis for the initial Carina Project PEA.

Exploration Activities - Penco Module and Chile

During Q3 2026, the Company continued its exploration activities in Chile through technical studies and preparation for scout drilling programs across priority areas near the Penco Module and within the Company’s broader greenfield exploration portfolio. These activities included the integration and reinterpretation of geological, geochemical, geophysical and remote-sensing datasets to refine drill targets, as well as continued efforts to secure surface access for field verification and future scout drilling.

Comparatively, during Q3 2025, the Company did not report any brownfield exploration activities within the Penco Module or any greenfield exploration activities in Chile.

Project Development Activities

Carina Project

General Engineering

During Q3 2026, the Company continued advancing basic engineering for infrastructure activities, focusing on scope consolidation and discipline integration to incorporate further CAPEX optimization initiatives. The Company completed documentation for long-lead items and developed engineering documentation to support site preparation and early works. In addition, the Company continued detailed engineering activities for site access and improvements to GO-241.

Comparatively, during Q3 2025, the Company completed the consolidation of operating and capital cost estimates for the Carina PFS, in collaboration with Hatch Brazil. These efforts focused on incorporating process improvements validated through the ongoing semi-industrial pilot campaign in Goiás, Brazil. In parallel, the Carina FS design phase was initiated in July 2025, while the powerline, including the main substation and grid connection, progressed toward feasibility study level of detail. The Company advanced the detailed design and construction planning for early works, which were expected to transition to execution in the first half of 2026, following anticipated EIA approval by SEMAD in Goiás.

Mining Study

During Q3 2026, the Company continued supporting the environmental permitting process, reviewing mine planning and infrastructure requirements, and advancing the material characterization program for washed clay and waste deposition facilities. In addition, the Company supported the definition of the geotechnical investigation and testing program required for subsequent engineering.

Comparatively, during Q3 2025, the Company completed the development of the Mineral Resource estimation in support of the Carina PFS. In parallel, the Company conducted and completed a third hydrogeological campaign focused on groundwater level monitoring and water quality analysis.

Process Design

During Q3 2026, the Company refined its operating procedures across the process flowsheet and addressed challenges identified during extended continuous operation of its CMH pilot plant. The Company initiated conceptual engineering activities for the Primary Separation stage planned to be incorporated into the Carina Project process flowsheet, to support preliminary CAPEX and OPEX evaluations and establish the basis for subsequent engineering. In addition, the Company continued process optimization studies, including the evaluation of alternative extractants to improve process performance and flexibility.

In August 2026, the semi-industrial pilot plant was relocated to Chile following completion of its testing campaign in Brazil.

Comparatively, during Q3 2025, the Company successfully completed the pilot plant campaign in Aparecida de Goiânia, Brazil, producing over 150 kilograms of MREC. The metallurgical tests confirmed a high purity product with deleterious elements contents below detection limits, validating the robustness of the Company's REE extraction and purification process. In addition, the Company achieved significant progress on the Carina PFS, with the updated mine plan and optimized plant capacity resulting in improved mass balance efficiency, thickening performance, and filtration design.

Penco Module

General Engineering

During Q3 2026, the Company continued engineering activities to advance the Penco FS, including the optimization of earthworks for the process plant platform to support consolidation of the final project layout, completion of process flow diagrams and advancement of piping and instrumentation diagrams. In addition, the Company completed the basic design for ex-pit roads, continued engineering for the electrical supply and advanced technical specifications and supporting engineering required for early works.

Comparatively, during Q3 2025, the Company progressed its review of opportunities to optimize CAPEX and OPEX and established a strategic roadmap to guide the transition into the Penco FS phase.

Mining Study

During Q3 2026, the Company continued advancing technical workstreams on access and internal roads, along with activities required for sectoral permitting. In addition, the Company completed a hydrogeological field campaign to support ongoing project studies, and advanced the planning and initial execution of the material characterization program to establish geotechnical and material-property design criteria for the project's deposition zones.

Comparatively, during Q3 2025, the Company advanced mine planning studies for the Penco Module, with a focus on refining design parameters and updating key technical and economic assumptions supporting the Penco FS. In parallel, the Company carried out analyses to further assess the sensitivity of critical operational variables, including mining productivity, equipment utilization and water management strategies, under the typical precipitation conditions of the Penco Module region.

Process Design

During Q3 2026, the Company advanced the Penco FS, incorporating process development experience and operational knowledge gained through the Carina Project.

Comparatively, during Q3 2025, the Company focused on enhancing the project design for the Penco Module and ensuring readiness for the Penco FS stage. The Company developed a revised disposal strategy adapted to local climatic conditions, eliminating the need for drying of the processed material. Additionally, the Company advanced planning for the Penco FS, incorporating these improvements and defining a flexible implementation schedule.

Project Dynamo - Separation

General Engineering

During Q3 2026, the Company advanced the FEL 3 technical report for Project Dynamo, that was subsequently completed with highlights disclosed on October 13, 2026, including the Non-Magnetics Sprint, and developed a consolidated capital cost estimate covering both magnet and non-magnet rare earth separation circuits.

Comparatively, during Q3 2025, the Company completed a new conceptual study, establishing the technical foundation for its separation process, supporting a Class 5-AACE CAPEX and OPEX estimate developed by Hatch, and providing the basis for advancing to the FEL 3 phase. In addition, the Company advanced environmental and permitting planning, mitigated regulatory risks and confirmed the availability of power and industrial utilities at the site.

Process Design

During Q3 2026, the Company continued operating its separation pilot plant at the VTCRC, advancing the validation and optimization of the SX process for Dy, Tb and NdPr oxides. In parallel, the Company progressed the expansion of the pilot plant to incorporate Y, Gd and Sm separation circuits, including finalization of the expanded layout and receipt of equipment for the Y circuit.

Comparatively, during Q3 2025, the Company initiated the implementation of its separation pilot plant at the VTCRC. Installation of the analytical laboratory and the first solvent extraction unit progressed during the quarter, while fabrication of the main process equipment was awarded and is currently underway.

Metals and Alloys Project

General Engineering

During Q3 2026, the Company continued advancing the Basic Engineering activities for the Metals and Alloys Project across the different engineering work packages. Engineering activities progressed during the quarter, with certain areas prioritized to accelerate their development and support the overall project schedule.

Process Design

During Q3 2026, the Metals and Alloys demonstration plant commenced operations. The Company conducted initial operating tests of the demonstration-scale electrolysis cell during September and implemented adjustments based on the results obtained. On September 23, 2026, the Company completed successful hot commissioning of the demonstration-scale electrolysis cell, validating the implemented improvements under operating conditions.

In addition, the first version of the demonstration plant's digital model was completed. Operating data from the electrolysis cell will be used to further refine the model and develop predictive capabilities aimed at improving operational stability and reducing fluoride consumption.

Environmental, Social and Governance

Carina Project

Environment and Permits

During Q3 2026, the Company continued advancing the environmental review process. Subsequent to quarter-end, on October 2, 2026, the Company submitted its response to SEMAD's second request for clarification. The submission included the technical and supporting documentation required for SEMAD. SEMAD's evaluation of the application for the Preliminary License continues, and the Company remains fully engaged and continues to collaborate with SEMAD to advance the licensing process toward the public hearing stage.

Comparatively, during Q3 2025, the Company successfully resubmitted the EIA to SEMAD, following regulatory, normative and systemic updates introduced by the environmental authority. The resubmission incorporated adjustments to ensure compliance with the updated requirements.

SEMAD Administrative Proceedings and Public Prosecutor Inquiry

On July 1, 2026, SEMAD initiated an administrative sanctioning proceeding against Aclara Brazil, consisting of four charges (the "Exploration Sanctioning Proceeding") related to Aclara Brazil's 2025 exploration campaign at the Carina Project in which it imposed an initial fine of R$405,250 (approximately $80,342). In the Exploration Sanctioning Proceeding, SEMAD alleged (i) that certain of Aclara Brazil's exploration activities during the 2025 exploration campaign at the Carina Project extended beyond the footprint authorized under the applicable environmental license for the exploration campaign, (ii) that Aclara Brazil filed incomplete information, and (iii) that, in certain cases, access roads and drill pads installed for the 2025 exploration campaign were not properly closed.

At a preliminary hearing held on August 29, 2026, Aclara Brazil elected to settle two of the charges and agreed to pay a reduced fine of approximately $2,400. Based on the information currently available, the Company does not expect the amount of any fines in the Exploration Sanctioning Proceeding to be material. The Company is being advised by external Brazilian counsel and filed its administrative defence in respect of the remaining two charges in the Exploration Sanctioning Proceeding on October 27, 2026.

On July 31, 2026, SEMAD commenced a separate administrative sanctioning proceeding against Aclara Brazil (together with the Exploration Sanctioning Proceeding, the "SEMAD Proceedings"), in which it imposed an initial fine of R$61,500 (approximately $12,200). SEMAD alleged that certain information and studies filed by the Company in support of the EIA were false, incomplete or methodologically insufficient with respect to the delineation of the Carina Project's areas of influence, the identification of affected populations and the assessment of the project's socioeconomic and cultural impacts, and that these deficiencies compromised SEMAD's ability to form an adequate technical judgment.

SEMAD also referred the matter to the Public Prosecutor's Office of the State of Goiás (Ministério Público do Estado de Goiás, the "MPGO"). The MPGO has initiated a preliminary inquiry to evaluate the matters referred by SEMAD (the "MPGO Inquiry") but, as of the date of this MD&A, no civil action or criminal proceeding has been commenced against the Company or any of its directors, officers or employees.

The Company disagrees with SEMAD's characterization of its filings and believes that the allegations are without merit. The Company is being advised by external Brazilian counsel and intends to cooperate with the MPGO as appropriate, while preparing to file its administrative defence.

Social License

During Q3 2026, the Company continued implementing its local workforce training and stakeholder engagement initiatives in Nova Roma and the surrounding region. The Company offered an Administrative Assistant course with 55 enrolled participants, launched the "Cá Entre Nós" communication program to disseminate project-related information and address questions from the local community and conducted engagement activities totaling 448 stakeholder participations during the quarter. In parallel, the Company advanced the consultation process involving the Família Magalhães quilombola community, with two meetings conducted by Brazil's National Institute for Colonization and Agrarian Reform ("INCRA") in July 2026.

Comparatively, during Q3 2025, the Company continued advancing the Carina Project through initiatives aimed at generating local value, strengthening institutional relations and promoting sustainable regional development. In partnership with the National Service for Industrial Training ("SENAI"), the Company completed the first cycle of its local professional training program, offering courses in residential electricity and heavy machinery mechanics. In parallel, the Company launched the second phase of its Local Supplier Development Program to consolidate the regional supply chain and foster partnerships with local businesses. In addition, the Company entered into a technical cooperation agreement with the Municipality of Nova Roma to support the sustainable and orderly implementation of the Carina Project.

Penco Module

Environment and Permits

During Q3 2026, following the issuance of the favourable RCA for the Penco Module, the Company advanced its sectoral permitting strategy, prioritizing permits according to their criticality, regulatory processing timelines and the dates on which they are required to support the project schedule, with particular focus on permits required for early works.

In addition, the Company advanced the planning and implementation of environmental monitoring programs and measures established under the RCA, including requirements relating to flora, fauna, archaeology, hydrology and hydrogeology, as well as rescue and relocation programs for protected species. Furthermore, the Company continued advancing the emissions compensation program established under the RCA, which requires measures designed to compensate for 120% of the project's emissions.

Comparatively, during Q3 2025, the Company advanced the preparation of the Complementary Addendum in response to the second consolidated report of clarifications, rectifications and/or expansions ("ICSARA") issued by the SEA on May 14, 2025. In parallel, the Company conducted further consultations with indigenous and non-indigenous community organizations to collect primary information and integrate their feedback into the revised documentation.

Administrative Challenges to the RCA

Following the issuance of the RCA, third parties filed a total of nine administrative challenges seeking the annulment or modification of the RCA (collectively, the "RCA Challenges"), consisting of: (i) four claims (recursos de reclamación) before the Committee of Ministers under Articles 20 and 29 of Law No. 19,300 on the General Bases of the Environment (the "Reclamaciones"), one of which has already been dismissed as inadmissible by the Executive Director of the SEA on August 19, 2026 (the claim of the Municipalidad de Concepción, filed on August 5, 2026) and has been challenged before the Third Environmental Court (pending admissibility); and (ii) five requests for invalidation (solicitudes de invalidación) before the Regional Environmental Assessment Commission ("COEVA") under Article 53 of Law No. 19,880 on Administrative Procedures (the "Invalidation Requests"). The remaining three Reclamaciones were filed on August 12, 2026. Four of the Invalidation Requests were filed on August 5, 2026, and the collective request on August 12, 2026. Under Chilean law, the filing of the RCA Challenges does not suspend the effects of the RCA, which remains in force as of the date of this MD&A. The Reclamaciones allege, among other things, that the citizen observations made during the environmental assessment were not duly considered in the RCA (Articles 20 and 29 of Law No. 19,300). The period for filing *recursos de reclamación* expired on August 12, 2026.

The Invalidation Requests allege, among other things, an incomplete project description and a risk of project fragmentation, an insufficient definition of the project's areas of influence, an insufficient assessment of the effects set out in Article 11 of Law No. 19,300 (including radiological risk), the need for a native forest sectoral permit (PAS 150), and potential impacts on local watercourses, heritage and archaeological values, indigenous ceremonial and traditional practices and local economic activities. The SEA has indicated that it will suspend its consideration of the Invalidation Requests until the Committee of Ministers resolves the Reclamaciones.

Based on customary timelines, the Company expects the Committee of Ministers to consider the Reclamaciones between December 2026 and March 2027, with its decision expected to be notified between December 2026 and April 2027 and expects the Invalidation Requests to be considered by the COEVA within a similar timeframe. Decisions of the Committee of Ministers and the COEVA may be challenged before the Third Environmental Court in Valdivia within 30 business days of notification, and decisions of the Environmental Court may be further appealed to the Supreme Court of Chile. Accordingly, the RCA Challenges may not be finally resolved until 2027 at the earliest.

The RCA Challenges are directed at the RCA issued in respect of the first-stage environmental impact assessment. The second-stage environmental impact assessment has not been submitted and is not the subject of the RCA

Challenges; it will be subject to its own evaluation process, including citizen participation, and any resulting environmental qualification resolution may itself be subject to challenge.

The Company believes that the RCA was issued in accordance with applicable law following a comprehensive environmental assessment process, which included the consideration of approximately 1,400 citizen observations, an indigenous consultation and the unanimous approval of the COEVA, and intends to actively defend the RCA, including by providing technical information to the competent authorities.

Social License

During Q3 2026, the Company continued its community support initiatives through the Entrepreneur Support Program, assisting 116 local businesses affected by the wildfires in the Biobío Region. In addition, the Company provided information on the approved Penco Module to approximately 800 local residents who visited the Company's facilities and advanced the preparation of the human environment measures established under the RCA.

Following the COEVA's unanimous approval of the Penco Module, the Company continued its engagement with national, regional and local authorities and regulatory officials, holding meetings with 16 representatives to support the sectoral permitting process.

Comparatively, during Q3 2025, the Company held its first supplier event in the Biobío Region, bringing together more than 150 existing and potential suppliers to present the Company's local procurement strategy and strengthen collaboration across the regional supply chain. In addition, the Company maintained active dialogue with regulatory authorities and hosted a visit from Chile's main industrial trade association ("SOFOFA"), which brought together more than 40 business leaders from Chile and a representative from the European Union.

Project Dynamo - Separation

Environment and Permits

On September 14, 2026, the LDEQ issued the air permit authorizing construction and operation of Project Dynamo.

During Q3 2026, the Company completed the construction stormwater plan and submitted it to Calcasieu Parish, the local governing authority. In addition, the U.S. Army Corps of Engineers approved excavation at the Project Dynamo site in Louisiana.

Occupational Health and Safety

During Q3 2026, the Company continued strengthening its project health and safety framework in preparation for the construction phase by advancing the development of related procedures, policies and programs. On July 18, 2026, an incident resulting in property damage occurred at the Carina Project, with no serious injuries. Following the incident, the Company implemented an action plan aimed at preventing similar incidents.

Comparatively, during Q3 2025, the Company recorded no lost time incidents and continued to strengthen its occupational health and safety culture through continuous improvement initiatives and the implementation of enhanced safety management systems, in preparation for the upcoming phases of each project.

OPERATIONAL PERFORMANCE

Unless otherwise specified, the financial information contained in this section of the MD&A entitled "*Operational Performance*", and the subsections thereunder, is reported in thousands of United States dollars.

As at Q3 2026, the Company's expenditures in respect of exploration, technical development, environmental, social and governance and administration activities were $45.58 million, which were more than offset by a capital contribution of $56.61 million and funds received from the DFC of $3.43 million, totaling a net cash inflow of $14.46

million and a total cash balance of $28.46 million. Comparatively, as at the end of Q3 2025, the Company's net cash inflow including capital contributions received during the period was $11.71 million, resulting in a total cash balance of $27.08 million.

Overview of Operating Expenditure and Costs

The Company incurred an aggregate of $6.32 million in losses from continuing operations before income tax during Q3 2026, as compared to an aggregate of $2.14 million in losses during Q3 2025.

	Three months ended September 30		Nine months ended September 30	
(in thousands of US $)	**2026**	**2025**	**2026**	**2025**
Exploration expenses	268	682	827	1,662
Administration expenses	6,487	1,633	11,272	5,596
Share of loss of a joint venture	(12)	139	208	329
Financial costs	126	82	389	172
Financial income	(549)	(417)	(973)	(892)
Exchange differences	4	17	136	(94)
Loss from continuing operations before income tax	**6,324**	**2,136**	**11,859**	**6,773**
Attributable to:				
Equity shareholders of the Parent	**6,218**	**2,118**	**11,719**	**6,677**
Non-controlling interests	**106**	**18**	**140**	**96**

Exploration Expenses

The breakdown of exploration expenses incurred by the Company for the three (3) and nine (9) months ended September 30, 2026 and 2025 is as follows:

	Three months ended September 30		Nine months ended September 30	
(in thousands of US $)	**2026**	**2025**	**2026**	**2025**
Personnel expenses	106	55	346	138
Professional fees	4	240	17	815
Mining rights	-	-	-	90
Rental	28	8	54	30
Analysis & technical	0	19	25	19
Studies	3	5	17	61
Technology and system	10	-	62	11
Contractors and services	8	306	38	308
Travel expenses	27	16	67	113
Laboratory supplies and materials	1	2	2	8
Other	81	31	199	69
Total	**268**	**682**	**827**	**1,662**

Exploration expenses comprise all activities related to and arising from greenfield exploration. The purpose of greenfield exploration is to identify additional resources that may support new development and operation modules. Greenfield activities include surface mapping works, geophysics and topographic studies, among others.

During Q3 2026, the Company conducted superficial mapping and soil sampling, resulting in personnel expenses of $106, professional fees of $4, costs related to renting geological equipment of $28 and other study-related expenses of $3. Comparatively, during Q3 2025, the Company incurred professional fees of $240, personnel expenses of $55, costs related to renting geological equipment of $8 and other study-related expenses of $24. In addition, in Q3 2026 the Company incurred travel expenses of $27 and other expenses of $81, as compared to travel expenses of $16, laboratory supplies and materials of $2 and other expenses of $31 in Q3 2025.

In Q3 2026, the Company incurred technology and system expenses of $10, and contractors and services expenses of $8, primarily related to software expenses, as compared to contractors and services expenses of $306 in Q3 2025.

Administration Expenses

The breakdown of administration expenses incurred by the Company for the three (3) and nine (9) months ended September 30, 2026 and 2025 is as follows:

	Three months ended September 30		Nine months ended September 30	
(in thousands of US $)	**2026**	**2025**	**2026**	**2025**
Personnel expenses	4,472	473	6,489	2,080
Professional fees	488	157	1,513	897
Depreciation and amortization	481	183	863	546
Contractors and services	720	371	1,316	1,105
Travel expenses	25	84	453	323
Marketing expenses	33	269	193	464
Other expenses	268	96	445	181
Total	**6,487**	**1,633**	**11,272**	**5,596**

In Q3 2026, the Company incurred personnel expenses of $4,472 to support its management and administration team, as compared to $473 in Q3 2025. The increase was primarily attributable to higher share-based compensation expenses related to the Company's long-term incentive plan.

Professional fees of $488 incurred during Q3 2026 comprised accounting, tax and legal expenses for the Company's annual tax and legal processes, as compared to $157 incurred for a similar purpose in Q3 2025. In addition, during Q3 2026, the Company incurred travel expenses of $25, marketing expenses of $33 and other expenses of $268, as compared to $84 in travel expenses, $269 in marketing expenses and $96 in other expenses incurred in Q3 2025. The increase in other expenses is primarily related to license and software expenses.

In Q3 2026, the Company incurred depreciation and amortization expenses of $481, as compared to $183 in Q3 2025. In addition, during Q3 2026, the Company incurred contractor and services expenses of $720, primarily driven by Board-related expenses, as compared to $371 in Q3 2025.

Financial Income and Costs

In Q3 2026, the Company's net financial income amounted to $423 and was associated with the Company's investments in short-term deposits, interest-bearing bank accounts and bank commissions, as compared to net financial income of $335 in Q3 2025.

	Three months ended September 30		Nine months ended September 30	
(in thousands of US $)	**2026**	**2025**	**2026**	**2025**
Financial costs	126	82	389	172
Total	**126**	**82**	**389**	**172**

	Three months ended September 30		Nine months ended September 30	
(in thousands of US $)	**2026**	**2025**	**2026**	**2025**
Financial income	(549)	(417)	(973)	(892)
Total	**(549)**	**(417)**	**(973)**	**(892)**

During Q3 2026, the Company incurred an increase in interest and bank commission expenses related to the administration of its bank accounts, resulting in such expenses of $126 as compared to $82 during Q3 2025. In addition, in Q3 2026, financial income increased to $549 as compared to $417 in Q3 2025, primarily due to an increase in interest earned on investments in short-term deposits.

Evaluation and Exploration Assets

In accordance with IFRS accounting principles regarding capitalization of E&E assets, costs of mineral properties are capitalized on a project-by-project basis. As at the end of Q3 2026, the Company's principal business included the development of the Penco Module and Carina Project. The Company capitalizes expenses related to brownfield

exploration and infill drilling, metallurgical testing and process design, engineering of the mine, processing plant and project infrastructure, permitting activities and services. The following table sets out an overview of the Company's capitalized E&E balance:

Evaluation and Exploration Assets

(in thousands of US $)	Total
Balance as at January 1, 2025	**102,224**
Additions	21,625
Disposals	(90)
Foreign exchange effect	5,923
Balance as at September 30, 2025	**129,682**
Additions	11,701
Foreign exchange effect	4,986
Balance as at December 31, 2025	**146,369**
Additions	23,288
Foreign exchange effect	(5,802)
Balance as at September 30, 2026	**163,855**
Accumulated amortization and impairment	
Balance as at January 1, 2025	**1,712**
Additions	369
Foreign exchange effect	39
Balance as at September 30, 2025	**2,120**
Additions	560
Foreign exchange effect	113
Balance as at December 31, 2025	**2,793**
Additions	578
Foreign exchange effect	(427)
Balance as at September 30, 2026	**2,944**
Net book value as at September 30, 2025	**127,562**
Net book value as at December 31, 2025	**143,576**
Net book value as at September 30, 2026	**160,911**

The total investments capitalized in E&E as at Q3 2026, Q3 2025 and FY 2025 are as follows:

		Nine months ended September 30	Year ended December 31
(in thousands of US $)	**2026**	**2025**	**2025**
Personnel expenses	8,437	4,946	7,523
Professional fees	6,499	4,446	5,959
Environmental impact study	1,236	1,808	2,722
Geochemical study	5	-	18
Drilling services	-	2,432	2,532
Engineering services	696	543	585
Mining rights	743	384	439
Feasibility studies	1,690	-	2,947
Rent building, vehicles, others	827	1,645	2,062
Analysis & technical	492	1,506	1,918
Contractors and Services	854	2,484	4,625
Travel expenses	546	612	845
Other	1,263	819	1,151
Total	**23,288**	**21,625**	**33,326**

For the nine months ended September 30, 2026, the Company incurred capitalized personnel expenses of $8,437, as compared to the same period in 2025, in which the Company incurred personnel expenses of $4,946. The increase in personnel expenses is primarily due to the growth in headcount in Brazil to support the development of the Carina Project. For purposes of calculating the Company's personnel expenses under its E&E asset balance sheet, the Company's employee headcount as at Q3 2026 was 111 as compared to 78 as at the end of Q3 2025.

Each category of the Company's costs in relation to its investment in the Penco Module and the Carina Project in Q3 2026 has been discussed elsewhere in this MD&A. During the three (3) and nine (9) months ended September

30, 2026 and 2025, expenses related to the technical development of the Penco Module and the Carina Project were comprised of costs related to engineering services, feasibility studies, professional fees, rent building and vehicle expenses, analysis and technical, contractor services and other related expenses, each of which are discussed under the sections of this MD&A entitled "*Project Development Activities*" and "*Exploration Activities*" above.

For the nine months ended September 30, 2026, expenses relating to permit-related activities were comprised of costs associated with the environmental impact study and are described in greater detail under the section entitled "*Environmental, Social and Governance*" above. The environmental impact study expenses incurred by the Company totaled $1,236 for the nine months ended September 30, 2026 as compared to the same period in 2025, in which the Company incurred environmental impact study expenses of $1,808. Expenses related to mining rights, which consisted of costs relating to exploration and exploitation of the Company's concessions, totaled $743 for the nine months ended September 30, 2026 as compared to $384 for the same period in 2025.

As at the end of Q3 2026, the Company's concessions were comprised of 85,585 hectares in Chile and 70,194 hectares in Brazil, as compared to the end of Q3 2025 in which the Company's concessions were comprised of 83,185 hectares in Chile and 50,266 hectares in Brazil.

Property, Plant and Equipment

The breakdown of PP&E capitalized by the Company as at the end of Q3 2026 and FY 2025 is as follows:

(in thousands of US $)	Land	Plant and equipment	Total
Balance as at January 1, 2025	**8,128**	**3,186**	**11,314**
Additions	-	5,827	5,827
Foreign exchange effect	800	149	949
Balance as at December 31, 2025	**8,928**	**9,162**	**18,090**
Additions	-	11,914	11,914
Foreign exchange effect	(601)	(119)	(720)
Balance as at September 30, 2026	**8,327**	**20,957**	**29,284**
Accumulated depreciation and impairment			
Balance as at January 1, 2025	**-**	**1,394**	**1,394**
Additions	-	195	195
Foreign exchange effect	-	28	28
Balance as at December 31, 2025	**-**	**1,617**	**1,617**
Additions	-	285	285
Foreign exchange effect	-	(33)	(33)
Balance as at September 30, 2026	**-**	**1,869**	**1,869**
Net book value as at December 31, 2025	**8,928**	**7,545**	**16,473**
Net book value as at September 30, 2026	**8,327**	**19,088**	**27,415**

Certain comparative amounts have been reclassified from E&E to PP&E to conform with the current period presentation.

During the nine months ended September 30, 2026, the Company incurred expenses of $11,914 primarily associated with Project Dynamo, including equipment purchases related to the separation pilot plant, compared to $5,827 during FY 2025.

SUMMARY OF QUARTERLY RESULTS

(in thousands of US $)	September 30 2026	June 30 2026	March 31 2026	December 31 2025
Revenues	-	-	-	-
Net income (loss) from continuing operations	(6,324)	(2,649)	(2,886)	(2,177)
Net income (loss) and comprehensive income (loss)	**(6,324)**	**(2,649)**	**(2,886)**	**(2,177)**
Basic and diluted net income (loss) (per share)	**(0.03)**	**(0.01)**	**(0.01)**	**(0.01)**

(in thousands of US $)	September 30 2025	June 30 2025	March 31 2025	December 31 2024
Revenues	-	-	-	-
Net income (loss) from continuing operations	(2,136)	(2,838)	(1,799)	(2,003)
Net income (loss) and comprehensive income (loss)	**(2,136)**	**(2,838)**	**(1,799)**	**(2,003)**
Basic and diluted net income (loss) (per share)	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**

During Q3 2026, the Company incurred higher net losses from continuing operations as compared to Q2 2026, primarily due to an increase in administrative expenses of $4,095. This impact was partially offset by an increase in financial income of $231, a decrease in exploration expenses of $39, a decrease in financial costs of $16, a decrease in its share of loss of a joint venture of $81 and a decrease in exchange rate expenses of $54. The increase in administrative expenses was primarily related to higher personnel expenses associated with share-based compensation under the Company's long-term incentive plan.

During Q2 2026, the Company incurred lower net losses from continuing operations as compared to Q1 2026, primarily due to an increase in financial income of $215, a decrease in administrative expenses of $4, a decrease in its share of loss of a joint venture of $82 and a decrease in exchange rate expenses of $13. These impacts were partially offset by an increase in exploration expenses of $55 and an increase in financial costs of $21.

During Q1 2026, the Company incurred higher net losses from continuing operations as compared to Q4 2025, primarily due to an increase in administrative expenses of $346, a decrease in financial income of $312, an increase in exchange rate expenses of $85 and an increase in its share of loss of a joint venture of $48. These impacts were partially offset by a decrease in financial costs of $11 and a decrease in exploration expenses of $71, primarily due to lower exploration activity. The increase in administrative expenses was primarily related to personnel costs associated with annual bonuses.

During Q4 2025, the Company incurred higher net losses from continuing operations as compared to Q3 2025, primarily due to an increase in administrative expenses of $415, an increase in financial costs of $51, a decrease in exchange rate expenses of $30 and a decrease in its share of loss of a joint venture of $36. These impacts were partially offset by a decrease in exploration expenses of $359, primarily due to lower exploration activity.

During Q3 2025, the Company incurred lower net losses from continuing operations as compared to Q2 2025, primarily due to a decrease in administrative expenses of $626, a decrease in exploration expenses of $107, an increase in exchange rate expenses of $109, an increase in financial income of $134, an increase in its share of loss of a joint venture of $7, and an increase in financial costs of $49. The decrease in administrative expenses was primarily in relation to personnel costs of $268 related to the departure of the Chief Operating Officer, and legal expenses of $212 incurred for continuous disclosure filings, as compared to nil in Q2 2025. The decrease in exploration expenses was primarily explained by the absence of the write-off of acquisition costs related to mining concessions recorded in the previous quarter.

During Q2 2025, the Company incurred higher net losses from continuing operations as compared to Q1 2025, primarily due to an increase in administrative expenses of $555, an increase in exploration expenses of $598, a decrease in exchange rate expenses of $73, an increase in financial income of $91, an increase in share of loss of a joint venture of $74 and a decrease in financial costs of $24. The increase in administrative expenses was mainly explained by higher personnel expenses of $410, resulting from performance bonuses and severance payments made to the former Chief Operating Officer, along with increased consulting and professional expenses of $80, and contractor-related services of $82. These increases were partially offset by lower travel and other expenses of $17. The increase in exploration expenses was primarily due to technical and fieldwork activities conducted in Brazil and the United States, including geological mapping, environmental assessments, drill site preparation and technical reviews of mineral titles, which led to higher technical and analysis services of $573 and other related expenses of $25.

During Q1 2025, the Company incurred lower net losses from continuing operations as compared to Q4 2024, primarily due to a decrease in administrative expenses of $75, a decrease in exchange rate expenses of $161, a decrease in share of loss of a joint venture of $26 and a decrease in exploration expenses of $108, primarily due

to lower travel, rentals and studies expenses. These impacts were partially offset by a decrease in financial income of $134 and an increase in financial costs of $32.

During Q4 2024, the Company incurred higher net losses from continuing operations as compared to Q3 2024, primarily due to an increase in exploration expenses of $217, an increase in exchange rate expenses of $171, a decrease in financial income of $159, an increase in share of loss of a joint venture of $63 and an increase in financial costs of $15. The impacts were partially offset by a decrease in administrative expenses of $569, primarily due to lower Board-related costs associated with restricted share unit compensation.

The Company is in the development phase of each of the Penco Module, the Carina Project, Project Dynamo and the Metals and Alloys Project, which includes technical and feasibility studies and conducting exploration, as discussed in greater detail under the sections of this MD&A entitled "*Project Development Activities*" and "*Exploration Activities*" above. The Company has not generated any operating income as at Q3 2026.

FINANCIAL INSTRUMENTS

Nature and Extent

The Company's consolidated financial instruments consist of cash and cash equivalents. Cash and cash equivalents are included in current assets due to their short-term nature. The fair value of cash and cash equivalents approximates their book value.

The Company's consolidated financial instruments for Q3 2026, Q3 2025 and FY 2025 are as follows:

	2026	As at September 30 2025	As at December 31 2025
Cash and cash equivalents			
Current demand deposit accounts	28,466	27,083	14,011
Total Cash and cash equivalents	**28,466**	**27,083**	**14,011**

Financial Instrument Risks

The Company manages risks to minimize potential losses by investing cash in the short term to reduce inflationary risks. The terms of the Company's short-term financial instruments are on arm's length terms and entered into with banks and institutional lenders. The primary objective is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The Company's risk exposure in respect of its financial instruments is summarized below.

Foreign Currency Risk

The Company is a development-stage Mineral Resources company and, accordingly, no revenue or operating costs have been recorded. The principal disbursements are denominated in Chilean pesos and Brazilian reals. The Company has deposits, trade and other payables and account payables to related parties stated in United States dollars.

Credit Risk

Credit risk arises from the inability of the Company's counterparties to meet their obligations to the Company as they become due. The Company is not exposed to credit risk as it does not currently engage in commercial activities.

Liquidity Risk

Liquidity risks relate to the Company's inability to obtain funds required to comply with its commitments, including the inability to sell a financial asset quickly enough and at a price close to its fair value. Management regularly monitors the Company's level of short- and medium-term liquidity and access to credit lines, in order to ensure appropriate financing is available for its operations.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital Requirements

The Company has working capital requirements of $1.28 million as at the end of Q3 2026, and the Company's cash and cash equivalents position as at the end of Q3 2026 was $28.46 million.

Off-Balance Sheet Commitments

A summary of the Company's contractual obligations that must be satisfied with cash, and their approximate timing of payment, is as follows:

(in thousands of US $)	Q4 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	After 2032
Operating Leases (1)	112	20	18	-	-	-	-
Other Obligations (2)	584	584	-	-	-	-	-
Total Contractual Obligations	696	604	18	**-**	**-**	**-**	**-**

(1) Operating leases include office, warehouse, and vehicle leases.
(2) Other obligations include land acquisitions.

Cash and Liquidity

As at the end of Q3 2026, the Company had no commercial debt and held cash and cash equivalents of $28.46 million.

On April 2, 2026, the Company announced the closing of Tranche 1 of the Private Placement for gross proceeds of $41.5 million, followed by the closing of Tranche 2 on May 12, 2026 (as announced on May 13, 2026) for gross proceeds of $8.5 million, resulting in total gross proceeds of $50.0 million.

On January 20, 2026, the Company received the third tranche payment of $6.9 million from CAP's strategic investment in REE Uno. To date, CAP has deposited all three (3) tranches owed pursuant to the CAP Investment Agreement, totaling $29.1 million.

On February 19, 2025, the Company received $25 million in gross proceeds from the non-brokered private placement of 51,303,573 common shares completed in February 2025. These funds, along with the cash balance from its wholly-owned subsidiaries, financed planned capital and operating expenditures for the Carina Project throughout 2025. Additionally, the Company received a VAT refund of $6.92 million in cash during Q2 2025, related to a VAT tax benefit for the Penco Module project expenses.

Capital Resources

The Company's focus in FY 2026 is the continued advancement and development of the Penco Module, the Carina Project, Project Dynamo, the Metals and Alloys Project and any potential future modules located in the concessions beneficially held by the Company. The primary uses of capital resources in 2026 are expected to include:

(in thousands of US $)	2026
Activities in connection with the Penco Module	**16,178**
Permitting and community engagement expenditures	3,170
Engineering activities	5,104
Surface land purchase and mining concessions	1,494
Administrative and personnel expenses	6,410
Activities in connection with the Carina Project	**24,828**
Engineering and piloting	10,081
Permitting and community engagement expenditures	2,747
Surface land purchase and mining concessions	4,279
Administrative and personnel expenses	7,721
Activities in connection with the Project Dynamo	**13,668**
Engineering and piloting	9,157
Administrative and personnel expenses	4,511
Metals & Alloys Project	**4,459**
Engineering and piloting	3,767
Administrative and personnel expenses	692
Maintenance of mining concessions and exploration activities in connection with potential new modules	**811**
Administrative expenses and general corporate purposes	**5,996**
Total	**65,940**

As the Company does not currently generate cash flow from operating activities, the Company will be relying on further equity and/or debt financing, or a strategic partnership, as the most likely sources of additional funds for the development of the Penco Module, the Carina Project, Project Dynamo, the Metals and Alloys Project and any potential future modules, to the extent necessary.

RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company.

For the nine months ended September 30, 2026, the remuneration of the Company's key management totaled $12.88 million, as compared to the same period in 2025 in which remuneration of the Company's key management totaled $4.19 million. The increase in the Company's key management remuneration is a result of share-based compensation expense related to restricted share units granted under the Company's long-term incentive plan.

	Nine months ended September 30	Nine months ended September 30
Compensation of key management personnel	2026 US$000	2025 US$000
Share-based payments (1)	7,166	512
Short-term employee benefits	5,715	3,682
Total compensation paid to key management personnel	12,881	4,195

(1) Amortized share-based payment expenses due to restricted share units granted.

Related Party Transactions

The Company was subject to the following related-party balances and transactions as at Q3 2026, Q3 2025 and FY 2025:

	As at September 30		**As at December 31**
(in thousands of US $)	**2026**	**2025**	**2025**
Compañia Minera Ares S.A.C.	4	2	2
Total	**4**	**2**	2

Accounts receivable

(in thousands of US $)	As at September 30 2026	As at September 30 2025	As at December 31 2025
Aclara Metals - Joint venture	2,121	-	-
CAP	-	6,937	6,937
Total	**2,121**	**6,937**	**6,937**

Compañia Minera Ares S.A.C., as a member of Hochschild Mining PLC, is a related party and provides intercompany administrative services pursuant to the terms of a transition services agreement that continues to date.

CAP, a related party and investor in REE Uno, has made a capital contribution to REE Uno in exchange for 20% of the issued and outstanding share capital of REE Uno. As at December 31, 2025, the Company had an accounts receivable for one (1) of the three (3) installments of this contribution.

Accounts payable with Compañia Minera Ares S.A.C. amounted to $4 as at Q3 2026, compared with accounts payable of $2 as at Q3 2025 and FY 2025.

Accounts receivable with CAP amounted to nil as at Q3 2026, compared with accounts receivable of $6.94 million as at Q3 2025. This decrease was primarily due to payment by CAP of the third and final installment in relation to its capital contribution. In addition, as at Q3 2026, accounts receivable with Aclara Metals amounted to $2.12 million, compared with nil as at Q3 2025.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company's issued and outstanding share capital is comprised of an aggregate of 248,187,255 common shares and 2,250,611 restricted share units, which were issued in accordance with the terms of the Company's long-term incentive plan.

SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are described in Note 2 to the Interim Unaudited Consolidated Financial Statements.

SIGNIFICANT EQUITY INVESTEE

Disclosure related to the Company's significant equity investee is provided under Notes 3 and 7 to the Interim Unaudited Consolidated Financial Statements.

CAUTIONARY STATEMENTS AND READER ADVISORIES

Cautionary Note Regarding Forward-Looking Information

This MD&A includes "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation (collectively referred to herein as "forward-looking statements") that are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the 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", "will occur" or "will be achieved". All statements other than statements of historical fact are forward-looking statements and, in particular, any statements that refer to expectations, intentions, estimations, 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 and similar words suggesting future outcomes or statements regarding an outlook. All statements in this MD&A that address events or developments that the Company expects to occur in the future are forward-looking statements.

Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Such risks and uncertainties include, but are not limited to: operating in a foreign jurisdiction (including local political and socioeconomic issues); continued compliance with applicable laws and regulations; failure to obtain necessary permits and licenses or to renew them; the outcome of pending administrative, regulatory and judicial proceedings, including the SEMAD Proceedings and the MPGO Inquiry in respect of the Carina Project and the RCA Challenges in respect of the Penco Module; timing and requirements of permits and third-party consents (as may be required); impact of social and environmental activism; relations and agreements with local communities; government regulation of mining operations; environmental compliance; actual production, capital and operating costs differing from those anticipated; price volatility of REE; statements regarding anticipated exploration, drilling, development, construction, permitting and other activities or achievements of Aclara; expectations, strategies and plans for the Penco Module, the Carina Project, Project Dynamo, and the Metals and Alloys Project, including in relation to geology, metallurgy, engineering, title, and environmental matters; expected costs and timing of development of the Penco Module, the Carina Project, Project Dynamo and the Metals and Alloys Project; costs, location and timing of potential future exploration and drilling and the uncertain nature of such exploration and drilling activities; the impact of competition and applicable laws and regulations on the Company's operations and results; environmental risks and hazards; 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 REE; continued availability of required expertise and manpower; continued access to capital markets; future trends that may affect the Company's business and results of operations; possible emergence of new global pandemics and their impact on Aclara's operations; continued qualification for listing on the TSX; Aclara having further potential through exploration at the Penco Module and the Carina Project, and those risks associated with the mining industry, including delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of resource estimates; the uncertainty of estimates and projections in relation to production, costs and expenses and health, safety and environmental risks; the risk of commodity price and foreign exchange rate fluctuations; as well as other factors identified and described in more detail in Aclara's most recent annual information form and its other filings with securities and regulatory authorities, which are available on SEDAR+ at www.sedarplus.ca.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive. The forward-looking statements contained in this document are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or those in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

Cautionary Note Regarding Mineral Reserves and Mineral Resources

This MD&A was prepared in accordance with Canadian standards for reporting of Mineral Resource estimates and the requirements of the securities laws in effect in Canada. In particular, and without limiting the generality of the foregoing, the terms "Mineral Reserve", "proven Mineral Reserve", "probable Mineral Reserve", "Mineral Resource", "measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" as may be used or referenced in this MD&A are Canadian mineral disclosure terms as defined in accordance with NI 43-101 and the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Definition Standards for Mineral Resources & Mineral Reserves (the "CIM Standards"), adopted by the CIM Council on May 10, 2014. Such terms used but not otherwise defined herein have the meanings ascribed to them in the CIM Standards.

The Penco Module PEA Technical Report is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the results of the preliminary economic

assessment will be realized. No pre-feasibility study or feasibility study has been completed in respect of the Penco Module. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Qualified Person

The scientific and technical information contained in this MD&A has been reviewed and approved by Juan Pablo Navarro, Chief Geological Officer of the Company, a "qualified person" as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

The scientific and technical information relating to the Carina Project and the Penco Module contained in this MD&A is based on the applicable technical reports reviewed and approved by the following independent "qualified persons" as defined by NI 43-101:

- *Carina FS*: Rolf Schmitt (ERM Consultants Canada Ltd.), Tyler Wilson and Stefan Hlouschko (Hatch Ltd.), Luis Oviedo (L&M Geociencias SpA), Stuart Saich (Promet 101 Consulting Pty Ltd.), Andrés Beluzán (ABelco Consulting SpA), and Paulo Laymen (LOM Consultoria em Mineração Ltda.).

- *Penco Module PEA Technical Report*: Luis Oviedo (L&M Geociencias SpA), Stuart Saich (Promet 101 Consulting Pty Ltd.), Andres Beluzan (Abelco Consulting SpA), Paulo Laymen (LOM Consultoria em Mineração Ltd.), Rolf Schmitt (ERM Consultants Canada Ltd.), and William van Breugel (independent mining consultant).

APPROVAL

The Board of Directors of Aclara has approved the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to the Company and its other continuous disclosure materials, including the annual information form, annual management's discussion and analysis and audited annual financial statements, consolidated financial statements and notice of annual meeting of shareholders and management information circular is available on Aclara's website at www.aclara-re.com and on SEDAR+ at www.sedarplus.ca.