



# FALCON

Energy Materials plc

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE QUARTER ENDED ON MARCH 31, 2026**

**TSX-V: FLCN  
OTCQB: FLCNF**

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# Falcon Energy Materials plc

Management's discussion and analysis for the three-month period ended March 31, 2026

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## SCOPE OF MD&A AND NOTICE TO INVESTORS

This Management's Discussion and Analysis ("MD&A") of financial position and results of operations of Falcon Energy Materials plc (the "Corporation" or "Falcon"), dated May 28, 2026, covers the three-month period ended March 31, 2026. This MD&A is prepared by management and should be read in conjunction with the Corporation's Annual Audited Consolidated Financial Statements for the year ended December 31, 2025. Additional information relating to the Corporation is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The Corporation's March 31, 2026 interim condensed consolidated financial statements and the related financial information contained in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting. Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. The Corporation has prepared this MD&A in accordance with National Instrument 51-102, *Continuous Disclosure Obligations*.

This MD&A contains forward-looking information that is subject to risk factors set out in a cautionary note in this MD&A under "Cautionary Note Regarding Forward-Looking Information". All information contained in the financial statements and this MD&A has been reviewed by the Audit Committee and approved by the Corporation's Board of Directors. This MD&A is current as of May 28, 2026 unless otherwise stated.

## CORPORATION OVERVIEW

The Corporation was incorporated on April 16, 1996, under the Canada Business Corporations Act, and continued under the Abu Dhabi Global Market Companies Regulations 2020 on June 24, 2024. Falcon Energy Materials plc common shares are currently listed on the TSX-V under the trading symbol "FLCN.V" and on the OTCQB under the trading symbol "FLCNF". The Corporation's head office is located at Level 7, Al Maryah Tower, ADGM Square, Al Maryah Island, Abu Dhabi, UAE.

Falcon is aiming to be the premier provider of natural Coated Spheronized Purified Graphite ("**CSPG**"), a critical component for energy storage solutions. As a dedicated chemical refiner of natural graphite concentrate, Falcon is working diligently towards the development of a state-of-the-art Pilot Plant and 26 thousand tonnes per annum ("**ktpa**") CSPG production facility in Morocco.

Strategically partnered with leading Chinese technology firms and Tier One Moroccan partners, Falcon benefits from advanced technological expertise, access to high-quality raw materials and chemicals, and a prime geographical location, factors that will enable it to deliver consistent, high-quality supply to global markets.

With a clear focus on sustainable growth and innovation, Falcon aims to become the go-to producer of natural CSPG, supporting widespread adoption in energy storage and other emerging industries.

## OVERALL PERFORMANCE

Over the past 3 months, the Corporation has focused on advancing the construction of the Morocco Pilot Plant arranging financing required for construction, obtaining, and maintaining the necessary permits and finding a partner for its Anode Plant project.

### Operational Highlights

- Advancement of Pilot Plant construction:
  - Acquisition of all consumables.
  - Advancement and near-completion of the civil works.
  - Reception and installation of the processing equipment.

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## Financial Highlights

- On February 20, 2026, the Corporation announced the closing of a non-brokered private placement at a price of \$0.60 per unit of 41,666,666 units for gross proceeds of \$25,000,000. Each unit is comprised of one ordinary common share of the Corporation and one non-transferable share purchase warrant. Each warrant grants the holder the right to purchase one additional common share at a price of \$0.75 per warrant for a period of 36 months from the date of closing. The proceeds from this private placement will be used to advance the development of the Corporation's strategic projects in Morocco, as well as for general working capital requirements.
- On April 9, 2026, the Corporation announced a non-binding term sheet with a tier-one strategic and financial partner for a financing transaction directed toward the construction of the Corporation's anode material facility in the Kingdom of Morocco. This financial partner has agreed to provide Falcon with US\$65 million in non-dilutive financing as well as US\$5 million in support in future equity issuance. The Transaction is subject to the satisfaction of customary conditions including an offtake agreement, completion of definitive documentation, and receipt of all required regulatory and stock exchange approvals.

## Discontinuation of Lola Project in Guinea

- On March 16, 2026, the Corporation announced that it has formally commenced international arbitration proceedings over the illegal expropriation of the Lola Graphite Project by the Republic of Guinea and other breaches of the bilateral investment treaty between the Governments of the United Arab Emirates and Guinea ("**UAE-Guinea BIT**"). The Corporation lodged a Request for Arbitration ("**RfA**") under the UAE-Guinea BIT with the International Centre for Settlement of Investment Disputes ("**ICSID**"), part of the World Bank. The RfA is filed in accordance with the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the "**ICSID Convention**"). The RfA contains a description of the background to the dispute, a summary of the Corporation's claims and an initial estimate of compensation for the damages sustained by the Corporation resulting from the actions of the Government of Guinea, currently estimated at US\$100 million.
- On April 15, 2026, Falcon deposited the advance payment of US\$200,000 to ICSID required to cover the estimated costs of the initial phase of the proceeding through the first session of the Tribunal.

## TECHNICAL STUDY ON THE MOROCCO ANODE PLANT

The Technical Study, prepared to the standards of the Association for the Advancement of Cost Engineering ("**AACE**") Class 3 level of accuracy by Dorfner Anzaplan UK Limited ("**Anzaplan**"), completed on October 20, 2025, demonstrates the strong financial and operational fundamentals of Falcon's vision to become a low-cost producer of CSPG at industrial scale.

### HIGHLIGHTS

- Target annual production of 26,000 tonnes of CSPG and 19,000 tonnes of fines;
- Initial capital costs, including contingency, estimated at US\$86 million; and
- Operating costs of US\$3,168 per tonne of CSPG<sup>1</sup>.

### Leveraging Advanced Technology and Procurement through Hensen Partnership

The anode plant in Morocco is supported by a strategic partnership with Hensen, with extensive experience building and operating both synthetic and natural graphite anode plants in China. Hensen recently successfully built and commissioned in a large-scale anode plant in Weihai, China (the "**Weihai Plant**"). Falcon and Hensen have leveraged the proven design, procurement and supply chain expertise from the Weihai Plant to establish a highly competitive facility in Morocco.

This partnership enables Falcon to leverage established technology, procurement chains and learnings from recent process efficiencies to deliver high quality anode material at scale and competitive costs, to the rapidly growing European and North American markets.

### Anode Plant Flow Sheet

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<sup>1</sup> Operating costs are based on the actual costs of the previously built Hensen Weihai Plant, adjusted for costs associated with logistics and operations in Morocco using fiscal 2025 cost assumptions.

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The Technical Study represents an additional step in confirming the economic viability of the CSPG facility in Morocco. Falcon's Anode Plant design includes:

- **Spheroidization Plant:** Using the latest processes to shape graphite flakes into spheres, increasing surface area and energy density, to produce spherical graphite (“**SG**”);
- **Purification Plant:** Using hydrofluoric acid alongside hydrochloric and nitric acids to remove impurities, producing >99.95% spherical purified graphite (“**SPG**”); and
- **Coating Plant:** Applying an amorphous carbon (pitch tar) coating on SPG to enhance energy density and increase battery safety and longevity, producing **CSPG**.

## Location and Infrastructure

The Anode Plant, requiring approximately five hectares of land, will be strategically located in Jorf Lasfar, Morocco, benefiting from access to key port and energy infrastructure and free trade agreements with both the United States and the European Union. Falcon contemplates the construction of one single building (the “**Super Building**”) to optimize the Anode Plant footprint and operational efficiencies.

## Graphite Concentrate

Falcon has tested several high quality and attractively priced graphite concentrates that can serve as feedstock for the Anode Plant. There is a relative abundance of graphite feedstock available in the market, sourced from China and from other international producers.

## Spheroidization Plant

The spheroidization plant consists of three process steps: micronization, spheroidization of the micronized graphite to produce coarse primary SG, and secondary spheroidization to produce fine SG. The overall yield of the spheroidization plant is 60% resulting in 28,000tpa of SG. The process produces spherical particles averaging 18 microns (categorized as “**SG18**”) and 8 microns (categorized as “**SG8**”). SG18, representing 80% of the feed, is collected into a main collector and sent to the purification plant by pneumatic transportation. SG8, representing 20% of the feed is collected and sent to secondary spheroidization circuit in the purification plant, while the remaining fines by-product particles are sent directly to the bagging station and sold separately.

**Figure 1: Illustration of Falcon's Super Building at Jorf Lasfar**



## Purification Plant

The purification plant increases SG purity from 95% to 99.95%, producing SPG. The purification plant consists of four separate process steps: a thermally supported chemical reaction, pressure filtration, washing, and drying. The SG is washed with a mixture of hydrofluoric acid, hydrochloric acid, nitric acid (the “**Key Acids**”) and steam to remove impurities such as SiO<sub>2</sub>, Al<sub>2</sub>O<sub>3</sub>, MgO, Fe<sub>2</sub>O<sub>3</sub>, and CaO. Key Acids are recovered and reused while final washing and drying reduce moisture to below 1%.

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## Coating Plant

The coating process is the final step in CSPG production. Graphite particles are coated with a thin carbon film (3-25 nanometres thick), using 10% wt. pitch tar as a carbon precursor, followed by thermal treatment in a coating furnace for SP18 and SP8 products. The cooled CSPG is deagglomerated, demagnetized, sieved and bagged to meet stringent end-user specifications.

## Gas and Water Treatment

The Anode Plant incorporates advanced gas and water treatment systems to meet Moroccan environmental standards. The gas scrubber neutralizes off-gasses from the purification and coating plant using hydrated lime. The water treatment system, with a capacity for 432,000 t/a, treats all effluents before discharge to the local sewage network, ensuring compliance with Moroccan discharge limits.

## Capital and Operating Costs

The estimated capital and operating costs for the project are presented below in Tables 2 and 3. The capital and operational costs are based on the actual costs of the Weihai Plant, adjusted for costs associated with logistics and construction in Morocco based on fiscal 2025 cost assumptions. There can be no assurance that costs incurred during the future operation of the Anode Plant will not be materially different than the cost estimates provided below, which are based on fiscal 2025 cost assumptions. The capital and operating cost estimates comply with the AACE' Class 3 level of engineering (recommended Practice 47R-11), with accuracy ranging between -15% to +20%.

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Table 1: Capital Costs

<b>Anode Plant</b>	
<b>Preliminary, General Earthworks and Terracing</b>	<b>\$3M</b>
<b>Civils, Architectural and Fencing</b>	<b>\$5M</b>
<b>Structural Steel</b>	<b>\$22M</b>
<b>Electrical and Fire Suppression</b>	<b>\$2M</b>
<b>Water and Sewage management</b>	<b>\$1M</b>
<b>Bulk Power Infrastructure and Prefabricated Buildings</b>	<b>\$8M</b>
<b>CSPG Processing Circuit</b>	<b>\$30M</b>
<b>Indirect costs</b>	<b>\$4M</b>
<b>Escalation</b>	<b>\$5M</b>
<b>Contingency</b>	<b>\$6M</b>
<b>Anode Total Capital Costs</b>	<b>\$86M</b>

**Note I:** Numbers may not add due to rounding;

**Note II:** All monetary figures presented are expressed in US dollars; and

**Note III:** These above-mentioned results should not be relied upon for investment decisions. The Technical Study is not a technical report for the purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) and is limited to a techno-economical evaluation of the Anode Plant.

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Table 2: Anode Plant Operating Costs

Operating Costs in US\$ per tonne CSPG	
Power	\$466
Water	\$59
Reagent	\$1,149
Tailings (Fines)	\$15
Land	\$182
Labour	\$24
Maintenance	\$85
Laboratory	\$68
Miscellaneous	\$14
Sustaining Capital	\$98
<b>Direct Operating Costs</b>	<b>\$2,160</b>
Feed and Transport	\$1,008
<b>All-In Operating Costs</b>	<b>\$3,168</b>

**Note I:** Numbers may not add due to rounding;

**Note II:** All monetary figures presented are expressed in US dollars; and

**Note III:** These above-mentioned results should not be relied upon for investment decisions. The Technical Study is not a technical report for the purposes of NI 43-101 and is limited to a techno-economical evaluation of the Anode Plant.

## Economic Analysis

Current consensus long term CSPG pricing is US\$8,300 per tonne for the proposed product mix (SG18 and SG8). The Corporation expects a 9-month detailed engineering and design period followed by a 15-month construction and commissioning period, following completion of financing package.

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**Table 3: Economic Analysis**

<b>Key Financial Metrics</b>	
<b>Capital Costs</b>	<b>\$86M</b>
<b>Operating Costs</b>	<b>\$3,168 / t</b>
<b>Average Sales Price</b>	<b>\$8,300 / t</b>
<b>Target Production (All Products)</b>	<b>26ktpa</b>
<b>Construction Time</b>	<b>15 months</b>

**Note:** The capital and operational costs are based on the actual costs of the Hensen Weihai Plant, adjusted for costs associated with logistics and operation in Morocco based on fiscal 2025 cost assumptions. There can be no assurance that costs incurred during the future operation of the Anode Plant will not be materially different than the cost estimates provided in this table, which are based on fiscal 2025 cost assumptions.

## PILOT PLANT UPDATE

The Corporation continues to advance the development of its pilot plant located at Jorf Lasfar, Kingdom of Morocco, which is intended to support the qualification of Falcon's CSPG with prospective offtake partners and to de-risk the development of the planned large-scale anode production facility.

### Project Purpose and Role

The pilot plant is designed as a small-scale production facility, distinct from a research or development installation. It is intended to produce usable and saleable CSPG material for customer qualification purposes and is a critical component of Falcon's commercialization strategy. The facility is required to generate representative production batches for testing by prospective offtakers in order to secure long-term offtake agreements, given the extended qualification timelines typical for battery anode materials.

### Construction and Equipment Status

The Corporation has completed the procurement of all key equipment required for the pilot plant, with deliveries executed from suppliers in different part of the world and shipments coordinated to Morocco. Equipment procurement and shipment activities were substantially completed during late 2025 and early 2026.

### Location and Integration

The pilot plant is located on land made available by Fluoralpha S.A. at Jorf Lasfar, providing strategic proximity to infrastructure and reagents required for CSPG production. This site selection aligns with Falcon's broader development strategy for the Morocco anode plant and allows for operational continuity as the project scales from pilot to commercial operations.

### Construction Completion and Commissioning

The pilot plant was projected to be completed and ready for commissioning in mid-January 2026, following installation and integration of the purchased equipment. Historically inclement weather affected negatively the Casablanca port, causing months of delays as boats were not able to dock due to exceptional rainfall and strong winds. Equipment unloading was completed in the first half of April 2026, installation and commissioning is expected to be finished by the middle of June 2026.

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## Operational Readiness and Intended Use

Once commissioned, the pilot plant will be operated on a production basis to generate CSPG material suitable for customer testing. Production output from the pilot plant is intended to be commercial in nature and saleable, rather than experimental, and will support ongoing qualification programs with prospective customers.

## SELECTED FINANCIAL INFORMATION

### FINANCIAL POSITION ANALYSIS

	March 31, 2026	December 31, 2025	December 31, 2024
	\$	\$	\$
Total assets	28,556,589	5,267,316	4,253,162
Total liabilities	908,674	1,129,659	805,327
Total equity	27,647,915	4,137,657	3,447,835
Current assets	25,105,145	2,273,678	3,982,850
Current liabilities	908,674	1,129,659	805,327
Working capital*	24,196,471	1,144,019	3,177,523

\*Working capital is a non-GAAP financial measure, is not a standardized financial measure under IFRS Accounting Standards and may not be comparable to similar measures disclosed by other issuers. Management uses working capital to assess the Corporation's short-term liquidity and its ability to meet near-term obligations as they become due.

### ASSETS

Total assets as at March 31, 2026 were \$28,556,589 compared to \$5,267,316 at December 31, 2025, an increase of \$23,289,273, mainly due to an increase of \$22,850,400 in cash and cash equivalents related to the February 2026 private placement as detailed in the "Financial highlights" section, an increase of \$375,300 in property, plant and equipment and an increase of \$82,506 in sales taxes due to the purchase of equipment and capitalized construction costs of the Pilot Plant in Morocco, partially offset by a decrease of \$18,933 in prepaid expenses and deposits.

### LIABILITIES

Total liabilities as at March 31, 2026, were \$908,674 compared to \$1,129,659 at December 31, 2025, a decrease of \$220,985. The decrease is mostly related to accounts payable related to the year-end bonus and 2025 audit fees, and a decrease in lease liability of \$14,024.

### EQUITY

As at March 31, 2026, the Corporation had an equity balance of \$27,647,915 compared to \$4,137,657 at December 31, 2025, an increase of \$23,510,258, mainly due to the \$25,000,000 February 2026 private placement and \$537,253 in share-based payments, offset by the net comprehensive loss for the period of \$1,775,238.

### OPERATING RESULTS ANALYSIS

	Three-month periods ended	
	2026	March 31, 2025
	\$	\$
Revenues	-	-
Net loss from continuing operations	1,774,781	1,915,648
Net loss	1,774,781	2,156,023
Net loss per share from continuing operations	0.01	0.02
Net loss per share	0.01	0.02

### THREE-MONTH PERIOD ENDED MARCH 31, 2026, COMPARED TO THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

For the three-month period ended March 31, 2026, the Corporation recorded a net loss from continuing operations of \$1,774,781 compared to of \$1,915,648 for the same period in 2025, a decrease of \$140,867.

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Anode Plant expenses decreased by \$283,078 from the same period in 2025, due to a decrease in engineering study by \$275,285, in the non-cash item share-based payments by \$60,673, partially offset by an increase in professional and consulting fees by \$19,385 and in pilot plant operations by \$33,495.

General and administrative expenses increased by \$288,806 from the same period in 2025, mostly due to the increase in professional and consulting fees by \$346,580, in salaries and benefits by \$35,719 partially offset by a decrease in investor relations fees by \$102,723, and a decrease in the non-cash item share-based payments by \$29,772.

Other income increased by \$146,595, mostly due an increase in foreign exchange gains variation of \$165,101, partially offset by a decrease in interest income by \$18,506.

The Corporation recorded a net loss from discontinued operations of \$nil compared to of \$240,375 for the same period in 2025, a decrease of \$240,375. Exploration and evaluation expenses decreased by \$101,927 and General and administrative expenses by \$136,577 and other expenses decreased by \$1,871.

## CASH FLOWS ANALYSIS

	Three-month periods ended	
	2026\$	March 31, 2025
	\$	\$
Cash required by continuing operating activities	(1,432,830)	(1,167,607)
Cash required by discontinued operating activities	-	(260,757)
Cash required by continuing investing activities	(389,959)	-
Cash required by discontinued investing activities	-	-
Cash generated by continuing financing activities	24,734,244	3,952,954
Cash generated by discontinued financing activities	-	(20,908)

## THREE-MONTH PERIOD ENDED MARCH 31, 2026, COMPARED TO THE THREE-MONTH PERIOD ENDED MARCH 31, 2025

### Operating Activities

For the three-month period ended March 31, 2026, continuing operating activities required cash flows of \$1,432,830 compared to \$1,167,607 for the same period in 2025, an increase of cash consumption of \$265,223. The variation is mostly due to an increase in the change in non-cash working capital items, which went from \$91,698 in 2025 to (\$270,534) in 2026, partially offset by a decrease in net loss after adjustments for non-cash items, which went from \$1,259,305 in 2025 to \$1,162,296 in 2026. Discontinued operating activities required cashflows of \$nil compared to \$260,757 for the same period in 2025.

### Investing Activities

For the three-month period ended March 31, 2026, continuing investing activities required cash flows of \$389,959 compared to \$nil for the same period in 2025, an increase of cash consumption of \$389,959 related to the purchase of equipment for the Pilot Plant in Morocco.

### Financing Activities

For the three-month period ended March 31, 2026, financing activities generated cash flows of \$24,734,244 compared to \$3,952,954 for the same period in 2025, an increase in cash generation of \$20,781,290. The variation is mostly due to the \$25,000,000 February 2026 private placement. There were no financing activities related to discontinued operations for the three-month period ended March 31, 2026, (\$20,908) for the same period in 2025.

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## SUMMARY OF QUARTERLY RESULTS

The operating results for each of the last eight quarters are presented in the following table. Management considers that the information for each of those quarters was determined in the same way as for our financial statements for the period ended December 31, 2025.

	March 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024
Revenues	-	-	-	-	-	-	-	-
Net loss from continuing operations	(1,774,781)	(2,277,217)	(1,506,319)	(1,673,620)	(1,915,648)	(2,198,099)	(1,307,063)	(2,083,132)
Net loss	(1,774,781)	(2,332,724)	(1,521,856)	(1,884,471)	(2,156,023)	(2,476,020)	(1,515,833)	(2,405,013)
Net loss per share from continuing operations	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)	(0.02)	(0.01)	(0.02)
Net loss per share	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)	(0.01)	(0.02)

## LIQUIDITY & CAPITAL RESOURCES

While the Corporation works towards an offtake agreement, the current estimate for expenditures on the Morocco Anode Plant (both corporate and capitalized expenditures) for the full year is \$15,000,000. The estimated expenditure will be used for the following work:

- completion and operation of the Pilot Plant: \$3,000,000
- early works for the construction of the Anode Plant: \$8,000,000
- general and administrative working capital: \$4,000,000

Current working capital following the equity raise of \$25,000,000 in February 2026 sufficiently covers all cash requirements until December 31, 2026.

## RELATED PARTIES TRANSACTIONS

### TRANSACTIONS WITH RELATED PARTIES

During the three-month period ended March 31, 2026 and 2025, the following related party transactions occurred in the normal course of operations:

Consulting fees of \$18,750 (2025 – \$18,750) to Groupe Conseils Grou, La Salle Inc., a company owned by the Corporation's Executive Chairman and a director. As at March 31, 2026 and 2025, \$nil was due to that company.

Consulting fees of \$112,360 (2025 – \$106,000) to Findus Resources Ltd. Inc., a company owned by the Corporation's President and Chief Executive Officer. As at March 31, 2026 and 2025, \$nil was due to that company.

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## REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are the members of the Board of Directors, and officers of the Corporation. During the three-month period ended March 31, 2026 and 2025, the remuneration awarded to key management personnel (including the amounts above) is as follows:

	Three-month period ended	
	2026	March 31, 2025
	\$	\$
Consulting and professional fees	406,181	269,375
Share-based payments	382,616	407,730
	788,797	677,105

## TERMINATION AND CHANGE OF CONTROL PROVISIONS

Certain agreements between the executive team and the Corporation contain termination without cause and change of control provisions. Assuming that these agreements would be terminated without cause during the year ending December 31, 2026, the total amounts payable in respect of severance would amount to \$1,985,050. If a change of control would occur during the year ending December 31, 2026, the total amounts payable in respect of severance, if elected by the executive members, would amount to \$3,324,450.

## OUTSTANDING SHARE DATA

	Number of Shares Outstanding (Diluted)
<b>Outstanding as of May 28, 2026</b>	170,080,393
Shares reserved for issuance pursuant to warrants outstanding	52,541,498
Shares reserved for issuance pursuant to stock options outstanding	18,378,854
Shares reserved for issuance under the deferred stock unit plan	1,555,109
Shares reserved for issuance under the restricted stock unit plan	-
	242,555,854

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As at the date of this MD&A, the Corporation had outstanding stock options enabling holders to acquire common shares of the Corporation as follows:

	Number outstanding	Number exercisable	Exercise price \$
February 20, 2027	1,852,007	1,852,007	0.365
April 25, 2027	100,000	100,000	0.50
June 14, 2027	25,000	25,000	0.45
November 22, 2027	325,000	325,000	1.30
January 14, 2028	125,000	125,000	1.72
August 8, 2028	2,085,000	2,085,000	1.10
May 11, 2030	1,108,493	1,108,493	0.37
June 19, 2030	950,000	950,000	0.51
February 9, 2031	440,000	440,000	0.69
March 1, 2032	1,300,000	1,300,000	0.70
April 12, 2034	4,096,713	4,096,713	0.48
October 4, 2034	850,000	637,500	0.68
October 4, 2034	150,000	112,500	1.25
March 24, 2035	1,698,487	1,273,865	0.60
November 28, 2035	3,273,154	818,289	0.67
	<b>18,378,854</b>	<b>15,249,367</b>	

As at the date of this MD&A, the Corporation had outstanding warrants enabling holders to acquire common shares of the Corporation as follows:

Expiry date	Number outstanding	Exercise price \$
March 24, 2028	10,874,832	0.75
February 20, 2029	41,666,666	0.75
	<b>52,541,498</b>	

## DEFERRED STOCK UNIT PLAN

The Deferred Share Units ("DSU") plan provides for the payment of directors' compensation with DSUs. Each DSU is a right granted by the Corporation to an eligible director to receive an equivalent of the value of one common share on termination of service. The Corporation may make payments due under the DSU Plan by issuing one common share for each DSU. The number of DSUs to be granted under the DSU Plan is determined by dividing the director's compensation by the average closing price of the common shares on the TSXV, for five trading days immediately preceding such date. Under the DSU Plan, a maximum number of common shares available and reserved for issuance is 22,764,466 shares of the Corporation, less any shares reserved for issuance under the Plan and the RSU Plan.

The following table summarizes the changes in DSUs issued during the three-month period ended March 31, 2026 and the year ended December 31, 2025:

	Three-month period ended March 31, 2026		Year ended December 31, 2025	
	Number	\$( <sup>2</sup> )	Number	\$( <sup>2</sup> )
Balance, beginning of period	<b>1,555,109</b>	<b>0.70</b>	1,112,801	0.72
Granted	-	-	442,308	0.65
Settled	-	-	-	-
Balance, end of period	<b>1,555,109</b>	<b>0.70</b>	1,555,109	0.70

(2) Weighted average fair value.

## OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

## CONFLICTS OF INTEREST

The Corporation's directors and officers may serve as directors and/or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions or ventures in which the Corporation may participate, the directors and officers of the Corporation may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Corporation will follow the provisions of the Abu Dhabi Global Market Companies Regulations 2020 dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Corporation's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted. In accordance with the federal laws of Abu Dhabi Global Market, the directors and officers of the Corporation are required to act honestly, in good faith, and in the best interests of the Corporation.

## MATERIAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is full disclosure of the Corporation's material accounting policies in Note 2 of the audited consolidated financial statements for the year ended December 31, 2025.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Significant changes in the underlying assumptions could result in significant changes to these estimates. Consequently, management reviews these estimates on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about these significant judgments, assumptions and estimates that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are disclosed in Note 3 of the audited consolidated financial statements for the year ended December 31, 2025.

## RISKS AND UNCERTAINTIES

The Corporation is in the business of acquiring and exploring mineral properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks. The Corporation currently has no source of revenue other than interest on cash balances. The Corporation will rely mainly on equity financing to fund activities on its anode plant.

The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties to which the Corporation may be subject.

### Early Stage – Need for Additional Funds

The Corporation has no history of profitable operations, and its present business is at an early stage. As such, the Corporation is subject to many risks common to other companies in the same business, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

### Supplies, Health and Infrastructure

The Corporation's property interests are often located in remote, undeveloped areas and the availability of infrastructures such as surface access, skilled labor, healthy labor, fuel and power at an economic cost cannot be assured.

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## Environmental Regulations, Permits and Licenses

The Corporation's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labor standards, occupational health, waste disposal, safety and other matters. Environmental legislation in most countries provides restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Corporation intends to fully comply with all environmental regulations.

The Corporation believes that it is in compliance with all material laws and regulations which currently apply to its activities. However, there can be no assurance that all permits which the Corporation may require for its operations will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any mining project which the Corporation might undertake.

## Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases and the Corporation competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Corporation's ability to acquire suitable properties or prospects in the future.

The Corporation may, in the future, be unable to meet its share of costs incurred under such agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Corporation may not be able to finance the expenditures required to complete recommended programs.

## Dependence on Management

The Corporation is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Corporation could result, and other persons would be required to manage and operate the Corporation.

## Information Systems Security Threats

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

## Operating Hazards and Risks

The Corporation's activities involve exploration, development and industrial processing operations, each of which is subject to numerous risks that may not be fully mitigated, even through the application of experience, technical expertise and careful evaluation.

In addition to the risks normally associated with mineral exploration and development, including unexpected or unusual geological and operating conditions such as rock instability, fires, flooding and extreme weather events, the Corporation's current activities include the construction, commissioning and operation of pilot-scale and processing facilities. These activities involve risks related to equipment performance, facilities reliability, availability of power and water, use and handling of chemicals and reagents, waste management, and reliance on third-party contractors and local infrastructure.

Operations in which the Corporation has a direct or indirect interest may be adversely affected by technical challenges encountered during piloting, testing and optimization activities, as well as by interruptions or delays arising from

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equipment failure, supply chain disruptions, labor availability, permitting, or regulatory compliance. Any such events could result in damage to facilities, environmental impacts, personal injury, operational delays, cost overruns or potential legal liability.

Although the Corporation maintains liability insurance in amounts it considers adequate for its current activities, the nature of these risks is such that liabilities may exceed insurance coverage. In such circumstances, the Corporation could incur significant costs that could have a materially adverse effect on its financial condition and results of operations.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements made in this MD&A constitute forward-looking information or forward-looking statements within the meaning of applicable securities legislation. Forward-looking information is provided to assist readers in understanding management's current expectations, plans and strategic objectives with respect to the Corporation's business, operations and financial performance, and may not be appropriate for other purposes.

Forward-looking statements include, but are not limited to, statements that are not historical facts and may involve estimates, assumptions, expectations and uncertainties regarding future events, outcomes or performance. Such statements are generally identified by words or phrases such as "aim", "anticipate", "assume", "believe", "estimate", "expect", "goal", "intend", "objective", "outlook", "plan", "potential", "projection", "strategy", "target", "vision", or variations thereof, or statements that certain actions, events or results "may", "could", "will", "would", "might" or "likely" occur or be achieved.

Forward-looking statements in this MD&A include, without limitation, statements and information regarding: the construction, commissioning, operation and performance of the Corporation's pilot plant in Morocco; the results and conclusions of the technical study on the Morocco anode plant; anticipated production capacities, timelines and operating parameters; estimated capital and operating costs; the economic viability and potential scalability of the anode plant; availability of graphite feedstock; anticipated CSPG pricing and market demand; the Corporation's ability to secure offtake agreements, financing or strategic partnerships; the Corporation's expectations regarding future expenditures, liquidity and working capital; the expected progression from pilot-scale operations to commercial development; the Corporation's strategic objectives and business plans; geographic market growth; governmental, regulatory and trade policy assumptions; and the outcome of legal proceedings related to the Lola Graphite Project in the Republic of Guinea.

Forward-looking information is based on management's reasonable assumptions, estimates and opinions as of the date of this MD&A, including, without limitation, assumptions concerning: market demand for battery anode materials; the Corporation's ability to execute its development plans on anticipated timelines and within estimated budgets; availability of equipment, reagents, utilities, infrastructure and skilled labour; political and regulatory stability in the jurisdictions in which the Corporation operates, notably the Kingdom of Morocco; the continuity and effectiveness of partnerships with industrial and strategic counterparties; access to financing on acceptable terms; prevailing economic conditions including interest rates, inflation, exchange rates and trade policies; and the absence of material operational disruptions.

Forward-looking information is inherently subject to significant risks, uncertainties and other factors that could cause actual results, performance or outcomes to differ materially from those expressed or implied by such information. These risks include, but are not limited to, those described under the heading "Risks and Uncertainties" in this MD&A, including risks related to early-stage industrial operations, pilot-plant performance, construction and commissioning activities, cost overruns, supply chain disruptions, environmental and regulatory compliance, availability of financing, market conditions, geopolitical developments, foreign exchange exposure, impairment risk, and the outcome of legal and arbitration proceedings.

Although the Corporation believes that the assumptions and expectations reflected in the forward-looking statements contained herein are reasonable as of the date of this MD&A, there can be no assurance that they will prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking information. Forward-looking statements speak only as of the date of this MD&A, and except as required by applicable law, the Corporation does not undertake any obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.