COTEC HOLDINGS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED – JUNE 30, 2026

INTRODUCTION

This Management Discussion and Analysis ("MD&A") of CoTec Holdings Corp (the "Company" or "CoTec") has been prepared by management as of August 13, 2026. Information herein is provided as of August 13, 2026, unless otherwise noted. The following discussion of performance, financial condition and outlook should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2025 ("Financial Statements") and the notes thereto, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2026 and 2025 ("Interim Financial Statements") and notes thereto prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of Interim Financial Statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. These statements are filed with the relevant regulatory authorities in Canada. All amounts herein are expressed in thousands of Canadian dollars, unless otherwise indicated.

The information contained herein is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is a "Venture Issuer" as defined in NI 51-102. For more information on the Company, investors should review the Company's continuous disclosure filings that are available under the Company's profile at www.sedarplus.com.

Readers are cautioned that this MD&A contains forward-looking statements. All information, other than historical facts included herein, including, without limitation potential value of investments, availability of funding, results and future plans and objectives of CoTec is forward-looking information that involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate and future events and actual results could differ materially from those anticipated in the forward-looking information.

The Independent Qualified Person as defined by NI 43-101 for the Lac Jeannine Mineral Resource, Mr. Christian Beaulieu, P.Geo., is a member of l'Ordre des géologues du Québec (#1072). The Qualified Person has reviewed and approved the scientific and technical content of this MD&A relating to the Lac Jeannine Mineral Resource.

BUSINESS OVERVIEW

CoTec is a publicly traded investment issuer listed on the Toronto Venture Stock Exchange ("TSX- V") and the OTCQX and trades under the symbols CTH and CTHCF respectively. CoTec Holdings Corp. is a forward-thinking resource extraction company committed to revolutionizing the global metals and minerals industry through innovative, environmentally sustainable technologies and strategic asset acquisitions. With a mission to drive the sector toward a low-carbon future, CoTec employs a dual approach:

- investing in disruptive mineral extraction technologies that enhance efficiency and sustainability; and
- applying these technologies to undervalued mining assets to unlock their full potential.

By focusing on recycling, waste mining, and scalable solutions, the Company accelerates the production of critical minerals, shortens development timelines, and reduces environmental impact. CoTec's strategic model delivers low capital requirements, rapid revenue generation, and high barriers to entry, positioning it as a leading mid-tier disruptor in the commodities sector.

HIGHLIGHTS, RECENT DEVELOPMENTS AND OUTLOOK

Highlights for the Quarter

Operational

- Net loss for the three months ended June 30, 2026 of $7,627 including G&A expenses and professional fees totaling $1,526, and the remainder largely attributable to accounting provisions including a $1,351 provision for proportionate share of loss of associate and joint venture accounted for using the equity method of accounting, finance expense of $4,011 mostly representing non-cash accounting provision applied to the HyProMag USA receivable, a loss on settlement of convertible loans of $568 and stock based compensation of $1,127, partially offset by a $106 gain on equity investments and $333 finance income. Net loss for the six months ended June 30, 2026 was $10,262, compared to cash used in operating activities prior to changes in non-cash working capital balance of $2,756 with the difference largely due to accounting provisions similar in nature to the above.
- Projects in Execution:
  - HyProMag USA LLC ("HyProMag USA") :
    - Installed three Inserma pre-processing and printed circuit board ("PCB") separation units at the ILS pre-processing sites in Williston, South Carolina and Las Vegas, Nevada, with additional machine upgrades underway, including HDD recognition and traceability functions
    - Took occupation of the approximately 125,000 square foot Texas Hub facility at Ironhead Commerce Center in Denton County, Texas, in June 2026, with the lease now fully in effect and preparatory work for the project execution phase commenced
    - Commenced procurement of critical-path long-lead equipment, including HPMS vessels, magnet processing and finishing equipment
    - Progressed the establishment of strong relationships across a range of feedstock sources and several supply opportunities are being pursued, with tests for quality and recoverability of magnets imminent on some of the feedstock
  - MagIron LLC ("MagIron")

        - Commissioned concept study for potential production of up to 2 million tonnes per annum of granulated pig iron at the MagIron facilities in Minnesota and Indiana, with positive study results announced post quarter-end
        - Appointed Joe Nielson as Chief Operating Officer
    - Lac Jeannine Project:
        - Announced the results of the updated Preliminary Economic Assessment ("2026 PEA") for the Lac Jeannine Project in May 2026. The 2026 PEA, indicates an after-tax NPV (7%) of US$92 million and an after-tax IRR of 29.6%, based solely on the updated 2026 Mineral Resource Estimate, which represents a 41% increase over the resource underlying the 2024 PEA. Life of mine was extended to 15 years (from 11 years), with total life-of-mine concentrate production of 5.4 Mt.
        - Released a mid-project update on the Lac Jeannine Feasibility Study in June 2026, which is currently expected to be completed during Q2 2027

Corporate

- Received gross proceeds of $19,072 through the exercise of 16,062,749 warrants
- Settled $2,600 of principal drawn under the Convertible Loan Agreement (see "***Capital Resources - Convertible Loan" below)*** through the issuance of 2,260,869 common shares of the Company at $1.15 per share on April 30, 2026
- Amended and restated the remaining $4,000 of the facilities on June 11, 2026
- Drew down $4,000 under the Amended and Restated Convertible Loans (see "***Capital Resources - Convertible Loan" below)*** in June 2026. $3,000 from Kings Chapel on June 4, 2026 and $1,000 from Epic Capital on June 5, 2026
- Converted the full $4,000 of principal drawn under the Amended and Restated Convertible Loans into 3,007,518 common shares at $1.33 per share
- Graduated to the OTCQX Best Market operated by OTC Markets Group Inc., from the OTCQB Venture Market in May 2026
- Signed a term sheet to form an early-stage exploration joint venture with U.S. based Copper Intelligence Inc. ("Copper Intelligence") to target historical copper tailings opportunities in the Democratic Republic of Congo in May 2026

Recent Developments and Outlook

Operationally, CoTec's key focus is the continued roll-out of HyProMag USA's first production hub in Texas. HyProMag USA took occupation of its leased facility in Fort Worth in June 2026 and efforts to secure feedstock and offtake are ongoing. Discussions with potential financiers are progressing and procurement of critical-path long-lead equipment to support a targeted H1 2027 commissioning of magnet finishing equipment and the start-up of the Texas Hub in Q2, 2028 has commenced. At Lac Jeannine, CoTec filed results from an updated PEA on the Lac Jeannine iron ore tailings property by an independent multidisciplinary team and has engaged Québec-based BBA to complete the bankable feasibility study for the project, which is currently expected to be completed during Q2 2027. Post quarter-end the Company also confirmed Lac Jeannine's ability to produce high-purity iron concentrate grading in excess of 67 percent FeT and low in impurities positioning it as a high-purity iron project aligned with Québec's critical and strategic minerals framework and Canada's Critical Minerals List.

MagIron continued engagement with potential customers and financing partners for the re-start of its facilities. Recently it also announced the completion of a concept study for potential production of up to 2 million tonnes per annum of granulated pig iron at the MagIron facilities in Minnesota and Indiana.

In May 2026 the Company signed a term sheet to form a Joint Venture with U.S. based Copper Intelligence and third-party investment vehicles associated with the Company's CEO and Chairman and finalization of the long form agreement is underway. The Joint Venture will establish a framework for the joint pursuit of copper tailings opportunities in the historical copper districts of the Democratic Republic of Congo. Opportunities identified will be subject to detailed legal and technical due diligence and binding agreements on an asset-by-asset basis with approval by the independent members of the CoTec Board of Directors in this matter, prior to resources being committed to development.

Maginito (20.6%) and HyProMag USA Joint Venture (60.3% flowthrough ownership) Investments

Maginito and HyProMag USA represent the Company's investment in the rare earth elements ("REE") sector. HyProMag USA joint venture was formally incorporated at the start of 2024 and is owned on a 50:50 basis between CoTec and Maginito, providing CoTec with a 50% direct equity interest and a further 10.3% indirect interest through its 20.6% equity interest in Maginito.

HyProMag USA plans to roll out HyProMag's revolutionary patented Hydrogen Processing of Magnetic Scrap ("HPMS") in the USA which recovers REE containing powder from permanent magnets and will use the recovered powder in the production of new permanent magnets. Key advantages of the HPMS include very low carbon footprint, reduced recycling time, avoidance of extensive chemical use and a very competitive cost profile.

2024 Bankable Feasibility Study and 2025 Update

The HyProMag USA independent Feasibility Study ("Feasibility Study") was completed by BBA, PegasusTSI and Weston during November 2024. The study is based on three pre-processing plants - Nevada, South Carolina and Texas - and one end-to-end recycling and neodymium iron boron ("NdFeB") magnet production facility in Texas ("Texas Hub"). The results of the Feasibility Study and the 2026 Update are summarized below:

	Feasibility Study 2024	**Update Q2 2026**
HPMS vessels	2	3
Target annual production - NdFeB magnets	750 metric tons per annum	1,048 metric tons per annum

- NdFeB co-products	291 metric tons per annum	478 metric tons per annum
NPV7% based on prevailing market price – post tax	US$262 million	US$416 million
Real IRR based on prevailing market price	23%	26.36%
NPV7% based on forecast pricing – post tax	US$503 million	US$797 million
Real IRR based on forecast pricing	31%	37.1%
Operating life	40 years	40 years
Average market price (Forecast)	US$94 per kilogram	US$82 per kilogram
All-in sustaining cost (Forecast)	US$31.86 per kilogram	US$33.69 per kilogram
Capital cost	US$125 million	US$152 million

Following further detailed engineering, HyProMag USA announced increased projected magnet production capacity of approximately 1,048 metric tons per annum of recycled sintered NdFeB magnets and 478 metric tons per annum of NdFeB co-products (total payable capacity of 1,526 metric tons per annum) over a 40-year operating life. On this basis, the post-tax NPV is approximately US$797 million with a real IRR of 37.1% based on forecast market prices, and approximately US$416 million with a real IRR of 26.3% based on current market prices. The payback at current market prices in 3.1 years and 2.2 years at forecast market prices.

A key aspect of the Update focused on maximising production of magnet products with 3 HPMS reactors and increased the up-front capital cost from US$125 million to US$152 million (inclusive of an 8.2% contingency margin and Class 2 AACE estimated detailed design study and engineering costs) over a one-year construction phase.

<u>Operational Update</u>

In December 2025, HyProMag USA finalized the lease for 50% of Building 1 Ironhead Commerce Center, approximately 125,000 square feet, to house the proposed Texas Hub. The facility is strategically located next to critical infrastructure, the BNSF intermodal rail link and the Alliance Airport. The facility is a new build.

On June 3, 2026, HyProMag USA took occupation, with the lease now fully in effect, and has begun establishing an operational presence at the site, including installation of communications infrastructure, security systems and other foundational requirements to support project execution activities.

The Company is evaluating the further expansion of the project through the placement of two additional HPMS recycling and magnet manufacturing facilities in South Carolina and Nevada respectively to triple the capacity of HyProMag USA.

During the third quarter 2025, HyProMag USA entered a feedstock supply and pre-processing site share agreement with global electronics recycling company, ILS. In terms of the agreement, the Project's pre-processing facilities will be based on the ILS sites in South Carolina and Nevada and ILS will provide hard disk drive ("HDD") feedstock to HyProMag USA. During the fourth quarter 2025, this arrangement was extended to bulk NdFeB feedstock including rotors from electric motors, wind turbine magnets, speakers and MRI machines. A joint Technical Procurement team was set up between ILS and HyProMag USA to oversee the procurement process and four full-time staff members were added to the ILS procurement team to support the stockpiling initiative. Stockpiling of end-of-life electronic scrap has commenced and to date, ILS has engaged with several potential suppliers to establish consistent feed of magnet scrap. HyProMag USA is also pursuing other feedstock supply opportunities in the U.S. HyProMag USA has purchased three Inserma machines for pre-processing of the end-of-life electronic scrap material. The three Inserma "3rd generation" HDD magnet separation systems have been installed at the ILS pre-processing sites in Williston, South Carolina and Las Vegas, Nevada, with additional machine upgrades underway, including HDD recognition and traceability functions. HyProMag USA also continues to build its feedstock base through a broader multi-source purchasing strategy, targeting additional bulk NdFeB feedstock such as electric motor rotors, wind turbine magnets, speaker assemblies and end-of-life MRI machines.

In June 2026, the Company commenced procurement of critical-path long-lead equipment, including the HPMS vessels and magnet processing and finishing equipment, relating to the HyProMag USA project to secure the development schedule for the Texas Hub, the commissioning of which is now planned on a phased basis, with magnet finishing operations targeted for H1 2027 and the integrated HPMS section targeted for Q2 2028. The initial finished magnet production line will be utilizing up to 20 tonnes of magnet blocks supplied by HyProMag Group operations in the United Kingdom and Germany. The HPMS section and integrated magnet manufacturing will target initial annual production of approximately 400 metric tonnes of recycled sintered NdFeB magnets and approximately 278 metric tonnes of NdFeB co-products, ramping up in stages to the full targeted annual capacity of approximately 1,526 metric tonnes of magnetic products. HyProMag USA has also initiated formal discussions with Oncor Electric Delivery Company LLC to provide power to the Texas Hub.

Engagement with potential offtake customers is ongoing and, together with HyProMag Group, HyProMag USA is providing magnet samples to potential customers for product verification and qualification purposes. HyProMag USA also engaged a leading global executive search and consulting firm to identify a U.S.-based CEO and CFO to support a potential future public listing and the continued rollout of the business.

The Project has received a Make More in America (MMIA) domestic finance letter of interest ("LOI") from the U.S. Export-Import ("EXIM") Bank for its first integrated rare earth recycling and magnet-making facility in Dallas-Fort Worth, Texas. In terms of the letter, EXIM may be able to consider potential financing of up to $92 million of the project's costs with a repayment tenor of 10 years. Discussions with EXIM are ongoing.

In addition to the EXIM LOI, discussions with two commercial banks in relation to potential project finance for the Project are progressing well and are in due diligence phase.

Maginito Update

HyProMag Limited announced first production runs of recycled rare earth alloy from the commercial-scale HPMS vessel at Tyseley Energy Park in Birmingham, UK in July 2025. The German plant was officially opened in April 2026, with first commissioning runs for the HPMS completed and the rest of the equipment to be commissioned sequentially.

In April, HyProMag Limited announced continued customer collaborations including Siemens AG, which has incorporated recycled NdFeB magnets produced by HyProMag into a SIMOTICS servomotor rotor. Furthermore, it was announced that in parallel with supply of magnet samples to multiple customers, HyProMag Limited had produced 9.2 tonnes of recycled NdFeB alloy powder to date following commissioning of the HPMS vessel last year, of which 7.4 tonnes had been shipped to customers.

Lac Jeannine Property (100% Option to Purchase)

Lac Jeannine, BSL and MagIron (see below) represents the Company's investments in the steel industry.

During 2023, the Company signed an option agreement to acquire 31 mining claims forming the Lac Jeannine property located in the Côte-Nord region of Quebec, Canada. The property contains historical tailings of the previous Lac Jeannine iron ore mine operated by the Quebec Cartier Mining Company between 1959 and 1985.

2025 Drill Program

In Q2 2025, the Company engaged a drilling contractor and obtained all necessary permits to perform the 2025 drill program, which commenced on August 4, 2025, and was successfully completed by 403 Drilling Limited on August 27, 2025. The 2025 drill program was both an infill and expansion drill program following the initial drill program of 2023 which formed the basis of an initial preliminary economic assessment in 2024. Core samples were sent for analysis to Corem, and assays received in Q1 2026 contributed to the updated 2026 Mineral Resource Estimate described below. During Q4 2025, the Company engaged BBA to conduct the Bankable Feasibility Study for the Lac Jeannine project.

2026 Mineral Resource Estimate and Preliminary Economic Assessment

In May 2026, the Company received the results of an updated Preliminary Economic Assessment (the "2026 PEA") on the Lac Jeannine property based off the 2025 drill program. The 2026 PEA was prepared by an independent multidisciplinary team comprising Minéralis Consulting Services Inc., Axe Valley Mining Consultants Ltd., JPL GeoServices Inc., Amerston Consulting Ltd., and Addison Mining Services Ltd. (UK). The full NI 43-101 technical report was filed on SEDAR+ on June 30, 2026.

The 2026 PEA is based solely on an updated 2026 Mineral Resource Estimate ("2026 MRE"), which reflects a 41% increase in total resources relative to the mineral resource estimate underlying the 2024 PEA, with the total FeT grade increasing from 6.7% to 6.8%. The 2026 MRE comprises an Indicated resource of approximately 31 Mt at 6.8% FeT - converted from Inferred classification and underpinning the first four years of projected production - and an Inferred resource of approximately 71 Mt at 6.8% FeT, of which approximately 102.3 Mt is considered mineable from a total of approximately 104 Mt. An additional exploration target of 28 to 40 Mt has been identified outside the currently drilled area and is treated as waste for purposes of the 2026 PEA financial model.

The 2026 PEA contemplates open-pit extraction of the tailings at a rate of 7 Mtpa. A key change from the 2024 PEA is the replacement of conventional contract mining (trucks and front-end loaders) with a continuous miner and overland conveyor system, with an estimated initial capital cost of US$6.8 million and an operating cost of US$0.65 per tonne mined. Average annual concentrate production is estimated at 360 Ktpa of 66.8% FeT concentrate over a life of mine of 15 years (extended from 11 years in the 2024 PEA), yielding total life-of-mine concentrate production of 5.4 Mt, up from 3.8 Mt.

C1 cash costs are estimated at US$46.8/t of concentrate (excluding transport to port and royalties), compared to US$53/t in the 2024 PEA. The all-in sustaining cost ("AISC"), inclusive of transport to port and royalties, is estimated at US$54.5/t, compared to US$61/t in the 2024 PEA. Initial CAPEX is estimated at US$69.4 million, inclusive of EPCM costs and a 15% contingency, with total life-of-mine CAPEX of US$76.8 million. The economic model applies an iron ore price assumption of US$121/t (CFR China, 65% Fe equivalent).

Discounted at 7% and based solely on the 2026 MRE, the 2026 PEA returns a pre-tax NPV of US$141.5 million and a pre-tax IRR of 33.8%. On an after-tax basis, the NPV is US$91.9 million with an IRR of 29.6%, a payback period of 2.3 years, and a profitability index of 1.2. After-tax results exclude any potential benefit from government incentives, tax or otherwise, further upside from additional drilling and the application of the Salter Technology.

In June 2026, the Company completed a mid-project update on the Feasibility Study following engineering work carried out by BBA. Key findings of the mid-project update included: completion of a gap analysis on the 2024 PEA by BBA, providing a de-risked path from PEA to Feasibility Study (expected to be completed during Q2 2027) and Environmental Impact Assessment ("EIA") submission; commencement of baseline environmental studies at site and development of an environmental permitting roadmap to achieve a targeted EIA submission by Q2 2027; ongoing engagement with key local stakeholders, including federal and provincial government agencies as well as the Innus of Pessamit and Uashat mak Mani-Utenam (ITUM) First Nations communities; an updated beneficiation circuit which is being verified through a metallurgical test work program at Corem, where initial metallurgical tests have produced high-purity 67% FeT Iron concentrate which would classify the project at critical mineral status; and completion of the preliminary site layout and tailings disposal method within the historical pit.

Post quarter-end, the Company also confirmed the Project's ability to produce high-purity iron concentrate grading in excess of 67% FeT and low in impurities.

Salter Technology

The Company entered an exclusivity and collaboration agreement with Salter Cyclones Limited ("Salter") during Q2 2025 for use of its multi-gravity technology for the recovery of ultra-fine iron and manganese ("Salter Technology"). The successful recovery of ultra-fine material from Lac Jeannine could add further significant value to the project. Bulk material was secured as part of the 2025 drill program to test the Salter Technology, and the Company purchased its first commercial-scale multi-gravity separation machine ("MGS") from Salter during Q4 2025. The MGS will be based at Corem's testing laboratory in Québec, Canada, where it will support the Lac Jeannine Feasibility Study as well as testing on future CoTec projects. Metallurgical test work to evaluate integration of the Salter MGS technology into the recovery circuit will commence once the final process flowsheet has been confirmed.

Stakeholder Engagement

Engagement with the numerous potential stakeholders of the Lac Jeannine property - including the Government of Québec, local stakeholders and First Nation communities - to facilitate the eventual development of the project is ongoing and progressing well.

Binding Solutions Limited ("BSL")(3%)

Following on from its market engagement in Q1, BSL announced in June that it had secured MOUs now covering 2Mt of supply and offtake for its planned 360ktpa FOAK plant. This represents significant support from a large number of mining and steel companies interested to test BSL's Cold Agglomerated Pellets at scale and surpasses the requirement for the plant.

BSL continues to maintain a high profile through presentations at industry conferences, panel discussions and podcasts on the future of decarbonisation in ore-based steel making, most recently at the Fastmarkets Iron Ore Conference in June.

On the development side, BSL is running a series of programmes for different ore types for Blast Furnace, Direct Reduction and By-Product applications at its Technical Centre. It successfully produced Cold Agglomerated Pellets (CAPs) from pellet fines and DRI fines, suitable for re-introduction to the furnace. As the industry transitions from Blast Furnace steelmaking to Direct Reduction steelmaking, the closure of sinter plants will necessitate by-product agglomeration. BSL is able to produce high-value pellets that turn stockpile liabilities into monetizable products.

BSL has also made further progress with the development of pellets from Pilbara iron ore, producing pellets that achieved Blast Furnace specifications and metallisation suitable for Direct Reduction. BSL will continue its development of Australian ores this year and has seen significant interest from miners in West and South Australia.

MagIron (16.7%)

MagIron is the third of CoTec's steel investments. MagIron is a U.S.-based private company which acquired an iron ore project, including the Plant 4 concentrator, which it intends to refurbish and bring back into production. A significant part of the project's feedstock will come from existing surface iron-bearing stockpiles, materially reducing the project's mining footprint. CoTec owns a 16.7% undiluted equity interest in MagIron.

Since the acquisition of Plant 4, MagIron has made significant progress on permitting and expansion of its lease holdings to increase its potential feedstock holdings as it advances on its strategy to restart Plant 4. Plant 4 is now fully permitted for the restart of mining and processing activities, subject to posting $3.7 million financial assurance required under the Permit to Mine.

During 2025, MagIron acquired the Reynolds Pellet Plant ("RPP") based in Indiana. The RPP is a modern straight grate, past-producing, restart-ready pelletizer benefiting from approximately USD$440 million of prior investment. The facility has previously operated at an annualized run-rate of approximately 2.2 million tonnes per annum ("mtpa") of pellets and was designed to expand to 3.0 mtpa of pellets with limited additional capital. The RPP was previously integrated with MagIron's existing Plant 4 iron ore concentrating facility in Minnesota before being placed into care and maintenance in 2016.

On January 25, 2026, MagIron announced the results of its Independent Definitive Feasibility Study and Reserve and Resource Statement for the restart of its facilities. Highlights from the study include base-case after-tax NPV (4.9%) of approximately US$1.598 billion and an internal rate of return of 27.60%; payback period of approximately 3 years and 7 months; mine life of approximately 32 years; up-front capital costs of approximately US$435 million, with approximately US$190 million associated with mining and rail equipment which is expected to be leased; average annual DR-grade pellet production of approximately 2.6 million tonnes; and life-of-mine average cash costs of approximately US$92.42 per dry metric tonne of DR pellet (FOB RPP).

MagIron is currently in discussions with potential customers and potential financing partners for the re-start of its facilities. Post quarter-end, MagIron also announced that it has closed an insider financing round at a valuation of US$550 million and that Primetals Technologies ("Primetals"), a recognized global leader in metallurgical plant solutions and iron and steelmaking technologies, completed a positive concept study evaluating the development of large-scale granulated pig iron production to be integrated with MagIron's existing facilities. The Study confirms three technically credible pathways to the production of approximately 2 million tonnes per annum of granulated pig iron at the MagIron facilities and supports its strategy to establish itself as a key supplier of high-quality iron units into the United States.

Ceibo Inc. Investment ("Ceibo")

Ceibo represents the Company's investment in the copper sector. It is targeting the scaling of its technology through continued small- and large-scale column testing and the building of a demonstration plant. If successful, Ceibo's technology will represent a leading, low-carbon, high recovery primary and waste copper sulphide heap leaching process. Ceibo have made considerable progress in their technology development and in Q4, 2024 it announced that it had partnered with Glencore's Lomas Bayas Mining Company to deploy the technology at the Lomas Bayas mine.

During 2025, Ceibo achieved another major milestone when it produced its first copper cathode at a demonstration plant in partnership with Chilean copper producer Compañía Minera San Gerónimo (“CMSG”).

In line with the Company’s business model, CoTec provides ongoing support to Ceibo through its representation on the Ceibo Technical Advisory Board and is working on the identification of potential operational application opportunities for the Ceibo technology. Opportunities identified by CoTec, if pursued, will be done in cooperation with CoTec as joint partner/investor or on a technology license basis.

In addition to its investment in Ceibo, the Company also commenced to identify other investment opportunities in the copper space where either Ceibo or other technologies could be deployed.

Business Development

The Company continues to assess and evaluate operational opportunities for the application of its technology investment portfolio. The Company is especially focused on the copper industry in this regard and is also evaluating possible opportunities in the iron ore space as well as other selective metals. Attractive opportunities which meet the Company’s investment criteria are progressed to the Investment Committee. The Investment Committee meets monthly to review all proposals on investments and capital decisions, and recommend matters for approval to the Board, where appropriate.

Looking ahead, the Company will focus on the completion of the DDE for HyProMag USA, and in parallel, progress discussion to secure both supply and off-take agreements for this project, order the long-lead items and complete financing arrangements.

At Lac Jeannine, the feasibility study is underway and is currently expected to be completed during Q2 2027. Discussions with all relevant stakeholders in Lac Jeannine are ongoing.

CoTec is also targeting the signing of the joint venture agreement with Copper Intelligence.

RESULTS OF OPERATIONS

For the three months ended June 30 ***($’000 unless otherwise stated)***	**2026**	**2025**
Income		
Gain (loss) on equity investments	106	(467)
Share of (loss) of associates and joint venture accounted for using the equity method	(1,351)	(1,288)
Expenses		
Professional consulting fees	(495)	(207)
General and administrative expenses	(1,031)	(748)
Share-based compensation	(1,127)	(435)
Operating (loss)	**(3,898)**	**(3,144)**
Net finance expense	(3,729)	(224)

Net (loss)	**(7,627)**	**(3,369)**
Foreign currency translation	257	77
Comprehensive (loss)	**(7,370)**	**(3,292)**

For the six months ended June 30 ***($'000 unless otherwise stated)***	**2026**	**2025**
Income		
Gain (loss) on equity investments	247	(435)
Share of (loss) of associates and joint venture accounted for using the equity method	(2,761)	(2,636)
Expenses		
Professional consulting fees	(785)	(377)
General and administrative expenses	(1,948)	(1,456)
Share-based compensation	(583)	(704)
Operating (loss)	**(5,830)**	**(5,608)**
Net finance expense	(4,432)	(394)
Net (loss)	**(10,262)**	**(6,002)**
Foreign currency translation	283	404
Comprehensive (loss)	**(9,979)**	**(5,598)**

Three Months Ended June 30, 2026

The gain on equity investments of $106 for the three months ended June 30, 2026 was driven by foreign exchange gains on the Company's USD and GBP denominated investments in Ceibo and BSL, partially offset by a net decrease in the value of the MagIron warrants. This compares to a restated loss of $467 for the three months ended June 30, 2025, which was mainly driven by foreign exchange losses on the Company's USD denominated investments.

Share-based compensation expense comprises of expenses relating to stock options, equity incentive units ("EIUs"), deferred share units ("DSUs") and reserved share units ("RSUs"). During the quarter, share-based compensation increased from an expense of $435 in the comparative period to an expense of $1,127 in the current period. The expense in the respective periods is driven by changes in the Company's share price and its impact on the Monte Carlo simulation valuation of these equity-based incentives, the number of shares vested, and the annual grants made during the quarter (598,274 stock options, 1,364,482 RSUs and 213,919 DSUs). Expense related to stock options was higher at $338 compared to $129 as additional stock options were outstanding during the current period. RSUs expense saw an increase from $2 to $342 due to additional RSUs outstanding in the current period. EIUs expense increased from $123 to $319, and DSUs expense was $187 compared to $181, in each case reflecting movements in the Company's share price during the respective periods, partially offset by a $59 recovery relating to the convertible loan facility option.

Finance expense increased to $3,729 in the current period vs. $224 in the comparative period mainly due to the net accounting accrual relating to the discount of the HyProMag USA receivable, an increase in the Company's outstanding convertible loan facilities, including the $568 loss on settlement recognized on the April 30, 2026 partial conversion of convertible loans, as well as standby fees on the convertible facilities.

General & Administrative expenses increased from $748 in the comparative period to $1,031 in the current period primarily due to increased payroll costs as CoTec continues to expand both its engineering and finance teams, in addition to increased marketing and public relations expenses.

Six Months Ended June 30, 2026

For the six months ended June 30, 2026, the Company recorded a net loss of $10,262 compared to a restated net loss of $6,002 for the six months ended June 30, 2025. The gain on equity investments of $247 (June 30, 2025: restated loss of $435) was driven by foreign exchange gains of $76 and $206 on the Company's investments in Ceibo and BSL, respectively, partially offset by a net decrease in the value of the MagIron warrants. The share of loss of associates and joint venture accounted for using the equity method was $2,761 (June 30, 2025: restated $2,636), reflecting the Company's proportionate share of losses in Maginito, MagIron and HyProMag USA as these entities continue to advance their development programmes. Professional consulting fees increased from $377 to $784, reflecting increased legal, advisory and consulting activity associated with the Company's corporate and financing initiatives. General & Administrative expenses increased from $1,456 to $1,948, primarily due to increased payroll costs and increased marketing and public relations expenses. Share-based compensation was an expense of $583 (June 30, 2025: $704), comprising the recovery recognized in the first quarter, driven by the decrease in the Company's share price during that quarter, offset by the expense recognized in the second quarter, including the impact of the annual grants made during the period. Net finance expense increased from $394 to $4,432, mainly due to the net accounting accrual relating to the discount of the HyProMag USA receivable, an increase in the Company's outstanding convertible loan facilities, including the $568 loss on settlement, and standby fees on the convertible loans.

No cash dividends have been declared or paid since the date of incorporation and the Company has no present intention of paying dividends on its common shares.

Restatement of Previously Issued Financial Statements

Convertible Notes

During Q3 2025, management identified a misclassification in the accounting for the Company's convertible notes issued on November 1, 2024. The instruments had previously been bifurcated into a debt host and a derivative liability measured at fair value through profit or loss. Upon further review of IAS 32 Financial Instruments: Presentation, management determined that the notes meet the definition of a compound financial instrument, as the conversion feature entitles holders to receive a fixed number of shares at a fixed conversion price. Accordingly, the conversion feature has been reclassified from a derivative liability to equity, and the associated fair value changes have been reversed.

CTA Presentation Error

During Q3 2025, a prior period misclassification and calculation error was identified in the presentation of the cumulative translation adjustment, which had previously been recorded through retained earnings rather than as an adjustment to the carrying value of the related equity-accounted associate. Comparative figures for the year ended December 31, 2024, have been restated.

MagIron LLC (“MagIron”)

During Q4 2025, management changed the accounting for the Company's equity investment in MagIron, initially recognized on January 18, 2022. Upon further review of IAS 28 *Investments in Associates and Joint Ventures*, and discussions with the Company’s auditors, management determined that the Company meets the threshold of significant influence over MagIron, and accordingly, the investment has been restated to the equity method of accounting as applicable to investments in associates. As the investment is denominated in USD, a foreign currency translation adjustment has also been applied in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates.*

The restatement has been applied retrospectively from the date of initial recognition of the investment on January 18, 2022, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Accordingly, the cumulative adjustment has been recognized in the opening statement of financial position as of January 1, 2024, being the earliest comparative period presented. Comparative figures for the year ended December 31, 2024, have been restated.

HyProMag USA

During Q4 2025, upon further review of IAS 28 *Investments in Associates and Joint Ventures*, and discussion with the Company’s auditors, management determined that the carrying amount of cash advances to HyProMag USA should reflect the Company's proportionate share of HyProMag USA's losses, resulting in the recognition of its share of equity losses in HyProMag USA netted against the carrying value of the advances.

A summary of the requisite adjustments on the financial statements for the opening balance sheet as of January 1, 2025, is set forth below:

	As at Jan. 1, 2025 (As Previously Reported)	Cumulative Translation adjustment	Convertible Loan adjustment	MagIron Significant Influence adjustment	Due from HyProMag Us Write down	As at Jan. 1, 2025 (As Restated)
Investments	29,970	-	-	(20,491)	-	9,479
Investments in associate and joint venture	10,572	690	-	801	-	12,063
Due from HyProMag USA	2,668	-	-	-	(1,713)	955
Embedded Derivative	752	-	(752)	-	-	-
Convertible loan	3,214	-	275	-	-	3,489
Equity component of convertible Loan	-	-	299	-	-	299
Cumulative translation adjustment	735	(45)	-	174	-	864
Deficit	(91,008)	735	178	(19,864)	(1,713)	(111,673)

A summary of the requisite adjustments on the financial statements for the 3-month period ending June 30, 2025, and the balance sheet as at June 30, 2025, is set forth in the table below:

	Three months ended June 30, 2025 (As Previously Reported)	CTA	Convertible Loan Adjustment	MagIron Significant Influence adjustment	Due from HyProMag USA write down	Three months ended June 30, 2025 (As Restated)
Net (loss)	(4,019)	-	460	1,055	(865)	(3,369)
(Loss) gain on equity investments	(1,846)	-	-	1,379	-	(467)
Share of (loss) of associates and joint ventures accounted for using the equity method	(67)	-	-	(324)	(897)	(1,288)
Loss on embedded derivative	(474)	-	474	-	-	-
Finance income	6	-	-	-	32	38
Finance expense	(238)	-	(14)	-	-	(252)
Net loss per common share	($0.06)	-	$0.01	$0.02	($0.01)	($0.04)
Comprehensive (loss) income	(3,933)	-	460	1,046	(865)	(3,292)

	As at Jun. 30, 2025 (As Previously Reported)	CTA	Convertible Loan Adjustment	MagIron Significant Influence adjustment	Due from HyProMag USA write down	As at Jun. 30, 2025 (As Restated)
Contributed surplus	16,748	-	448			17,196
Equity component of convertible Loan	-	-	-	-	-	-
Cumulative translation adjustment	1,156	(45)	-	157	-	1,268
Deficit	(96,738)	735	678	(18,901)	(3,449)	(117,675)

A summary of the requisite adjustments on the financial statements for the 6-month period ending June 30, 2025, is set forth in the table below:

	Six months ended June. 30, 2025 (As Previously Reported)	**CTA**	**Convertible Loan Adjustment**	**MagIron Significant Influence adjustment**	**Due from HyProMag USA write down**	**Six months ended June. 30, 2025 (As Restated)**
Net (loss)	(5,730)	-	500	963	(1,735)	(6,002)
(Loss) gain on equity investments	(2,044)	-	-	1609	-	(435)
Share of (loss) of associates and joint ventures accounted for using the equity method	(197)	-	-	(646)	(1,793)	(2,636)
Loss on embedded derivative	(516)	-	516	-	-	-
Finance income	13	-	-	-	58	71
Finance expense	(428)	-	(16)	-	-	(444)
Net loss per common share	($0.08)	-	$0.01	$0.01	($0.02)	($0.10)
Comprehensive (loss) income	(5,309)	-	500	946	(1,735)	(5,598)

SUMMARY OF QUARTERLY RESULTS

Selected financial information for each of the eight most recently completed quarters are as follows:

$000's except per share Amounts	2026 Q2	2026 Q1	2025 Q4	2025 Q3 Restated	2025 Q2 Restated	2025 Q1 Restated	2024 Q4 Restated	2024 Q3 Restated
Net income (loss) the period	(7,627)	(2,634)	(8,943)	(4,212)	(3,369)	(2,633)	(1,323)	(2,696)
Comprehensive income (loss) for the period	(7,370)	(2,608)	(9,129)	(4,220)	(3,292)	(2,306)	(611)	(2,674)
Net income (loss) per common share								
Basic	($0.07)	($0.03)	($0.08)	($0.04)	($0.05)	($0.04)	($0.02)	($0.04)
Diluted	($0.07)	($0.03)	($0.08)	($0.04)	($0.05)	($0.04)	($0.02)	($0.04)

The Company does not have any cash flow operations yet and therefore income is mainly generated from revaluation of investments. During Q2 2026 the Company recorded a loss of $7.627 million primarily driven by $1.4 million loss on investments in associates and joint venture primarily due to equity method accounting, general and administrative expenses of $1.0 million, finance expenses of $4.0 million mainly as a result of an accounting provision relating to the HyProMag USA loans, offset by $0.3 million in Finance income, professional and consulting fees of $0.5 million, and stock-based compensation expense of $1.1 million, partially offset by a $0.1 million gain on equity investments.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company focuses on investments in disruptive and scalable technology in the mineral extraction industry, and in parallel on acquiring assets to which such technology could be applied.

The Company has experienced recurring operating losses and has an accumulated deficit of $141,092 as of June 30, 2026 (December 31, 2025: ($130,830). For the six months ending June 30, 2026, the Company used cash in operating activities totaling $10,219 (June 30, 2025: ($2,535)). The Company had cash and cash equivalents of $6,498 (December 31, 2025 $2,330) and working capital of $8,081 as at June 30, 2026 (December 31, 2025: $1,389 deficit).

As at June 30, 2026, the Company had investments with a fair value of $8.3 million, current assets of $12.8 million, offset by current liabilities of $4.7 million and non-current liabilities of $1.8 million. Current liabilities and non-current liabilities include obligations to related parties totalling $3 million.

These conditions give rise to material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis, which assumes the Company will realize on its assets and discharge its liabilities for at least twelve months from June 30, 2026, and do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

To support ongoing operations, management's plan includes the following measures:

- During the six months ended June 30, 2026, warrant holders exercised 16,062,749 warrants generating gross proceeds of $19.1 million, which substantially strengthened the Company's near-term liquidity position;
- During the six months ended June 30, 2026, $4.4 million was drawn from the convertible loan facilities;
- During the period, the Corporation settled $6.6 million of principal drawn under its convertible loan facilities through the issuance of an aggregate 5,268,387 common shares (on April 30, 2026, $2.6 million was settled through the issuance of 2,260,869 common shares at $1.15 per share, and on June 11, 2026, $4.0 million was converted into 3,007,518 common shares at $1.33 per share), eliminating substantially all convertible loan principal from the balance sheet; and
- Management continues to actively monitor the investment portfolio and, where appropriate, will pursue monetization opportunities to further strengthen the balance sheet.

The going concern assessment is made as at June 30, 2026, based on conditions existing at that date. While the warrant proceeds are encouraging, they do not eliminate the uncertainty given the Company's recurring operating losses, and ongoing cash requirements. The Company's directors believe that these measures, together with the ability to secure additional financing as required, will be sufficient to support operations for the foreseeable future; however, there can be no assurance that such financing will be available on terms acceptable to the Company or at all.

Capital Resources - Convertible Loan

On August 11, 2025, the Company entered into convertible loan facilities (the "2025 Convertible Loans") with Kings Chapel International Limited ("Kings Chapel") and certain funds managed by Epic Capital Management Inc. ("Epic Capital"), providing for new unsecured convertible loan facilities of up to $5.0 million and $1.6 million, respectively. The loans bear interest at 10% per annum, calculated daily and compounded annually, are repayable on December 31, 2028, and carry a 2.5% standby fee on undrawn amounts. During 2025, $2.2 million was drawn from the 2025 Convertible Loans. During the six months ended June 30, 2026, an additional $0.4 million was drawn under the 2025 Convertible Loans, bringing total draws under those facilities to $2.6 million.

The principal amount was convertible at the option of either party into common shares of the Company at a fixed conversion price of $1.15 per share, subject to certain conversion conditions and regulatory approvals. The TSXV advised the Company that under TSXV policies, in order to obtain TSXV approval for the conversion of any future draws under the facility into common shares, the conversion price in respect of those draws must be not less than the market price of the common shares on the date of the draw.

On April 30, 2026, the Corporation settled the full $2.6 million of outstanding principal under the 2025 Convertible Loans by issuing 2,260,869 common shares at $1.15 per share, resulting in a loss on settlement of $470. Concurrently, the Corporation and the Lenders agreed to amend and restate the remaining $4.0 million of the facilities (the "Amended and Restated Convertible Loans"), under which Kings Chapel and Epic Capital agreed to make available up to $3.0 million and $1.0 million, respectively, drawable until June 12, 2026. The Amended and Restated Convertible Loans bear interest at 10% per annum, carry a 2.5% standby fee on undrawn amounts, and are repayable on December 31, 2028. The conversion price under the Amended and Restated Convertible Loans is $1.33 per share, exercisable at the option of either party. Concurrent with each draw, the Corporation issues non-transferrable warrants to the lenders equal to 50%

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of the drawn principal divided by the $1.33 conversion price, exercisable for one year from the date of issuance. On June 4, 2026 and June 5, 2026, the Corporation drew $3.0 million from Kings Chapel and $1.0 million from Epic Capital, respectively, representing the full $4.0 million available under the Amended and Restated Convertible Loans, and issued an aggregate 1,503,758 warrants to the lenders exercisable at $1.33 per share until June 11, 2027. On June 11, 2026, the full $4.0 million of principal outstanding was converted into 3,007,518 common shares at $1.33 per share. Following this conversion, no principal remained outstanding under the Company's convertible loan facilities as at June 30, 2026, with $0.2 million of unpaid interest under the 2024 convertible loan remaining outstanding.

Capital Resources - Warrant Exercises

During the six months ended June 30, 2026, warrant holders exercised 16,062,749 warrants at a weighted average price of $1.19 per share, generating gross proceeds of $19.1 million, principally from the acceleration of the warrants issued under the 2025 LIFE Offering and Concurrent Private Placement. Of the 17,339,336 warrants originally issued under the 2025 LIFE Offering and Concurrent Private Placement, a total of 16,527,490, representing 95.3%, were exercised for aggregate gross proceeds of approximately $19.9 million. The remaining unexercised warrants expired on April 10, 2026.

TRANSACTION WITH RELATED PARTIES

Compensation of Key Management

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. The Company has identified the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Directors, and Board Members as its key management personnel. The remuneration of key management is determined by the compensation committee of the Board of Directors. The consulting fees and other compensation of key management personnel were as follows:

	Three months ended June 30, 2026 $	Three months ended June 30, 2025 $
Short-term salaries and benefits	(436)	(365)
Share-based compensation	(957)	(369)
Total	**(1,393)**	**(734)**

	Six months ended June 30, 2026 $	Six months ended June 30, 2025 $
Short-term salaries and benefits	(872)	(730)
Share-based compensation	(224)	(626)
Total	**(1,096)**	**(1,356)**

Other Related Party Transactions

The Company has entered into a series of loans with Kings Chapel International Limited ("Kings Chapel") to facilitate timely investments and provide general working capital. Kings Chapel is owned by an irrevocable discretionary trust associated with Julian Treger, the Company's Chief Executive Officer and a director of the Company (Note 12 of the accompanying Financial Statements).

On June 11, 2026, CoTec USA, a wholly owned subsidiary of the Company, entered into three equipment purchase and sale agreements with Maginito Singapore Private Limited ("Maginito Singapore"), a subsidiary of Maginito Ltd, in which the Company holds an equity interest and which is the Company's joint venture partner in HyProMag USA. Under the agreements, Maginito Singapore purchases rare earth magnet making equipment from unrelated third-party manufacturers and sells it to CoTec USA.

December 2025 Compensation Agreement

Under the December 2025 Compensation Agreement (so named because the award period ends December 31, 2025), the CEO is entitled, on each closing of a financing transaction from November 27, 2023 to December 31, 2025, to:

- Equity incentive units ("EIUs") equal to 7% of the common shares issued or issuable; and
- Stock options equal to 5% of the common shares issued,

in each case excluding shares on which broker fees are payable.

Each stock option has an exercise price equal to the closing share price on the grant date, a 10-year term, and vests in equal thirds over three years.

Each EIU is economically equivalent to one common share and vests on the earlier of (i) December 31, 2026, provided the 30-day VWAP on the principal exchange is at least $1.10 per share (adjusted for any share reorganization), and (ii) completion of a change of control, in each case subject to the holder's continued engagement as Executive Chair or CEO on the Vesting Date. Within 10 days of vesting, the Company will settle each EIU, at its discretion, in either one common share or cash equal to the 5-day VWAP preceding the Vesting Date.

EIUs are accounted for as cash-settled share-based payments and are remeasured at fair value at each reporting date. The fair value of EIUs outstanding at June 30, 2026 was $2,630.

As at June 30, 2026, 2,409,173 vested EIUs remain unpaid resulting in a current liability of $1,219 to the CEO. As at June 30, 2026, the fair value of the unvested EIUs were $1,411, calculated using Monte Carlo simulation using an expected annual volatility of approximately 79% based on historical annual volatility to estimate the expected value by averaging the ending stock prices as at the vesting dates over 10,000 simulations.

Should the common shares trade at $1.10 per share as of the Vesting Date for the December 2025 Compensation Agreement, the estimate liability for these EIUs would be $2,571. At $1.15 per share, the estimated liability would be $2,633; at $1.20 per share, the estimated liability would be $2,694, and at $1.25 per share the estimated liability would be $2,755. As at June 30, 2026, the closing share price for the

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Company on the TSX-V, was $1.45 per share, which if traded at these levels as of the Vesting Date, results in a liability of $3,001.

No EIU's were granted to the CEO pursuant to the above-noted arrangement during the six months ended June 30, 2026:

	Balance of Unvested EIUs		
Owner	**Number Awarded #**	**Grant Value $**	**Value as at Jun. 30, 2026 $**
CEO	1,571,640	602	1,411
	1,571,640	**602**	**1,411**

No Stock Options were granted to the CEO pursuant to the December 2025 Compensation Agreement during the six months ended June 30, 2026.

Balance of Stock Options as of Jun. 30, 2026	
Owner	**Number Awarded #**
CEO	3,853,971
Chairman	430,611
	4,284,582

SUBSEQUENT EVENTS

MagIron Warrants

Subsequent to June 30, 2026, the Company exercised 92,878 MagIron warrants at an exercise price of US$1.0876 per share, for an aggregate exercise price of US$101,014, acquiring 92,878 Class A common shares of MagIron. The exercise did not materially change the Company's ownership interest in MagIron, which was approximately 16.7% following the exercise (June 30, 2026 – 16.5%), and had no effect on the Company's fully diluted ownership interest of approximately 16.7%, as the warrants were already included in that measure..

Stock Option Exercise

The Company also had a consultant who held 150,000 Stock Options exercise his options at an exercise price of $0.50 per Option for total proceeds of $75.

Other than as disclosed above and elsewhere in this MD&A, no other material events occurred subsequent to June 30, 2026, up to the date of this MD&A.

Convertible Notes

On August 11, 2026, the Company announced a non-brokered private placement of unsecured convertible debentures for gross proceeds of up to $20.0 million. The convertible debentures will mature five years from issuance, bear interest at 12.5% per annum payable semi-annually in arrears, and are convertible into common shares at the option of the holder at a conversion price of $1.75 per share. The Company may redeem the debentures at any time at principal plus accrued interest, together with a make-whole interest payment if redeemed prior to the third anniversary of issuance. Net proceeds are intended to be used for equipment purchases relating to the HyProMag USA joint venture and working capital. The offering is subject to TSXV approval and had not closed as at the date these financial statements were approved.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these Interim Financial Statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

In preparing the interim condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements for the year ended December 31, 2025.

BALANCE SHEET ARRANGEMENTS

At June 30, 2026, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

CONFLICTS OF INTEREST

Kings Chapel, a company associated with Julian Treger, is a shareholder in both BSL and MagIron. Nage Capital Management AG, a company associated with Lucio Genovese, is a shareholder of MagIron. As a result, Mr. Treger and Mr. Genovese have recused themselves as it relates to their respective interests from the decisions made in relation to the Company's investments in BSL and MagIron and the Kings Chapel Loans.

To the best of the Company's knowledge, there are no known existing or potential material conflicts of interest among the Company and its Directors, Officers or other members of management as a result of their outside business interests except as disclosed above and that certain of the Company's directors and officers serve as directors, officers or advisors of other companies, and therefore it is possible that a conflict may arise between their duties to CoTec and their duties as a director, officer or advisor of such other companies.

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

OUTSTANDING SHARE DATA AS AT AUGUST 13, 2026

a) Authorized and issued Share Capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	120,405,192

b) Summary of Options Outstanding:

Date of Issue	Expiry Date	Exercise Price	Number of Options
September 24, 2021	September 24, 2031	$0.30	1,152,916
October 8, 2021	October 8, 2031	$0.45	288,229
April 19, 2022	April 19, 2032	$0.55	711,912
September 7, 2022	September 7, 2032	$0.46	202,020
April 24, 2023	April 24, 2033	$0.50	1,631,905
January 26, 2024	January 26, 2034	$0.75	279,954
February 16, 2024	February 16, 2034	$0.75	65,000
February 20, 2024	February 20, 2034	$0.75	730,000
April 25, 2024	April 25, 2034	$0.50	207,051
May 15, 2024	May 15, 2034	$0.50	50,250
July 11, 2024	July 11, 2034	$0.50	425,000
July 11, 2024	July 11, 2034	$0.75	200,000
July 15, 2024	July 15, 2034	$0.50	150,000
August 13, 2025	August 13, 2035	$0.91	1,030,345
August 17, 2025	August 17, 2035	$0.95	420,000
August 25, 2025	August 25, 2035	$0.97	426,000
September 8, 2025	September 8, 2035	$1.04	129,000
September 8, 2025	September 8, 2035	$1.04	100,000
April 30, 2026	April 30, 2036	$1.34	598,274

c) Summary of Warrants Outstanding:

Date of Issue	Expiry Date	Exercise Price	Number of Warrants
June 18, 2025	June 19, 2028	$0.78	138,906
July 3, 2025	July 4, 2028	$0.78	23,381
July 16, 2025	July 17, 2028	$0.78	229,175
July 22, 2025	July 23, 2028	$0.78	34,833
June 11, 2026	June 11, 2027	$1.33	1,503,758

INTERNAL CONTROL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim financial statements and the audited annual consolidated financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate for non-venture issuers under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards.

TSX-V listed companies are not required to provide representations in the interim and annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

OTHER INFORMATION

Additional information with respect to the Company is also available on the Company's website at www.cotec.ca and also on SEDAR+ at www.sedarplus.com.