

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.

For the three and nine months ended September 30, 2026

The accompanying notes are an integral part of these Interim Financial Statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
AS AT SEPTEMBER 30, 2026, AND DECEMBER 31, 2025

	Sept. 30, 2026	Dec. 31, 2025	Jan. 1, 2025 (Restated Note 2(f))
ASSETS			
Current			
Cash and cash equivalents (Note 14)	$ 9,879	$ 2,330	$ 755
Restricted cash (Note 14)	521	-	-
GST and other receivables	422	147	83
IZ Note Receivable (Note 8)	390	370	346
Other receivables and prepaids	37	36	14
Total current assets	11,249	2,883	1,198
Non-Current			
Deposits on Equipment (Note 10)	9,316	-	-
Due from HyProMag USA (Note 7)	5,811	4,586	955
Investments in equity instruments (Note 5)	8,111	8,259	9,479
Investments in associates and joint ventures (Note 6)	13,099	12,858	12,063
Exploration & evaluation (Note 9)	5,277	1,803	1,069
TOTAL ASSETS	**$ 52,863**	**$ 30,389**	**$ 24,764**
LIABILITIES			
Current			
Trade and other payables	$ 987	$ 360	$ 391
Accrued liabilities	1,738	2,457	1,526
Stock-based compensation liability (Note 4, 11)	2,400	1,219	-
Convertible loan interest (Note 12)	443	236	-
Total current liabilities	5,568	4,272	1,917
Non-Current			
Stock-based compensation liability (Note 4, 11)	-	1,497	1,306
Convertible loans and debentures (Note 12, 13)	9,155	2,161	3,489
Deferred share unit liability	1,658	2,196	573
TOTAL LIABILITIES	16,381	10,126	7,285
EQUITY			
Share capital (Note 4)	158,736	130,489	112,670
Contributed surplus	19,390	19,421	15,319
Equity component of convertible instruments	2,329	109	299
Cumulative translation adjustment (Note 6)	1,314	1,074	864
Deficit	(145,287)	(130,830)	(111,673)
TOTAL EQUITY	36,482	20,263	17,479
TOTAL LIABILITIES AND EQUITY	**$ 52,863**	**$ 30,389**	**$ 24,764**

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE PERIODS ENDED SEPTEMBER 30, 2026, AND 2025

	For the three months ended		For the nine months ended	
	Sept. 30, 2026	**Sept. 30, 2025 (Restated Note 2(f))**	**Sept. 30, 2026**	**Sept. 30, 2025 (Restated Note 2(f))**
INCOME/(LOSS) FROM INVESTMENTS				
Gain (Loss) on equity investment (Note 5)	(48)	(609)	200	(1,043)
Share of (loss) from associates and joint ventures accounted for using the equity method (Note 6, 7)	(2,302)	(1,381)	(5,063)	(4,016)
EXPENSES				
Professional consulting fees	(351)	(231)	(1,137)	(608)
General & administrative expenses	(873)	(902)	(2,821)	(2,358)
Share-based compensation (Note 4)	(355)	(908)	(937)	(1,612)
Operating (loss) income	**(3,929)**	**(4,031)**	**(9,758)**	**(9,637)**
Finance expense (Note 7, 12, 13)	(665)	(231)	(5,587)	(676)
Finance income	336	61	913	132
Foreign exchange (loss) gain	61	(11)	(25)	(31)
Net finance expense	(268)	(181)	(4,699)	(575)
Income tax expense	-	-	-	-
Net (loss) income	**$ (4,197)**	**$ (4,212)**	**$ (14,457)**	**$ (10,212)**
OTHER COMPREHENSIVE INCOME				
Foreign currency translation (Note 6)	(43)	(8)	240	396
Comprehensive (loss) income	**$ (4,240)**	**$ (4,220)**	**$ (14,217)**	**$ (9,816)**
Net loss per common share				
Basic	($0.03)	($0.04)	($0.13)	($0.12)
Diluted	($0.03)	($0.04)	($0.13)	($0.12)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE PERIODS ENDED SEPTEMBER 30, 2026, AND SEPTEMBER 30, 2025

	Share Capital		Contributed Surplus			Cumulative Translation Adjustment	Deficit	Total Equity
	Number	Amount	Convertible instruments	Options	Warrants	Amount	Amount	Amount
Balance – Jan. 1, 2025 (Restated Note 2(f))	**71,547,530**	**$112,670**	**$299**	**$11,923**	**$3,396**	**$864**	**$(111,673)**	**$17,479**
Net (loss) for the period	-	-	-	-	-	-	(10,212)	**(10,212)**
Foreign currency translation	-	-	-	-	-	396	-	**396**
Shares issued for cash	17,339,339	13,524	-	-	-	-	-	**13,524**
Share issue costs	-	(882)	-	-	-	-	-	**(882)**
Convertible loan	9,135,183	6,851	(299)	-	-	-	-	**6,552**
Issuance of warrants	-	(3,055)	-	-	3,055	-	-	**-**
Exercise of warrants	51,161	50	-	-	(22)	-	-	**28**
Equity-settled share-based compensation	-	-	-	606	-	-	-	**606**
Balance – Sept. 30, 2025 (Restated Note 2(f))	**98,073,213**	**$129,158**	**$-**	**$12,529**	**$6,429**	**$1,260**	**$(121,885)**	**$27,491**
Balance – Jan. 1, 2026	**99,074,056**	**$130,489**	**$109**	**$13,123**	**$6,298**	**$1,074**	**$(130,830)**	**$20,263**
Net (loss) for the period	-	-	-	-	-	-	(14,457)	**(14,457)**
Foreign currency translation	-	-	-	-	-	240	-	**240**
Convertible loan (Note 12)	5,268,387	6,468	(109)	(36)	-	-	-	**6,323**
Convertible debentures (Note 13)	-	-	2,329	-	110	-	-	**2,439**
Issuance of warrants	-	-	-	-	700	-	-	**700**
Exercise of warrants	16,062,749	21,651	-	-	(2,579)	-	-	**19,072**
Exercise of options	150,000	128	-	(53)	-	-	-	**75**
Equity-settled share-based compensation	-	-	-	1,827	-	-	-	**1,827**
Balance – Sept. 30, 2026	**120,555,192**	**$158,736**	**$2,329**	**$14,861**	**$4,529**	**$1,314**	**$(145,287)**	**$36,482**

The accompanying notes are an integral part of these Interim Financial Statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE PERIODS ENDED SEPTEMBER 30, 2026, AND 2025

	For the nine months ended	
	Sept. 30, 2026	**Sept. 30, 2025**
OPERATING ACTIVITIES		
Net (loss) for the period	$ (14,457)	$ (10,212)
Add items not affecting cash		
Director fees received in shares (Note 6)	(58)	(55)
Loss (gain) on equity investments (Note 5)	(200)	1,043
Share of loss in associates and joint ventures accounted for using the equity method (Note 6, 7)	5,063	4,016
Share-based compensation expense	937	1,612
Non-cash finance expense & foreign exchange net of finance income	4,699	574
Changes in non-cash working capital balances related to operations		
Sales tax receivables	(275)	(18)
Other receivables and prepaids	(1)	13
Trade and other payables and accrued liabilities	(1,835)	(706)
Cash used by operating activities	**(6,127)**	**(3,733)**
INVESTING ACTIVITIES		
Equipment deposits	(9,316)	-
Restricted cash on equipment deposits (Note 14)	(521)	-
Investments in associates and joint ventures (Note 6)	(1,746)	(2,367)
Cash advanced to HyProMag USA (Note 7)	(8,064)	(4,059)
Exploration & evaluation assets (Note 9)	(2,258)	(387)
Cash used by investing activities	**(21,905)**	**(6,813)**
FINANCING ACTIVITIES		
Shares and warrants issued for cash (Note 4)	-	13,524
Share issuance costs (Note 4)	-	(882)
Convertible loan (Note 12)	4,400	3,000
Convertible debentures (Note 13)	12,059	-
Stock option exercise (Note 4)	75	-
Warrant exercise	19,072	28
Cash from financing activities	**35,606**	**15,670**
Net increase (decrease) in cash and cash equivalents for the period	**7,574**	**5,124**
Cash and cash equivalents, beginning of period	2,330	755
Exchange (losses) on cash and cash equivalents	(25)	**(30)**
Cash and cash equivalents, end of period	**$ 9,879**	**$ 5,849**

1 Corporate Information and Going Concern

CoTec Holdings Corp. (the "Company") was incorporated on December 15, 1986, under the laws of the Province of British Columbia, Canada. Its registered address is Suite 428, 755 Burrard Street, Vancouver, BC, V6Z 1X6, Canada.

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

The Company has experienced recurring operating losses and has an accumulated deficit of $145,287 as at September 30, 2026 (December 31, 2025: ($130,830)). For the nine months ended September 30, 2026, the Company used cash in operating activities totalling $6,127 (September 30, 2025: cash used $3,733). The Company had cash and cash equivalents of $9,879 (December 31, 2025: $2,330), restricted cash of $521 (Note 14), and working capital of $5,681 as at September 30, 2026 (December 31, 2025: $1,389 deficit).

During the nine months ended September 30, 2026, the Company raised approximately $19.1 million through warrant exercises, $4.4 million in convertible loan facilities, $12.1 million in convertible debentures and an additional $7.9 million in convertible debentures subsequent to quarter end (see Note 4 Share Capital, Note 12 Convertible Loan and Note 13 Convertible Debentures).

The Company's continued operation is dependent upon its ability to raise additional funding and/or generate cash through other business activities for deployment to ongoing capital commitments and project development expenses at its investments (Notes 7 and 16), which may exceed its available resources over the next twelve months. Although the directors believe that the Company should be able to secure future funding as required, there are no assurances that the Company will be successful in achieving this goal. While the warrant proceeds and convertible debenture proceeds, including those received subsequent to quarter end, resulted in additional liquidity, they did not eliminate the uncertainty given the Company's recurring operating losses, and ongoing cash requirements. As a result, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated interim 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 September 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.

On behalf of the Board:

(signed) Julian Treger Director ***(signed) Lucio Genovese*** Director

2 Basis of Presentation

(a) Statement of Compliance with International Financial Reporting Standards

These interim consolidated financial statements (the "Interim Financial Statements"), which are presented in Canadian dollars, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of Interim Financial Statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. They do not include all information required for a complete set of IFRS financial statements and should be read in conjunction with the annual financial statements. However, selected notes are included to explain events and transactions that are significant to an understanding of the changes and performance since the Company's last annual financial statements as at and for the year ended December 31, 2025.

(b) Basis of Consolidation

The Interim Financial Statements include the accounts for the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

(c) Segment Reporting

The Company operates as a single reportable segment. There has been no change in the basis of segmentation or in the measurement of segment profit or loss since the annual financial statements for the year ended December 31, 2025.

(d) Accounting Policies

The accounting policies, estimates and judgments, methods of computation and presentation followed in these Interim Financial Statements are the same as those applied in the Company's annual financial statements for the year ended December 31, 2025, with the exception of the changes described below. Accordingly, these Interim Financial Statements should be read in conjunction with the Company's most recent annual financial statements.

Changes in Material Accounting Policies

Amendments to IFRS 9 and IFRS 7 — Classification and Measurement of Financial Instruments

Effective January 1, 2026, the Company adopted the amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures, relating to the classification and measurement of financial instruments. On adoption, the Company elected to derecognize financial liabilities settled through electronic payment systems before the settlement date where the specified conditions are met; financial liabilities settled by cheque are derecognized on clearance by the bank. The amendments were applied

retrospectively and did not have a material impact on these Interim Financial Statements or the comparative periods.

New Standards and Interpretations

The following new standard has been issued but is not yet effective:

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure of Financial Statements, which replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces new requirements for all companies to present specific categories and defined subtotals in the statements of profit or loss, to disclose explanations of management-defined performance measures if used in the financial statements, and to improve aggregation and disaggregation. The standard is effective for periods beginning on or after January 1, 2027. Retrospective application is required and early adoption is permitted. The Company is currently evaluating the impact of this new standard on the Company's financial statements.

(e) **Approval of Financial Statements**

The Board of Directors approved these Interim Financial Statements for issue on November 10, 2026.

(f) Restatement of Previously Issued Financial Statements

Convertible Loans

During Q3 2025, management identified a misclassification in the accounting for the Company's convertible loans 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 as of January 1, 2025, 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*, 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, 2025, being the earliest comparative period presented. Comparative figures as of January 1, 2025, have been restated.

HyProMag USA

During Q4 2025, upon further review of IAS 28 *Investments in Associates and Joint Ventures*, 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 USA 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	(19,865)	(1,713)	(111,673)

A summary of the requisite adjustments on the financial statements for the 3-month and 9-month period ending September 30, 2025, is set forth in the table below:

	Three months ended Sept. 30, 2025 (As Previously Reported)	CTA	Convertible Loan Adjustment	MagIron Significant Influence adjustment	Due from HyProMag USA write down	Three months ended Sept. 30, 2025 (As Restated)
Net (loss)	(2,878)	-	16	(507)	(843)	(4,212)
(Loss) gain on equity investments	(426)	-	-	(183)	-	(609)
Share of (loss) of associates and joint ventures accounted for using the equity method	(160)	-	-	(324)	(897)	(1,381)
Loss on embedded derivative	-	-	-	-	-	-
Finance income	7	-	-	-	54	61
Finance expense	(247)	-	16	-	-	(231)
Net loss per common share	($0.03)	-	$0.00	($0.00)	($0.01)	($0.04)
Comprehensive (loss) income	(2,878)	-	16	(515)	(843)	(4,220)

	Nine months ended Sept. 30, 2025 (As Previously Reported)	CTA	Convertible Loan Adjustment	MagIron Significant Influence adjustment	Due from HyProMag USA write ,down	Nine months ended Sept. 30, 2025 (As Restated)
Net (loss)	(8,092)	-	-	458	(2,578)	(10,212)
(Loss) gain on equity investments	(2,470)	-	-	1,427	-	(1,043)
Share of (loss) of associates and joint ventures accounted for using the equity method	(356)	-	-	(969)	(2,691)	(4,016)
Loss on embedded derivative	-	-	-	-	-	-
Finance income	19	-	-	-	113	132
Finance expense	(676)	-	-	-	-	(676)
Net loss per common share	($0.10)	-	$0.00	$0.01	($0.03)	($0.12)
Comprehensive (loss) income	(7,670)	-	-	432	(2,578)	(9,816)

	As at Sept. 30, 2025 (As Previously Reported)	CTA	Convertible Loan Adjustment	MagIron Significant Influence adjustment	Due from HyProMag USA write down	As at Sept. 30, 2025 (As Restated)
Contributed surplus	18,959	-	-	-	-	18,959
Equity component of convertible Loan	-	-	-	-	-	-
Cumulative translation adjustment	1,112	-	-	148	-	1,260
Deficit	(98,187)	-	-	(19,407)	(4,291)	(121,885)

3 Critical Accounting Estimates and Judgments

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.

4 Share Capital

Equity

The Company has unlimited authorized common shares with no par value. Total common shares issued and outstanding as at September 30, 2026, numbered 120,555,192.

A summary of warrant activity during 2026, is as follows:

	Number of warrants #	Weighted average exercise price $
Balance – December 31, 2025	17,251,569	1.18
Issued	1,805,409	1.40
Exercised	(16,062,749)	1.19
Expired	(762,525)	1.20
Balance – September 30, 2026	**2,231,704**	**1.28**

The warrants outstanding as at September 30, 2026, are shown in the following table:

Warrants Outstanding				
Date of Grant	**Expiry Date**	**Number Outstanding #**	**Exercise Price $**	**Remaining life (years)**
June 18, 2025	June 19, 2028	138,906	0.78	1.72
July 3, 2025	July 4, 2028	23,381	0.78	1.76
July 16, 2025	July 17, 2028	229,175	0.78	1.79
July 22, 2025	July 23, 2028	34,833	0.78	1.81
June 11, 2026	June 11, 2027	1,503,758	1.33	0.70
September 17, 2026	March 17, 2028	301,651	1.75	1.46
		2,231,704	**1.28**	**1.00**

Warrant Issuances

During the nine months ended September 30 2026, a total of 1,503,758 warrants were issued to Kings Chapel International Limited ("Kings Chapel") and certain funds managed by Epic Capital Management Inc. ("Epic Capital") in consideration of the Amended and Restated Convertible Loans as described in Note 12. Each warrant is exercisable into one common share at an exercise price of $1.33 for a period of one year from the date of issuance. The fair value of the warrants was estimated at $700. During the three months ended September 30, 2026, a total of 301,651 warrants were issued to certain finders as compensation warrants (see Note 13). Each warrant is exercisable into one common share at an exercise price of $1.75 for a period of 18 months from the date of issuance. The fair value of the warrants was estimated at $110.

Warrant Exercises

During the nine months ended September 30, 2026, a total of 16,062,749 warrants were exercised for gross proceeds of $19,072. The warrants were exercised at a weighted average price of $1.19 per share. Upon exercise, the amount of $2,579 previously recognized in contributed surplus was reclassified to share capital, resulting in a total increase of $21,651. The Company issued 16,062,749 shares for the nine months ended September 30, 2026.

Share-Based Compensation

Share-based compensation expenses recognized in the consolidated statement of income (loss) and comprehensive income (loss) for the three and nine months ended September 30, 2026, and September 30, 2025, are as follows:

	For the three months ended		**For the nine months ended**	
	Sept. 30, 2026	**Sept. 30, 2025**	**Sept. 30, 2026**	**Sept. 30, 2025**
Stock options (expense)	(307)	(219)	(939)	(527)
Equity incentive units recovery (expense)	230	(287)	317	(437)
Deferred share units recovery (expense)	117	(320)	541	(559)
Restricted share units (expense)	(395)	(82)	(892)	(89)
Convertible loan facility option (expense)	-	-	36	-
Total	**(355)**	**(908)**	**(937)**	**(1,612)**

RSUs

During the nine months ended September 30, 2026, the Company awarded 1,364,482 Restricted Share Units ("RSUs") to Officers of the Company. The RSUs vest over three years of service and were granted at a price of $1.34 per RSU. As at September 30, 2026, 1,406,199 RSUs remain unvested.

DSUs

During the nine months ended September 30, 2026, the Company awarded 213,919 Deferred Share Units ("DSUs") to the members of the Board of Directors of the Company. The DSUs vest over one year of service, are settled once a Director ceases to be a Director, and were granted at $1.34. As at September 30, 2026, 1,433,591 DSUs have been granted, of which 124,786 remain unvested.

Options

During the nine months ended September 30, 2026, the Company granted 598,274 options; the weighted average fair value per option granted was $1.08. In addition, a total of 150,000 stock options were exercised for gross proceeds of $75. The stock options were exercised at a weighted average price of $0.50 per share. The closing share price on the date of exercise was $1.52. Upon exercise, the amount of $53 previously recognized in contributed surplus was reclassified to share capital, resulting in a total increase of $128. The Company issued 150,000 shares from the exercise of options for the nine months ended September 30, 2026. As at September 30, 2026, there was $1,062 of share-based compensation expense (September 30, 2025: $1,884) relating to the Company's unvested stock options to be recognized in future periods.

A summary of option activity under the Plan during 2026 is as follows:

	Number of options #	**Weighted average exercise price $**
Balance – December 31, 2025	**8,199,583**	**0.63**
Granted	598,274	1.34
Exercised	(150,000)	0.50
Balance – September 30, 2026	**8,647,857**	**0.68**

The options outstanding as at September 30, 2026, are shown in the following table:

Options Outstanding				2026 – Options Exercisable	
Range of Exercise Prices	**Number of Options Outstanding**	**Weighted Average Years to Expiry**	**Weighted Average Exercise Price**	**Number of Exercisable Options**	**Weighted Average Exercise Price**
0.25 – 0.49	1,643,165	5.11	0.35	1,643,165	0.35
0.50 – 0.74	3,026,119	6.58	0.51	2,798,684	0.51
0.75 – 0.99	3,151,299	8.28	0.86	1,475,418	0.83
1.00 – 1.24	229,000	8.94	1.04	76,333	1.04
1.25 – 1.49	598,274	9.58	1.34	-	-
	8,647,857	**7.19**	**0.68**	**5,993,600**	**0.55**

Equity Incentive Units ("EIUs")

EIUs are accounted for as cash-settled share-based payments and are remeasured at fair value at each reporting date. During the nine months ended September 30, 2026, no additional EIUs were granted. The total number of EIU's outstanding as of September 30, 2026 were as follows:

	Number of EIUs	**Liability**
Vested EIUs	2,409,173	$1,219
Unvested EIUs	1,571,640	$1,181
	3,980,813	**$2,400**

The fair value of EIUs outstanding at September 30, 2026 was $2,400, and is classified as current within stock-based compensation liability. The unvested EIUs will vest under the terms of the December 2025 Compensation Agreement as outlined in Note 11.

The fair value was determined using a Monte Carlo simulation model with 10,000 simulated price paths and historical volatility of 75.52%. The model estimated the Company's share price at December 31, 2026 to be $0.84. Consistent with the vesting conditions, simulated outcomes below the $1.10 price threshold result in no payout.

5 Equity Investments

Summary:

	Nine months ended Sept. 30, 2026	**Twelve months ended Dec. 31, 2025**
	$	**$**

Balance, beginning of period	8,259	9,479
Warrants exercised at fair value	(348)	-
Fair value adjustment	(80)	(781)
Foreign exchange	280	(439)
Balance, end of period	**8,111**	**8,259**

For the nine months ended September 30, 2026, the Company recognized a net gain of $200 on its equity investments (year ended December 31, 2025: net loss of $1,220, Restated Note 2(f)) recorded in the consolidated statement of income (loss) and comprehensive income (loss), reflecting changes in the underlying value of the investment and foreign exchange.

Represented by the following investments:

	Sept. 30, 2026	**Dec. 31, 2025**
	$	**$**
MagIron Warrants	156	575
Binding Solutions Ltd.	5,827	5,628
Ceibo Inc.	2,128	2,056
Total Balance, end of period	**8,111**	**8,259**

MagIron Warrants

As of September 30, 2026, CoTec owned 613,350 warrants to purchase MagIron shares. As of September 30, 2026, there has been a decrease of $80 in the value of its equity investments, and a gain of $9 due to changes in foreign exchange that have been recorded through the consolidated statement of income (loss) and comprehensive income (loss) as FVTPL. In addition, on February 1, 2026, the Company exercised 120,773 warrants at a cost of USD80,000 or $109. On July 30, 2026, the Company exercised 92,878 warrants at a cost of USD101,014 or $142. On September 25, 2026, the Company exercised 26,383 warrants at a cost of USD120,225 or $170 which increased its interest to 16.67% on an undiluted basis.

The fair value of the warrants was calculated using the Black-Scholes options pricing model based on the inputs noted in the table below.

Date of Purchase	**Expiry Date**	**Warrants Owned**	**Exercise Price USD$**	**Expected Life**	**Annualized Volatility %**	**Risk-Free rate %**	**Warrant Fair Value USD$**
Oct. 26, 2023	Jan. 31, 2027	159,100	4.56	0.34 years	115%	3.37%	0.26
Nov. 14, 2023	Nov. 11, 2033	384,025	4.56	7.12 years	115%	3.99%	2.24
Feb. 8, 2024	Nov. 23, 2033	70,225	4.56	7.12 years	115%	3.99%	2.24
Total		**613,350**					

Binding Solutions Limited ("BSL") Initial Investment

During the nine-months ended September 30, 2026, the Company recognized a fair value gain of $198 due to foreign exchange movements on the USD-denominated investment, recorded through profit or loss, with no change to the underlying equity value.

Ceibo Investment

For the nine-months ended September 30, 2026, the Company recognized a gain of $73 due to foreign exchange movements on the USD-denominated investment, recorded through profit or loss, with no change to the underlying equity value.

6 Investment in Associates

Summary:

	Nine months ended Sept. 30, 2026	Twelve months ended Dec. 31, 2025 (Restated Note 2(f))
	$	$
Balance, beginning of period	12,858	12,063
Additions	2,152	2,451
Equity (loss) income	(2,151)	(1,866)
Currency Translation Adjustment	240	210
Balance, end of period	**13,099**	**12,858**

Maginito Limited ("Maginito")

	Sept. 30, 2026	Dec. 31, 2025 (Restated Note 2(f))
	$	$
Balance, beginning of period	11,831	11,264
Additions	998	894
Equity (loss) income	(963)	(571)
Currency Translation Adjustment	208	244
Balance, end of period	**12,074**	**11,831**

On January 6, 2026, the Company funded a cash call in Maginito of GBP86,311 or $161. On April 20, 2026, the Company funded a cash call in Maginito of GBP212,423 or $394. On July 3rd, 2026, the Company funded a cash call in Maginito of GBP233,953 or $443.

For the nine months ended September 30, 2026, the Company recognized, based on its 20.6% ownership in Maginito, an equity pick-up equivalent to its pro rata share of Maginito's operating loss of $963. The carrying value of the Company's investment in Maginito as at September 30, 2026 is $12,074.

MagIron

	Sept. 30, 2026	Dec. 31, 2025 (Restated Note 2(f))
	$	$
Balance, beginning of period	1,027	799
Additions	1,154	1,557
Equity (loss) income	(1,188)	(1,295)
Currency Translation Adjustment	32	(34)
Balance, end of period	**1,025**	**1,027**

As at September 30, 2026, CoTec had a 16.67% undiluted equity interest in MagIron.

For the nine months ended September 30, 2026, additions of $1,154 comprised $327 (USD234,698) invested in exchange for equity issued by MagIron, $58 (USD42,109) of shares issued for director fees, and $769 of shares acquired on the exercise of warrants, as follows:

On February 1, 2026, the Company exercised 120,773 warrants at an exercise price of USD0.6624 per warrant for a total exercise price of USD80,000 or $109. Including the $216 fair value of the warrants exercised, the carrying value of the shares acquired was $325.

On July 30, 2026, the Company exercised 92,878 warrants at an exercise price of USD1.0876 per warrant for a total exercise price of USD101,014 or $142. Including the $132 fair value of the warrants exercised, the carrying value of the shares acquired was $274.

On September 25, 2026, the Company exercised 26,383 warrants at an exercise price of USD4.5569 per warrant for a total exercise price of USD120,225 or $170. The warrants had nil fair value at that date, so the carrying value of the shares acquired was $170.

The Company owns 5,676,226 A-1 Shares, 70,040 A-2 Shares, and 319,444 A-3 Shares.

7 HyProMag USA Joint Venture

The Company holds a 50% interest in HyProMag USA LLC ("HyProMag USA JV"), a joint venture with Maginito Limited.

The investment in the joint venture is accounted for using the equity method. As of September 30, 2026, the carrying amount of the investment in HyProMag USA JV was nil.

For the nine months ended September 30, 2026, HyProMag USA JV incurred losses amounting to USD4,194,886. HyProMag USA JV has incurred cumulative losses since inception of USD11,810,156. The Company's 50% share of these cumulative losses is USD5,905,078. The Company has recognized its share of losses in accordance with IAS 28.39.

Per the HyProMag USA JV agreement, the Company is required to fund 100% of the initial capital of HyProMag USA JV through an interest-free loan for the first three years after the decision to proceed. The Company will be reimbursed for this initial capital in priority to any other distributions or dividends from the joint venture until the full amount of the initial capital is returned.

The Company is owed a total receivable from the HyProMag USA JV of $20,605 which has increased in 2026 due to the project continuing the detailed design and engineering phase and the securing of a facility in Texas where the first production hub will be based. The Company has discounted the receivable amount at a rate of 11% and calculated the present value ("PV") based on phased repayments ending December 31, 2030. No interest is charged on the amount owed. The Company has also applied the Company's portion of HyProMag USA JV losses against the outstanding receivable balance. The Company has therefore recognized a receivable of $5,811 as at September 30, 2026 (December 31, 2025 – $4,586), recorded a cumulative $7,702 discounting through finance expense in 2026 (2025 - $2,882), cumulative finance income in 2026 of $1,112 (2025 – $219), and applied cumulative losses of $8,212 in 2026 (2025 – $5,300).

Due from HyProMag USA

	Sept. 30, 2026 $	Sept. 30, 2025 $
Cash advanced to date	20,605	7,292
Less: Cumulative discount of receivable	(7,702)	(919)
Less: CoTec's cumulative share of losses	(8,212)	(4,404)
Add: Accretion of discount on receivable	1,112	113
Add: Accrued expenses	8	-
Balance, end of period	**5,811**	**2,082**

8 Notes Receivable

As of September 30, 2026, the Company has an outstanding secured loan receivable of $300 from International Zeolite Corp. ("IZ") which was issued under a Bridge Loan Note dated November 21, 2022. The loan matured on November 21, 2024, and is currently past due.

The loan accrues interest at 7% per annum, compounded annually, and is secured by a General Security Agreement ("GSA"), granting the Company a first ranking charge over all of IZ's assets. For the nine months ended September 30, 2026, $19 in interest income was recognized (September 30, 2025: $18).

Although the loan has matured and remains unpaid as of September 30, 2026, the Company expects to recover the full carrying value of the loan. The following factors support this assessment:

- The Company holds a GSA over IZ's assets, which management believes provides sufficient collateral coverage for full repayment
- Active repayment discussions are ongoing with IZ's management, with a structured repayment plan being negotiated
- As of the reporting date, no provision for ECL has been recorded, as management believes the loan is fully recoverable

9 Exploration and Evaluation

Lac Jeannine Project

As of September 30, 2026, the Company has incurred and capitalized $5,277 in expenditures on the Lac Jeannine Project, located in the Côte-Nord region of Quebec. The terms of the option agreement are unchanged from those disclosed in the annual financial statements for the year ended December 31, 2025.

10 Deposits on equipment

During the nine months ended September 30, 2026, the Company paid deposits of $9,316 toward the acquisition of rare earth magnet manufacturing equipment and pre-engineering. Deposits on equipment are not depreciated until the related equipment is received and available for use, at which time they will be transferred to property, plant and equipment. As at September 30, 2026, the Company held $521 of restricted cash in connection with these equipment deposits (Note 14). The Company's remaining contractual commitments for the acquisition of this equipment are disclosed in Note 16 Commitments.

11 Related Party Transactions

Compensation of Key Management

The Company has identified the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Board Members as its key management personnel. The consulting fees and other compensation of key management personnel were as follows:

	For the three months ended		For the nine months ended	
	Sept. 30, 2026	Sept. 30, 2025	Sept. 30, 2026	Sept. 30, 2025
Short-term salaries and benefits	(436)	(436)	(1,308)	(1,166)
Share-based compensation expense	(156)	(751)	(1,428)	(1,407)
Total	**(592)**	**(1,187)**	**(2,736)**	**(2,573)**

Other Related Party Transactions

The Company has entered into a series of loans with Kings Chapel to facilitate timely investments and provide general working capital (Note 12). 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.

On September 17, 2026, certain related parties of the Company subscribed for $2,017 principal amount of Convertible Debentures at the initial closing of the offering, including $1,750 by Kings Chapel. In addition, as outlined in Note 13, Kings Chapel agreed to purchase up to $5,000 principal amount of Convertible Debentures at an additional closing to the extent that the Company did not otherwise secure subscriptions from third-party investors, and, subject to TSXV approval, will be paid a cash finder fee equal to 2% of the gross proceeds received from third-party investors in respect of those Convertible Debentures. On October 15, 2026, Kings Chapel purchased $5,000 principal amount of Convertible Debentures at the final closing (Note 13).

During the three months ended September 30, 2026, the Company finalized a joint venture shareholder agreement with U.S.-based Copper Intelligence (OTCID:CUAI), Kings Chapel and an investment vehicle associated with the Company’s Chairman, to pursue opportunities to process historical copper tailings in the Democratic Republic of the Congo. As at September 30, 2026, no amounts had been paid or received in relation to the joint venture.

Maginito Singapore

Maginito Singapore Private Limited (“Maginito Singapore”) is a wholly owned subsidiary of Maginito, an associate of the Company (Note 6) and the Company’s joint venture partner in the HyProMag USA JV (Note 7). As a subsidiary of an associate of the Company, Maginito Singapore is a related party of the Company. On June 11, 2026, CoTec USA entered into three equipment purchase and sale agreements with Maginito Singapore for the acquisition of rare earth magnet making equipment with an aggregate base purchase price of US$17.4 million (Note 16).

December 2025 Compensation Agreement

Under the December 2025 Compensation Agreement, described in the annual financial statements for the year ended December 31, 2025, the CEO was awarded EIUs and stock options on financings completed between November 27, 2023 and December 31, 2025.

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.

12 Convertible Loan

2024 Convertible Loan

The loan was fully settled during 2025, with $236 of unpaid interest remaining at September 30, 2026.

2025 Convertible Loans

On January 30, 2026, the Company drew $400 from certain funds managed by Epic Capital under the 2025 Convertible Loans, allocated as $380 to the liability component and $20 to the equity component.

On April 30, 2026, the Company settled the full $2,600 of principal drawn to date by issuing 2,260,869 common shares at a fair value of $1.34 per share. In accordance with IFRIC 19, the shares issued were measured at fair value, the carrying amounts of the liability and related equity components were derecognized, and the difference of $568 was recognized as a loss on settlement in profit or loss. Concurrently with the settlement, the remaining $4,000 undrawn facility was amended and restated (the "Amended and Restated Convertible Loans"), with Kings Chapel and Epic Capital making available up to $3,000 and $1,000, respectively, drawable until June 12, 2026. Terms otherwise remained unchanged, except that the conversion price was $1.33 per share at the election of either party, the automatic-conversion feature was removed, and each draw required concurrent issuance of non-transferable warrants equal to 50% of the principal drawn divided by $1.33, exercisable at $1.33 per share for one year. The conversion terms continued to satisfy the fixed-for-fixed condition under IAS 32, and the instruments remained compound financial instruments measured on the same basis.

On June 4, 2026, the Company drew $3,000 from Kings Chapel, allocated as $2,340 to the liability component, $136 to the conversion-option equity component, and $525 to warrant reserve, with 1,127,819 warrants issued concurrently. On June 5, 2026, the Company drew $1,000 from Epic Capital across three funds, allocated in aggregate as $780 to the liability component, $45 to the conversion-option equity component, and $175 to warrant reserve, with 375,939 warrants issued concurrently. Each warrant entitled the holder to acquire one common share at $1.33 per share for one year from the date of issuance and was classified within equity under IAS 32.

On June 11, 2026, following TSXV approval, the Company converted the full $4,000 outstanding principal under the Amended and Restated Convertible Loans into an aggregate of 3,007,518 common shares

(2,255,639 to Kings Chapel and 751,879 to Epic Capital) at a fair value of $1.41 per share. Following the conversion, no principal remained outstanding under the Amended and Restated Convertible Loans.

Following the settlement of the loans, $443 of unpaid interest and standby fees remained at September 30, 2026.

The continuity of the convertible loans for the nine months ended September 30, 2026, is as follows:

	Liability component $	Equity component $
Balance – December 31, 2025	**2,397**	**109**
Proceeds from drawdowns	4,400	-
Allocated to equity component	(210)	210
Allocated to warrant reserve	(700)	-
Accretion	86	-
Standby fees	50	-
Settled in common shares – April 30, 2026	(2,461)	(138)
Converted into common shares – June 11, 2026	(3,119)	(181)
Balance – September 30, 2026	**443**	**-**

13 Convertible Debentures

Initial Close

On September 17, 2026, the Company completed an initial closing (the "Initial Closing") of a non-brokered private placement of unsecured convertible debentures (the "Convertible Debentures"), issuing Convertible Debentures with an aggregate principal amount of $12,059. The Convertible Debentures bear interest at 12.5% per annum, calculated and payable semi-annually in arrears in cash only, with the first interest payment due on February 28, 2027. The Convertible Debentures mature on September 10, 2031 and are convertible into common shares of the Company at the option of the holder at any time at a conversion price of $1.75 per share. The Company may redeem the Convertible Debentures, in whole or in part, at any time at a price equal to the principal amount redeemed plus accrued and unpaid interest and, if redeemed before the third anniversary of issuance, the interest that would have been payable from the redemption date to that anniversary. At the Company's election, the principal amount is repayable on maturity or redemption in cash or, subject to TSXV approval, in common shares. The Company raised $11,531 net of $528 in cash finder fees allocated as $9,092 to the liability, $2,329 to the conversion-option equity component and $110 to the warrant reserve. The liability component was measured by discounting the contractual cash flows at 19% per annum, compounded semi-annually, being the estimated market rate for similar debt without a conversion feature, with the residual allocated to the conversion option. Transaction costs, including the $110 fair value of the compensation warrants issued to finders, were allocated between the liability and equity components in proportion to their initial fair values, resulting in an effective interest

rate on the liability component of 20.6% per annum, compounded semi-annually. In addition, the Company incurred $63 of effective interest from initial closing to period end.

In connection with the Initial Closing, the Company accrued cash finder fees of $528 and issued 301,651 compensation warrants ("Compensation Warrants") to certain finders. Each Compensation Warrant entitles the holder to purchase one common share at an exercise price of $1.75 for a period of 18 months from its date of issue. The warrants were assigned a fair value of $110, which was recorded in the warrant reserve.

Certain related-parties of the Company participated in the Initial Closing, subscribing for $2,017 principal amount of Convertible Debentures, including $1,750 by Kings Chapel. Kings Chapel, a related party and Control Person of the Company (Note 11), agreed to purchase up to $5,000 principal amount of Convertible Debentures at an additional closing to the extent that the Company did not otherwise secure subscriptions from third-party investors (the "Backstopped Convertible Debentures"). Subject to TSXV approval, Kings Chapel will be paid a cash finder fee equal to 2% of the gross proceeds received from third-party investors in respect of the Backstopped Convertible Debentures.

Final Closing

On October 15, 2026, the Company completed the second and final closing of its non-brokered private placement of Convertible Debentures, issuing Convertible Debentures with an aggregate principal amount of $7,941 and bringing the total principal issued under the offering to $20,000. Kings Chapel, a related party, purchased $5,000 principal amount of Convertible Debentures at the final closing, bringing its total holding to $6,750 principal amount. In connection with the final closing, the Company paid cash finder fees of $96 and issued 54,577 Compensation Warrants, each exercisable for one common share at $1.75 for 18 months from issue. In aggregate across both closings, the Company paid cash finder fees of $624 and issued 356,228 Compensation Warrants.

14 Cash and Cash Equivalents & Restricted Cash

Contractual Commitment in Cash and Cash Equivalents

As at September 30, 2026, cash and cash equivalents includes cash of $1,507 in respect of the Convertible Debentures (Note 13), representing the first twelve months of interest payable on the Convertible Debentures issued at the Initial Closing.

Restricted Cash

Restricted cash includes $521 held in escrow in connection with the Company's equipment deposits (Note 10).

15 Fair Value Measurements of Financial Instruments

The levels in the fair value hierarchy into which our financial assets and liabilities that are measured and recognized in the consolidated statements of financial position at fair value on a recurring basis were categorized as follows:

	Fair value at September 30, 2026			
	Level 1	**Level 2[(1)]**	**Level 3[(1)]**	**Total**
Equity securities	**-**	**-**	**7,955**	**7,955**
MagIron Warrants	**-**	**-**	**156**	**156**
Balance, end of period	**-**	**-**	**8,111**	**8,111**

(1) MagIron warrants are included in Level 3 as the basis of valuation do not have regular market pricing, but whose fair value can be determined based on a combination of evidence from an external arm's length transaction associated with the investee's equity, as well as certain assumptions used in the calculation of the fair value are not based on observable market data. Equity securities of BSL and Ceibo are included in Level 3 as the basis of valuation does not have a regular market pricing, but whose fair value can be determined based on evidence from external transactions in the investee's equity. The carrying value of cash, receivables, and accounts payable approximates fair value due to the short-term nature of the financial instruments. During the nine months ended September 30, 2026, no amounts were transferred between Levels.

Sensitivity Analysis for Recurring Fair Value Measurements Categorized within Level 3

Sensitivity analysis of financial instruments is performed to measure favourable and unfavourable changes in fair value of financial instruments which are affected by the unobservable parameters, by varying input parameters to showcase step-changes in fair value. When the fair value is affected by more than two input parameters, the amounts represent the most favourable or unfavourable.

The results of the sensitivity analysis for effect on profit or loss (before tax) from changes in inputs for the major financial instruments which are categorized within Level 3 and subject to sensitivity analysis are as follows:

	Favourable changes ($)		**Unfavourable changes ($)**	
	Profit or loss	Equity	Profit or loss	Equity
Ceibo Inc.	213	213	(213)	(213)
Binding Solutions Ltd.	583	583	(583)	(583)
MagIron Warrants	16	16	(16)	(16)
Financial assets at FVTPL	812	812	(812)	(812)

For equity investments, changes in their fair value are calculated by considering a 10% increase/decrease change in equity value.

16 Commitments

CoTec USA, a wholly owned subsidiary of the Company, entered into equipment purchase and sale agreements for the acquisition of rare earth magnet making equipment with outstanding commitments

totaling US$17.6 million. The equipment is manufactured and sold by unrelated third-party equipment manufacturers.