COTEC HOLDINGS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED – SEPTEMBER 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 November 10, 2026. Information herein is provided as of November 10, 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 nine months ended September 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 TSX Venture 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 September 30, 2026 of $4,197 including G&A expenses and professional fees totaling $1,224 (representing corporate overheads), and the remainder largely attributable to accounting provisions including a $2,302 provision for proportionate share of loss of associates and joint venture accounted for using the equity method of accounting, net finance expense of $268 (finance expense of $665, mostly representing the non-cash accounting provision applied to the HyProMag USA receivable and interest and accretion on the Convertible Debentures, partially offset by $336 finance income and a $61 foreign exchange gain), share-based compensation of $355 and a $48 loss on equity investments. Net loss for the nine months ended September 30, 2026 was $14,457, compared to cash used in operating activities prior to changes in non-cash working capital balances of $4,016 (representative of corporate overheads), with the difference largely due to accounting provisions similar in nature to the above.
- Projects in Execution:
    - HyProMag USA LLC ("HyProMag USA") :
        - Supplied first sample magnets to potential customers in the United States, and is engaging with multiple customers across North America, spanning both smaller customers and OEMs
        - CoTec USA paid deposits and progress payments totaling $9,316 as at September 30, 2026 toward the acquisition of rare earth magnet making equipment and pre-engineering – major process equipment delivered to the Northlake Texas Facility in November 2026
        - Announced a phased development approach for the Northlake Texas Facility in July 2026, with magnet cutting and finishing operations targeted for commissioning in H1 2027, initially utilizing up to 20 tonnes of magnet blocks supplied by HyProMag Group operations in the United Kingdom and Germany
        - Feedstock discussions are underway with several other large recyclers to diversify HyProMag USA's feedstock supply

        - Progressed the Northlake Texas Facility Class 2 AACE capital cost estimate and detailed design study led by PegasusTSI and BBA to approximately 38% complete, with a 3D plant model completed based on the Class 2 estimate prepared in Q4 2025
    - MagIron LLC ("MagIron"):
        - Announced positive results of a pig iron concept and economic study prepared by Primetals Technologies, identifying three technically credible pathways to produce approximately 2 million tonnes per annum of granulated pig iron at the MagIron facilities in Minnesota and Indiana
        - Completed its first independent full pot-grate pellet test program at the Natural Resources Research Institute, University of Minnesota, with fired pellets demonstrating excellent strength and durability and excellent performance under direct reduction conditions
        - The Company exercised 92,878 and 26,383 MagIron warrants on July 30, 2026 and September 25, 2026, respectively, for aggregate consideration of US$221,239 ($312). After the exercises, the Company's undiluted equity ownership was maintained at 16.67% as at September 30, 2026
    - Lac Jeannine Project:
        - Confirmed the Project's ability to produce high-purity iron concentrate grading in excess of 67% FeT and low in impurities in July 2026, based on metallurgical test work at Corem as part of the ongoing Feasibility Study
        - Provided an update on the commercial deployment of the first Salter SCMG2 multi-gravity separator, with factory acceptance testing commenced at Salter's UK facility prior to shipment to Corem in Québec
    - CoTec Copper:
        - Finalized the joint venture shareholder agreement with U.S.-based Copper Intelligence Inc. ("Copper Intelligence") on September 29, 2026 to target processing of historical copper tailings opportunities in the Democratic Republic of Congo

Corporate

- Completed the initial closing of a non-brokered private placement of unsecured convertible debentures (the "Convertible Debentures") on September 17, 2026, issuing Convertible Debentures with an aggregate principal amount of $12,059 (see "***Capital Resources - Convertible Debentures***" below) and, subsequent to quarter-end, completed the final closing on October 15, 2026, issuing Convertible Debentures with an aggregate principal amount of $7,941 (including $5,000 purchased by Kings Chapel International Ltd. ("Kings Chapel"), a related party), bringing total principal issued under the offering to $20,000
- Received gross proceeds of $75 from the exercise of 150,000 stock options
- Engaged Epstein Research to provide investor relations services in July 2026

Recent Developments and Outlook

Operationally, CoTec's key focus is the continued roll-out of HyProMag USA's first production hub at Northlake in the Dallas-Fort Worth area of Texas. Cutting and finishing operations remain targeted for commissioning in H1 2027, with Phase 1 of the Northlake Texas Facility now expected to be commissioned in mid-2028. Most of the equipment for the Northlake Texas Facility Phase 1 has been ordered and $9,316 of deposits have been paid – first major process equipment was delivered to the Northlake Texas Facility in November 2026. Subsequent to quarter-end, HyProMag USA secured electrical power capacity with Oncor Electric Delivery Company LLC for the cutting and finishing operations and Phase 1, PegasusTSI commenced contractor selection for a general contractor for the cutting and finishing operations, and HyProMag USA announced a Pre-Feasibility Study outlining options to quadruple planned U.S. rare earth magnet capacity through three additional production plants. Efforts to secure feedstock and offtake are ongoing and discussions with potential financiers are progressing.

At Lac Jeannine, test work has confirmed the Project's ability to produce high-purity iron concentrate grading in excess of 67% 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, subject to completion of the ongoing Feasibility Study.

MagIron continued engagement with potential customers and financing partners for the re-start of its facilities. During the quarter it announced the completion of a positive 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 and completed a successful pot-grate pellet test program. MagIron is advancing pig iron as its primary development strategy and retains the ability to produce a high-quality DR-grade pellet product as a commercial alternative to provide maximum flexibility.

On September 29, 2026, the Company finalized the joint venture shareholder agreement with Copper Intelligence and investment vehicles associated with the Company's CEO and Chairman. The joint venture company is being incorporated in the British Virgin Islands and 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 both the joint venture board and the CoTec Board of Directors, prior to resources being committed to development.

Subsequent to quarter-end, the Company also entered into a non-binding framework agreement with Battery Mineral Resources Corp. ("BMR") establishing a structured pathway toward the potential formation of a Strategic Economic Joint Venture at BMR's Punitaqui Mining Complex in Chile (see "Subsequent Events").

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 2026 Updates

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 ("Northlake Texas Facility"). The results of the Feasibility Study and the 2026 June Update are summarized below:

	Feasibility Study 2024	**2026 June Update**
HPMS vessels	2	3
Target annual production - NdFeB magnets - NdFeB co-products	 750 metric tons per annum 291 metric tons per annum	 1,048 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 26.4% based on current market prices. The payback period at current market prices is 3.1 years and 2.2 years at forecast market prices.

The update focused on maximizing 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.

In October 2026, HyProMag USA announced the results of a Pre-Feasibility Study ("PFS") prepared by PegasusTSI and BBA USA for future expansion, which also updated the economics of the Northlake Texas Facility.

The PFS assessed three new production plants in South Carolina, Nevada and a second location in Texas, which is expected to incorporate a centralized manufacturing, finishing and technology hub (the "Central Texas Hub") located in Texas, to produce commercial NdFeB magnet products in the United States from both end-of-life recycled feedstock and primary alloy material. The new production plants are to be constructed in stages commencing in 2030, 2032 and 2034. The expanded four-plant platform (including the Northlake Texas Facility) targets total salable material production of approximately 6,000 metric tons per year by 2034, including approximately 4,192 metric tons per annum of magnets. For the three new plants (excluding the Northlake Texas Facility), the PFS indicates a post-tax NPV (7% real) of US$1,854 million to US$2,062 million, a post-tax IRR of 31% to 36%, capital costs of approximately US$623 million to US$656 million (AACE Class 3) and a payback of 2.3 to 3 years, depending on whether recycled feed only or recycled and primary feed is assumed. On a combined basis, the four-plant platform indicates a post-tax NPV of US$2.6 billion to US$2.8 billion. The NPV does not include the economic benefit of any government or state incentives, or carbon pricing. Subject to ongoing review, the expansion strategy is expected to progress to a Feasibility Study at the appropriate time.

As part of the PFS the Company updated the post-tax NPV of the Northlake Texas Facility consistent with the announced phased development approach in July 2026. The post-tax NPV (7% real) is approximately US$723 million based on forecast prices, with a capital cost estimate of approximately US$167 million (AACE Class 2). The reduction from the post-tax NPV of approximately US$797 million announced in June 2026 reflects the later construction timetable, higher capital costs and updated operating cost assumptions.

Operational Update

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 Northlake Texas Facility. 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.

Building on the expansion concept studies completed in January 2026, the PFS released in October 2026 (see above) outlines options to quadruple planned U.S. rare earth magnet capacity through the placement of three additional HPMS recycling and magnet manufacturing plants in South Carolina, Nevada and a second location in Texas.

During the third quarter of 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 of 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.

Two of 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, and the third one prepared as a mobile unit targeting data centers, 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 Northlake Texas Facility. HyProMag USA will stage its early works equipment procurement. As at September 30, 2026, CoTec USA had paid deposits and progress payments of $9,316 toward the acquisition of rare earth magnet making equipment and pre-engineering. Restricted cash at that date comprised $521 held in escrow in connection with these equipment deposits. CoTec USA has entered into equipment purchase and sale agreements with outstanding commitments totaling US$17.6 million (see "Transaction with Related Parties").

Commissioning of the Northlake Texas Facility is planned on a phased basis. Cutting and finishing operations, which will initially utilize up to 20 tonnes of magnet blocks supplied by HyProMag Group operations in the United Kingdom and Germany and will establish a strategic training facility for the finishing of NdFeB magnets in advance of the main Northlake Texas Facility developments, are targeted for commissioning in H1 2027. Phase 1, targeted for completion in mid-2028, is designed to produce approximately 550 metric tons per annum of NdFeB magnet blocks and finished magnets and approximately 484 metric tons per annum of co-products (approximately 1,034 metric tons per annum of total payable production), ramping up in Phase 2 to the full targeted annual capacity of approximately 1,048 metric tons of sintered NdFeB magnet blocks and cylinders and approximately 478 metric tons of co-products (approximately 1,526 metric tons of total payable production). Subsequent to quarter-end, HyProMag USA secured electrical power capacity with Oncor Electric Delivery Company LLC for the

cutting and finishing operations and Phase 1, with a pathway through a sub-station upgrade to provide power for Phase 2. PegasusTSI has commenced contractor selection for a general contractor for the cutting and finishing operations and Weston Solutions, Inc. is advancing permitting.

Engagement with potential offtake customers is ongoing and, together with HyProMag Group, HyProMag USA has supplied first sample magnets to potential U.S. 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, for which prospective advisors and investment banks are being engaged, 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 US$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 the 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 2026, 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.

In October 2026, HyProMag GmbH, which operates the rare earth magnet recycling and manufacturing facility in Pforzheim, Germany, was selected as a Strategic Project under the European Union's Critical Raw Materials Act, and was included among 46 Strategic Projects announced by the European Commission. Maginito holds a 90% direct and indirect interest in HyProMag GmbH, assuming conversion of its convertible loan. On October 28, 2026, Maginito announced that it has entered an agreement for the purchase of the 10% equity interest it does not already own.

Lac Jeannine Property (100% Option to Purchase)

Lac Jeannine, BSL and MagIron (see below) represent 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 Québec, 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 on 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 mid-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.

On July 29, 2026, the Company confirmed the Project's ability to produce high-purity iron concentrate grading in excess of 67% FeT and low in impurities, based on metallurgical test work completed at Corem as part of the ongoing Feasibility Study. Québec's threshold for high-purity iron is at least 67% iron with low impurities, and Canada's Critical Minerals List was updated in 2024 to include high-purity iron. Critical mineral status remains subject to completion of the Feasibility Study.

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 the first commercial-scale SCMG2 multi-gravity separation machine ("MGS") from Salter. In August 2026, the Company provided an update on its commercial deployment: the MGS is being assembled at Salter's UK facility, with factory acceptance testing having commenced in Q3 2026, following which it will be shipped to Corem in Québec to serve as CoTec's testing and demonstration platform, supporting the Lac Jeannine Feasibility Study as well as testing on future CoTec projects. CoTec holds exclusive worldwide rights for iron ore and iron ore waste applications of the SCMG2, and is progressing discussions relating to iron ore tailings opportunities in Brazil. 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 first-of-a-kind plant. This represents significant support from a large number of mining and steel companies interested in testing BSL's Cold Agglomerated Pellets at scale and surpasses the requirement for the plant.

On the development side, BSL is running a series of programs 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.

During Q3, BSL ran a series of magnetite DR projects for testing at scale, alongside its hematite DR pellets, to further demonstrate their performance and economic benefits. BSL welcomed a number of visitors to its Technical Centre in the United Kingdom during Q3, reflecting growing industry interest in its testing capabilities and technical expertise. BSL also completed several funded pilot production runs across a range of iron ore types, all producing pellets which met seaborne specifications. By-product testing for steel mills and third parties is ongoing and providing positive and encouraging results.

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 US$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.

In January 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 financing partners for the re-start of its existing facilities and the development of a new pig iron facility. During the quarter, MagIron announced 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 2.2 million tonnes per annum of granulated pig iron at the MagIron facilities, which MagIron believes could meet up to half of current U.S. merchant pig iron requirements, and supports its strategy to establish itself as a key supplier of high-quality iron units into the United States.

In August 2026, MagIron completed its first independent full pot-grate pellet test program, conducted by the Natural Resources Research Institute at the University of Minnesota using concentrate from MagIron's 2025 pilot plant program. The fired pellets demonstrated excellent strength and durability, and metallurgical testing demonstrated excellent performance under direct reduction conditions. MagIron is evaluating a coarser grind and reduced reagent consumption, which is expected to further enhance the project economics relative to the Behre Dolbear feasibility study released earlier in 2026. MagIron is now advancing pig iron as its primary development strategy and retains the ability to produce a high-quality DR-grade pellet product to provide commercial flexibility.

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 has made considerable progress in its technology development and in Q4 2024 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 Ceibo, with CoTec as joint partner/investor or on a technology license basis.

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

Copper Intelligence Joint Venture (30%)

On September 29, 2026, the Company finalized the joint venture shareholder agreement with U.S.-based Copper Intelligence and two investment vehicles associated with the Company's CEO and Chairman to target processing of historical copper tailings opportunities in the Democratic Republic of Congo.

The joint venture company is in the process of being registered and first potential targets have been identified.

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. Subsequent to quarter-end, the Company entered into a non-binding framework agreement with BMR to apply CoTec technologies at the Punitaqui copper mining complex in Chile (see "Subsequent Events").

Looking ahead, the Company will focus on the completion of the detailed design and engineering for HyProMag USA and the commissioning of the Northlake Texas Facility cutting and finishing operations in H1 2027 and, in parallel, progress discussions to secure both supply and offtake agreements for this project, continue the staged procurement of long-lead equipment and complete financing arrangements.

At Lac Jeannine, the feasibility study is progressing. Discussions with all relevant stakeholders in Lac Jeannine are ongoing.

CoTec is also targeting the completion of the incorporation of the Copper Intelligence joint venture company and the evaluation of first potential targets, and the commencement of technical and economic evaluations with BMR at Punitaqui together with the negotiation of definitive agreements.

RESULTS OF OPERATIONS

For the three months ended September 30 ***($'000 unless otherwise stated)***	**2026**	**2025**
Income		
Gain (loss) on equity investments	(48)	(609)
Share of (loss) of associates and joint venture accounted for using the equity method	(2,302)	(1,381)
Expenses		
Professional consulting fees	(351)	(231)
General and administrative expenses	(873)	(902)
Share-based compensation	(355)	(908)
Operating (loss)	**(3,929)**	**(4,031)**
Net finance expense	(268)	(181)
Net (loss)	**(4,197)**	**(4,212)**
Foreign currency translation	(43)	(8)
Comprehensive (loss)	**(4,240)**	**(4,220)**

For the nine months ended September 30 ***($'000 unless otherwise stated)***	**2026**	**2025**
Income		
Gain (loss) on equity investments	200	(1,043)
Share of (loss) of associates and joint venture accounted for using the equity method	(5,063)	(4,016)
Expenses		
Professional consulting fees	(1,137)	(608)
General and administrative expenses	(2,821)	(2,358)
Share-based compensation	(937)	(1,612)
Operating (loss)	**(9,758)**	**(9,637)**
Net finance expense	(4,699)	(575)
Net (loss)	**(14,457)**	**(10,212)**
Foreign currency translation	240	396
Comprehensive (loss)	**(14,217)**	**(9,816)**

Three Months Ended September 30, 2026

The loss on equity investments of $48 for the three months ended September 30, 2026 was mainly driven by foreign exchange movements on the Company's USD-denominated investments. This compares to a restated loss of $609 for the three months ended September 30, 2025, which reflected fair value and foreign exchange movements on the Company's equity investments. The share of loss of associates and joint

venture accounted for using the equity method increased to $2,302 from a restated $1,381 in the comparative period, reflecting the Company's proportionate share of losses in HyProMag USA, Maginito and MagIron.

Share-based compensation expense comprises expenses relating to stock options, equity incentive units ("EIUs"), deferred share units ("DSUs") and restricted share units ("RSUs"). During the quarter, share-based compensation decreased from an expense of $908 in the comparative period to an expense of $355 in the current period. Expense related to stock options was $307 compared to $219, and RSU expense increased from $82 to $395 due to the additional RSUs granted in Q2 2026. These were partially offset by a recovery of $230 relating to EIUs (2025: expense of $287) and a recovery of $117 relating to DSUs (2025: expense of $320), reflecting the decrease in the Company's share price from $1.45 at June 30, 2026 to $1.24 at September 30, 2026 and its impact on the valuation of these cash-settled incentives.

Net finance expense increased to $268 in the current period vs. $181 in the comparative period. Finance expense increased to $665 from $231, mainly due to the discounting of interest-free loans to HyProMag USA and interest and accretion on the Convertible Debentures issued on September 17, 2026. This was partially offset by finance income of $336 (2025: $61), mainly representing accretion of the discount on the HyProMag USA receivable, and a foreign exchange gain of $61 (2025: loss of $11).

Professional consulting fees increased from $231 in the comparative period to $351 in the current period, reflecting increased legal and advisory activity associated with the Convertible Debenture financing and the Company's corporate initiatives. General and administrative expenses decreased slightly from $902 in the comparative period to $873 in the current period.

Nine Months Ended September 30, 2026

For the nine months ended September 30, 2026, the Company recorded a net loss of $14,457 compared to a restated net loss of $10,212 for the nine months ended September 30, 2025. The gain on equity investments of $200 (September 30, 2025: restated loss of $1,043) was driven by foreign exchange gains of $198, $73 and $9 on the Company's investments in BSL, Ceibo and the MagIron warrants, respectively, partially offset by an $80 decrease in the fair value of the MagIron warrants. The share of loss of associates and joint venture accounted for using the equity method was $5,063 (September 30, 2025: restated $4,016), comprising the Company's proportionate share of losses in HyProMag USA of $2,912, MagIron of $1,188 and Maginito of $963, as these entities continue to advance their development programs.

Professional consulting fees increased from $608 to $1,137, reflecting increased legal, advisory and consulting activity associated with the Company's corporate and financing initiatives. General and administrative expenses increased from $2,358 to $2,821, primarily due to increased payroll costs as CoTec continues to expand both its engineering and finance teams, and increased marketing and public relations expenses. Share-based compensation was an expense of $937 (September 30, 2025: $1,612), comprising stock option expense of $939 and RSU expense of $892, partially offset by recoveries of $541 relating to DSUs, $317 relating to EIUs and $36 relating to the convertible loan facility option, driven by the decrease in the Company's share price.

Net finance expense increased from $575 to $4,699, mainly due to the $4,820 discounting of interest-free loans to HyProMag USA, the $568 loss on settlement recognized on the April 30, 2026 settlement of convertible loans, standby fees and interest on the convertible loan facilities, and interest and accretion on the Convertible Debentures, partially offset by finance income of $913 (September 30, 2025: $132), which includes $894 of accretion of the discount on the HyProMag USA receivable.

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 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*, 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, 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*, 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 USA Write down	As at Jan. 1, 2025 (As Restated)
Investments	29,970	-	-	(20,491)	-	9,479
Investments in associates 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 three-month period ended September 30, 2025, and the balance sheet as at 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)

	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)

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

	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)

SUMMARY OF QUARTERLY RESULTS

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

$000's except per share Amounts	2026 Q3	2026 Q2	2026 Q1	2025 Q4	2025 Q3 Restated	2025 Q2 Restated	2025 Q1 Restated	2024 Q4 Restated
Net income (loss) for the period	(4,197)	(7,627)	(2,634)	(8,943)	(4,212)	(3,369)	(2,633)	(1,323)
Comprehensive income (loss) for the period	(4,240)	(7,370)	(2,608)	(9,129)	(4,220)	(3,292)	(2,306)	(611)
Net income (loss) per common share								
Basic	($0.03)	($0.07)	($0.03)	($0.08)	($0.04)	($0.05)	($0.04)	($0.02)
Diluted	($0.03)	($0.07)	($0.03)	($0.08)	($0.04)	($0.05)	($0.04)	($0.02)

The Company does not yet have any revenue-generating operations and therefore income is mainly generated from revaluation of investments. During Q3 2026, the Company recorded a loss of $4.2 million primarily driven by a $2.3 million loss on investments in associates and joint venture primarily due to equity method accounting, general and administrative expenses of $0.9 million, professional and consulting fees of $0.4 million, share-based compensation expense of $0.4 million and net finance expense of $0.3 million (finance expense of $0.7 million mainly relating to the accounting provision on the HyProMag USA receivable and the Convertible Debentures, partially offset by $0.3 million in finance income and a $0.1 million foreign exchange gain).

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 $145,287 as of September 30, 2026 (December 31, 2025: $130,830). For the nine months ended September 30, 2026, the Company used cash in operating activities totaling $6,127 (September 30, 2025: $3,733). The Company had cash and cash equivalents of $9,879 (December 31, 2025: $2,330), restricted cash of $521 (December 31, 2025: $nil) and working capital of $5,681 as at September 30, 2026 (December 31, 2025: $1,389 deficit). Restricted cash is not available for the Company's general operations and comprises $521 held in escrow in connection with the Company's equipment deposits. Cash and cash equivalents include $1,507 representing the first twelve months of interest payable on the Convertible Debentures issued at the initial closing (Note 14 of the accompanying Interim Financial Statements).

As at September 30, 2026, the Company had investments with a fair value of $8.1 million, current assets of $11.2 million, offset by current liabilities of $5.6 million and non-current liabilities of $10.8 million, which include the liability component of the Convertible Debentures of $9.1 million. Current liabilities and non-current liabilities include obligations to related parties totaling $4.0 million.

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, which may exceed its available resources over the next twelve months. These conditions give rise to a 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 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.

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

- During the nine months ended September 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 nine months ended September 30, 2026, $4.4 million was drawn from the convertible loan facilities;
- During the nine months ended September 30, 2026, the Company 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 the conversion price of $1.15 per share, and on June 11, 2026, $4.0 million was converted into 3,007,518 common shares at the conversion price of $1.33 per share), eliminating all convertible loan principal from the balance sheet;
- On September 17, 2026, the Company completed the initial closing of its non-brokered private placement of Convertible Debentures for aggregate principal of $12.1 million (net proceeds of $11.5 million after finder fees) and, on October 15, 2026, completed the final closing for aggregate principal of $7.9 million, bringing total principal raised under the offering to $20.0 million; and
- Management continues to actively monitor the investment portfolio and, where appropriate, will pursue monetization opportunities to further strengthen the balance sheet.

While the warrant and Convertible Debenture proceeds, including those received subsequent to quarter end, have improved the Company's liquidity, they do not eliminate the uncertainty given the Company's recurring operating losses, ongoing cash requirements and the remaining contractual commitments for the acquisition of rare earth magnet making equipment in addition to ongoing capital commitments and project development expenses at its investments. The Company's directors believe that the Company should be able to secure future funding as required; 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 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 nine months ended September 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 TSX-V advised the Company that under TSX-V policies, in order to obtain TSX-V 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 Company settled the full $2.6 million of outstanding principal under the 2025 Convertible Loans by issuing 2,260,869 common shares at the conversion price of $1.15 per share (measured at a fair value of $1.34 per share), resulting in a loss on settlement of $568. Concurrently, the Company, Kings Chapel and Epic Capital 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 Company issues non-transferable warrants to the lenders equal to 50% 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 Company 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 the conversion price of $1.33 per share. Following this conversion, no principal remained outstanding under the Company's convertible loan facilities as at September 30, 2026, with $0.4 million of unpaid interest and standby fees remaining outstanding.

Capital Resources - Convertible Debentures

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. On September 17, 2026, the Company completed the initial closing, issuing Convertible Debentures with an aggregate principal amount of $12.1 million. 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, mature on September 10, 2031 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 Convertible Debentures at any time at the principal amount plus accrued and unpaid interest, together with, if redeemed prior to the third anniversary of issuance, the interest that would have been payable to that anniversary. In connection with the initial closing, the Company paid cash finder fees of $0.5 million and issued 301,651 compensation warrants, each exercisable for one common share at $1.75 for 18 months. The net proceeds of $11.5 million were allocated $9.2 million to the liability component and $2.3 million to the conversion option equity component; the compensation warrants were assigned a fair value of $0.1 million, recorded in warrant reserve. As at September 30, 2026, $1.5 million, representing the first twelve months of interest payable on the Convertible Debentures issued at the initial closing, is included in cash and cash equivalents (Note 14 of the accompanying Interim Financial Statements). Kings Chapel agreed to purchase up to $5.0 million principal amount of Convertible Debentures at an additional closing to the extent the Company did not otherwise secure subscriptions from third-party investors.

On October 15, 2026, the Company completed the final closing, issuing Convertible Debentures with an aggregate principal amount of $7.9 million (including $5.0 million purchased by Kings Chapel), bringing the total principal issued under the offering to $20.0 million. In aggregate across both closings, the Company paid cash finder fees of $0.6 million and issued 356,228 compensation warrants. Net proceeds are intended to fund equipment purchases relating to the HyProMag USA permanent magnet recycling joint venture, working capital and general corporate purposes.

Capital Resources - Warrant Exercises

During the nine months ended September 30, 2026, warrant holders exercised 16,062,749 warrants at a weighted average exercise price of $1.19 per warrant, 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.

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.

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 and Directors 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 September 30, 2026 $	**Three months ended September 30, 2025 $**
Short-term salaries and benefits	(436)	(436)
Share-based compensation	(156)	(751)
Total	**(592)**	**(1,187)**

	Nine months ended	**Nine months ended**

	September 30, 2026 $	September 30, 2025 $
Short-term salaries and benefits	(1,308)	(1,166)
Share-based compensation	(1,428)	(1,407)
Total	**(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. 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 Interim 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. As at September 30, 2026, CoTec USA had paid deposits of $9,316 toward rare earth magnet making equipment and pre-engineering (Note 10 of the accompanying Interim Financial Statements).

Certain insiders of the Company, including Kings Chapel, an existing insider and Control Person of the Company, participated in the Convertible Debenture offering. Kings Chapel agreed to backstop up to $5.0 million principal amount of Convertible Debentures at the final closing and, subject to TSX-V approval, 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. At the final closing on October 15, 2026, Kings Chapel purchased $5.0 million principal amount of Convertible Debentures and, following the final closing, owns or controls an aggregate $6.75 million principal amount of Convertible Debentures. The insider participation constitutes a related party transaction under Multilateral Instrument 61-101 (“MI 61-101”), and the Company relied on the exemptions from the formal valuation and minority shareholder approval requirements in sections 5.5(b) and 5.7(1)(a) of MI 61-101.

Investment vehicles associated with the Company’s CEO and Chairman are parties to the Copper Intelligence joint venture shareholder agreement finalized on September 29, 2026. Opportunities pursued by the joint venture require approval by the independent members of the CoTec Board of Directors prior to resources being committed to development.

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 (such earlier date, the "Vesting Date"), 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 September 30, 2026 was $2,400.

As at September 30, 2026, 2,409,173 vested EIUs remain unpaid resulting in a current liability of $1,219 to the CEO. As at September 30, 2026, the fair value of the unvested EIUs was $1,181, calculated by Monte Carlo simulation using an expected annual volatility of approximately 75.52% 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 estimated liability for these EIUs would be $1,540. At $1.15 per share, the estimated liability would be $1,610; at $1.20 per share, the estimated liability would be $1,680, and at $1.25 per share the estimated liability would be $1,750. As at September 30, 2026, the closing share price for the Company on the TSX-V, was $1.24 per share, which if traded at these levels as of the Vesting Date, results in a liability of $1,736.

No EIUs were granted to the CEO pursuant to the above-noted arrangement during the nine months ended September 30, 2026:

Balance of Unvested EIUs			
Owner	**Number Awarded #**	**Grant Value $**	**Value as at Sept. 30, 2026 $**
CEO	1,571,640	602	1,181
	1,571,640	**602**	**1,181**

No stock options were granted to the CEO pursuant to the December 2025 Compensation Agreement during the nine months ended September 30, 2026.

Balance of Stock Options as of Sept. 30, 2026		
Owner	**Number Awarded #**	**Number of options vested**
CEO	3,853,971	3,397,989

Chairman	430,611	430,611
	4,284,582	**3,828,600**

SUBSEQUENT EVENTS

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. 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 $623 and issued 356,228 compensation warrants.

Battery Mineral Resources – Punitaqui Strategic Partnership

On October 15, 2026, the Company and BMR entered into a non-binding framework agreement establishing a structured pathway toward the potential formation of a Strategic Economic Joint Venture to unlock additional copper production and growth opportunities at the Punitaqui Mining Complex operated by BMR in the Coquimbo region of Chile, using CoTec technologies. BMR would retain 100% ownership and economic benefit of its existing Punitaqui operation, and CoTec and BMR would each have a 50% economic participation in the incremental production and value generated from CoTec technologies and qualifying new developments. CoTec is expected to bear the third-party costs of the initial assessment and testing activities approved by CoTec. The framework is non-binding, except for certain provisions relating to exclusivity, confidentiality and other customary matters, and is subject to the completion of technical and economic evaluations and the negotiation of definitive agreements.

HyProMag USA and HyProMag GmbH

On October 13, 2026, the Company noted that HyProMag USA had secured electrical power capacity with Oncor Electric Delivery Company LLC for the Northlake Texas Facility cutting and finishing operations and Phase 1, and that HyProMag GmbH had been selected as a Strategic Project under the EU Critical Raw Materials Act. On October 27, 2026, the Company noted HyProMag USA's Pre-Feasibility Study outlining future expansion options to quadruple planned U.S. rare earth magnet capacity (see "Maginito (20.6%) and HyProMag USA Joint Venture (60.3% flowthrough ownership) Investments" above). On November 9, 2026, the Company noted that HyProMag USA had announced the delivery of the first major process equipment to the Northlake Texas Facility.

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 period. Actual results could differ from these estimates.

In preparing the Interim 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.

OFF-BALANCE SHEET ARRANGEMENTS

At September 30, 2026, other than the equipment purchase commitments described under "Commitments" above, 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, which is owned by an irrevocable discretionary trust associated with Julian Treger, the Company's Chief Executive Officer and a director of the Company, 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 loans from Kings Chapel.

Finally, Kings Chapel and an investment vehicle associated with Mr. Genovese are parties to the Copper Intelligence joint venture shareholder agreement, under which opportunities require approval by the independent members of the CoTec Board of Directors.

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.

OUTSTANDING SHARE DATA AS AT NOVEMBER 10, 2026

a) Authorized and issued Share Capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	120,975,444

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
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
September 17, 2026	March 17, 2028	$1.75	301,651
October 15, 2026	April 15, 2028	$1.75	54,577

d) Convertible Debentures Outstanding:

As at the date of this MD&A, Convertible Debentures with an aggregate principal amount of $20,000 are outstanding, convertible into up to 11,428,571 common shares at a conversion price of $1.75 per share.

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 Issuers' Annual and Interim Filings), the Venture Issuer Basic Certificate 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 on SEDAR+ at www.sedarplus.com.