UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.

For the three months ended March 31, 2025

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 MARCH 31, 2025, AND DECEMBER 31, 2024

	Mar. 31, 2025	Dec. 31, 2024
ASSETS		
Current		
Cash and cash equivalents	$ 249	$ 755
GST receivable	58	83
IZ Note Receivable (Note 8)	352	346
Other receivables and prepaids	23	14
Total current assets	682	1,198
Non-Current		
Due from HyProMag USA (Note 7)	3,349	2,668
Investments in equity instruments (Note 5)	30,201	29,970
Investments in associate and joint venture (Note 6)	10,827	10,572
Exploration & evaluation (Note 9)	1,141	1,069
TOTAL ASSETS	**$ 46,200**	**$ 45,477**
LIABILITIES		
Current		
Trade and other payables	$ 73	$ 390
Accrued liabilities	1,502	1,526
Total current liabilities	1,575	1,916
Non-Current		
Stock-based compensation liability	$ 1,333	$ 1,306
Embedded Derivative (Note 11)	1,237	752
Convertible loan (Note 11)	4,895	3,214
Deferred share unit liability	636	573
TOTAL LIABILITIES	9,676	7,761
EQUITY		
Share capital (Note 4)	112,679	112,670
Contributed surplus	15,494	15,319
Deficit	(92,720)	(91,008)
Cumulative translation adjustment (Note 6)	1,071	735
TOTAL EQUITY	36,524	37,716
TOTAL LIABILITIES AND EQUITY	**$ 46,200**	**$ 45,477**

Corporate information and going concern (Note 1)

On behalf of the Board:

(signed) Julian Treger Director

(signed) Lucio Genovese Director

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 MARCH 31, 2025, AND 2024

	For the three months ended	
	Mar. 31, 2025	**Mar. 31, 2024**
INCOME/(EXPENSES) FROM INVESTMENTS		
(Loss) gain on equity investment (Note 5)	(200)	1,091
(Loss) on embedded derivative (Note 11)	(42)	-
Share of (loss) in associate and joint venture accounted for using equity method (Note 6)	(128)	(127)
EXPENSES		
Professional consulting fees	(170)	(92)
General & administrative expenses	(709)	(676)
Share-based compensation (Note 4)	(269)	(135)
Operating (loss) income	**(1,518)**	**61**
Finance expense (Note 11)	(190)	(58)
Finance income	6	6
Foreign exchange (loss) gain	(11)	(48)
Net finance expense	(195)	(100)
Income tax expense	-	-
Net (loss) income	**$ (1,712)**	**$ (39)**
OTHER COMPREHENSIVE INCOME		
Foreign currency translation (Note 6)	336	-
Comprehensive (loss) income	**$ (1,376)**	**$ (39)**
Net (loss) income per common share (Note 13)		
Basic	($0.02)	($0.00)
Diluted	($0.02)	($0.00)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE PERIODS ENDED MARCH 31, 2025, AND 2024

	Share Capital		Contributed Surplus		Cumulative Translation Adjustment	Deficit	Total Equity
	Number	**Amount**	**Options**	**Warrants**	**Amount**	**Amount**	**Amount**
Balance – Jan. 1, 2024	**60,226,506**	**106,777**	**10,940**	**3,382**	**-**	**(90,030)**	**31,069**
Net loss for the period	-	-	-	-	-	(39)	**(39)**
Share buyback	(625,000)	(391)	-	-	-	-	**(391)**
Exercise of warrants	1,300,000	1,086	-	(111)	-	-	**975**
Equity-settled share-based compensation	-	-	293	-	-	-	**293**
Balance – Mar. 31, 2024	**60,901,506**	**$107,472**	**$11,233**	**$3,271**	**-**	**$(90,069)**	**$31,907**
Balance – Jan. 1, 2025	**71,547,530**	**$112,670**	**$11,923**	**$3,396**	**$735**	**$(91,008)**	**$37,716**
Net loss for the period	-	-	-	-	-	(1,712)	**(1,712)**
Foreign currency translation	-	-	-	-	336	-	**336**
Exercise of warrants	8,984	9	-	(4)	-	-	**5**
Equity-settled share-based compensation	-	-	180	-	-	-	**180**
Balance – Mar. 31, 2025	**71,556,514**	**$112,679**	**$12,103**	**$3,392**	**$1,071**	**$(92,720)**	**$36,524**

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)
FOR THE PERIODS ENDED MARCH 31, 2025, AND 2024

	For the three months ended	
	Mar. 31, 2025	**Mar. 31, 2024**
OPERATING ACTIVITIES		
Net (loss) for the period	$ (1,712)	$ (39)
Add items not affecting cash		
Loss on embedded derivative	42	-
Director fees paid in shares (Note 5)	(29)	(87)
Loss (gain) on equity investments (Note 5)	200	(1,091)
Share of loss in associate and joint venture accounted for using the equity method (Note 6)	128	127
Share-based compensation expense	269	135
Non-cash finance expense & foreign exchange	197	108
Changes in non-cash working capital balances related to operations		
Sales tax receivable	24	99
Other receivables and prepaids	(9)	9
Trade and other payables and accrued liabilities	(340)	238
Cash used by operating activities	**(1,231)**	**(501)**
INVESTING ACTIVITIES		
Purchase of private securities - Equity investments (Note 5)	(401)	(247)
Investments in associate and joint venture (Note 6)	(46)	(160)
Cash advanced to HyProMag USA (Note 7)	(747)	(422)
Exploration & evaluation assets (Note 9)	(84)	(171)
Cash used by investing activities	(1,279)	(1,000)
FINANCING ACTIVITIES		
Share buyback	-	(391)
Convertible loan	2,000	-
Warrant exercise	4	975
Cash from financing activities	2,004	584
Net decrease in cash and cash equivalents for the period	**(506)**	**(917)**
Cash and cash equivalents, beginning of period	755	1,282
Cash and cash equivalents, end of period	**$ 249**	**$ 365**

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 investment 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 $92,720 as at March 31, 2025 (December 31, 2024: ($91,008)). For the three months ended March 31, 2025, the Company used cash in operating activities totalling $1,231 (March 31, 2024: ($501)). The Company had cash and cash equivalents of $249 (December 31, 2023; $755) and a working capital deficit of $893 as at March 31, 2025 (December 31, 2024: $719). Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year.

The Company's continued operation is dependent upon its ability to raise additional funding. Although the directors believe that the Company should be able to secure future fundraising as required, there are no assurances that the Company will be successful in achieving this goal. As a result, there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize on its assets and discharge its liabilities for at least twelve months from March 31, 2025, 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.

2 Basis of Presentation

(a) Statement of Compliance with International Financial Reporting Standards

These condensed consolidated interim 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. 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, 2024.

(b) Basis of Consolidation

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

The interim financial statements include the accounts for the Company and its wholly owned subsidiaries, CoTec USA Corp. and 1391621 B.C. Ltd which were incorporated to house the investment in MagIron, whereas 1450518 B.C. Ltd holds the interest in HyProMag USA LLC. All intercompany balances and transactions have been eliminated upon consolidation.

These condensed consolidated interim financial statements are presented in Canadian dollars which is also the parent company's functional currency. The functional currency for each entity consolidated or equity accounted within the Company is determined by the currency of the primary economic environment in which it operates.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the average exchange rates for the period.

Subsidiaries are included in the consolidated financial statements of the Company from the effective date of acquisition up to the effective date of disposition or loss of control.

All significant intercompany amounts and transactions between the Company and its subsidiaries have been eliminated on consolidation.

The principal subsidiaries, joint arrangements, and associates to which the Company is a party, as well as their geographic locations, were as follows as at March 31, 2025:

Affiliate name	**Location**	**Interest**	**Classification and method of accounting method**
1391621 B.C. Ltd.	Canada	100%	Consolidated
1450518 B.C. Ltd.	Canada	100%	Consolidated
CoTec USA Corp	USA	100%	Consolidated
HyProMag USA	USA	50%	Joint venture; equity method
Maginito Ltd.	BVI	20.6%	Associate; equity method

(c) Segment Reporting

The Company applies IFRS 8 – Operating Segments, which requires disclosure of operating segments based on internal reports reviewed by the Chief Operating Decision Maker ("CODM"). The CODM monitors performance and allocates resources at a consolidated level. As a result, the Company has determined that it operates in a single operating and reportable segment, and accordingly, no segmented information is presented in these annual financial statements.

(d) Accounting Policies

The accounting policies, estimates and judgements, 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, 2024. Accordingly, these Interim Financial Statements should be read in conjunction with the Company's most recent annual financial statements.

(e) Approval of Financial Statements

The Board of Directors approved these Interim Financial Statements for issue on May 28, 2025.

3 Critical Accounting Estimates and Judgements

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

In preparing the interim condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements for the year ended December 31, 2024.

4 Share Capital

Equity

The Company has unlimited authorized common shares with no par value. Total common shares issued and outstanding as at March 31, 2025, numbered 71,556,514.

Warrant Exercises

During the three months ended March 31, 2025, a total of 8,984 warrants were exercised for gross proceeds of $5. Each warrant was exercised at a price of $0.55 per share. The corresponding amount of $4 previously recognized in contributed surplus was reclassified to share capital.

Stock Options

Share-based compensation expenses recognized in the Consolidated Statement of Income and Comprehensive Income for the three months ended March 31, 2025, and March 31, 2024, is as follows:

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

	Mar. 31, 2025	**Mar. 31, 2024**
Stock options	(179)	(217)
Equity incentive units	(27)	82
Deferred share units	(58)	1
Restricted share units	(4)	(1)
Total	**(269)**	**(135)**

The Company's omnibus equity incentive plan (the "Plan") was approved by the Company's shareholders at its annual general and special meeting held October 27, 2022.

Under the Plan, the Board of Directors may grant options to directors, officers, employees or consultants with the number of outstanding options at any time limited to a maximum of 10% of the number of issued and outstanding common shares. The vesting periods for individual awards of options are determined at the discretion of the Corporate Governance, Compensation and Nominating Committee.

There were no options granted during the three months ended March 31, 2025. The weighted average fair value per option granted during the three months ended March 31, 2024 was $0.57. As at March 31, 2025, there was $514 of share-based compensation expense (March 31, 2024: $1,076) relating to the Company's unvested stock options to be recognized in future periods.

For the three months ended March 31, 2025, stock-based compensation expense relating to the vesting of stock options, was $179. A summary of option activity under the Plan during the three months ended March 31, 2025, is as follows:

	Number of options #	**Weighted average exercise price $**
Balance – December 31, 2024	6,094,238	0.52
Granted	-	-
Balance – March 31, 2025	**6,094,238**	**0.52**

The number of options outstanding as at March 31, 2025, is shown in the following table:

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

Options Outstanding					Options Exercisable
Date of Grant	**Expiry Date**	**Number Outstanding #**	**Exercise Price $**	**Remaining life (years)**	**Number outstanding #**
September 24, 2021	September 24, 2031	1,152,916	0.30	6.48	1,152,916
October 8, 2021	October 8, 2031	288,229	0.45	6.52	288,229
April 19, 2022	April 19, 2032	711,912	0.55	7.05	474,608
September 7, 2022	September 7, 2032	202,020	0.46	7.44	134,680
April 24, 2023	April 24, 2033	1,631,906	0.50	8.07	543,968
January 25, 2024	January 25, 2034	279,954	0.75	8.82	93,318
February 15, 2024	February 15, 2034	65,000	0.75	8.88	21,667
February 20, 2024	February 20, 2034	730,000	0.75	8.89	243,333
April 25, 2024	April 25, 2034	207,051	0.50	9.07	-
May 15, 2024	May 15, 2034	50,250	0.50	9.12	-
July 11, 2024	July 11, 2034	425,000	0.50	9.28	-
July 11, 2024	July 11, 2034	200,000	0.75	9.28	-
July 15, 2024	July 15, 2034	150,000	0.50	9.29	-
		6,094,238	**0.52**	**7.89**	**2,952,719**

Warrants

A summary of warrant activity during the three months ended March 31, 2025, and December 31, 2024, is as follows:

	Number of warrants #	**Weighted average exercise price $**
Balance – December 31, 2024	5,396,044	1.03
Exercised	(8,984)	0.55
Balance – March 31, 2025	**5,387,060**	**1.03**

The warrants outstanding as at March 31, 2025, are shown in the following table:

Warrants Outstanding					Warrants Exercisable
Date of Grant	**Expiry Date**	**Number Outstanding #**	**Exercise Price $**	**Remaining life (years)**	**Number outstanding #**
April 14, 2022	April 14, 2025	241,036	0.55	0.04	241,036
April 25, 2024	April 25, 2025	4,141,024	1.05	0.07	4,141,024
May 15, 2024	May 15, 2025	1,005,000	1.05	0.12	1,005,000
		5,387,060	**1.03**	**0.08**	**5,387,060**

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

5 Equity Investments

Summary:

	Mar. 31, 2025	**Dec. 31, 2024**
	$	**$**
Balance, beginning of period	29,970	24,080
Additions	431	1,078
Fair value adjustment	(172)	2,493
Foreign exchange	(28)	2,319
Balance, end of period	**30,201**	**29,970**

Represented by the following investments:

	Mar. 31, 2025	**Dec. 31, 2024**
	$	**$**
MagIron Common Shares	20,689	20,491
MagIron Warrants	652	611
Binding Solutions Ltd.	6,704	6,710
Ceibo Inc.	2,156	2,158
Total Balance, end of period	**30,201**	**29,970**

MagIron LLC (“MagIron”)

As at March 31, 2025, CoTec had a 16.6% undiluted equity interest in MagIron LLC (“MagIron”). MagIron is a U.S. based private company that acquired an iron ore project that it intends to refurbish and bring back into production.

During the three months ended March 31, 2025, through a series of continuous investments amounting to USD280,651, or $401, as well as shares issued for board advisory fees which amounted to USD20,417, or $29, CoTec maintained its undiluted equity ownership of 16.6% in MagIron, as at March 31, 2025. The Company owns 5,406,433 A-1 Shares, 70,040 A-2 Shares, 145,244 A-3 Shares valued at $2.6047 per share as of March 31, 2025.

Management applies the price of recent investment valuation technique where it uses the initial cost of the investment or, where there has been subsequent investment, the price at which a significant amount of new investment into the investee was made, to estimate the enterprise value.

The most recent valuation of USD5.21 per MagIron share represented an increase in the Company’s initial investment. Management also considered the uncertainties around the project milestones and has applied an overall success factor of 50% to this gain, to reflect management’s expectation of the project being successful as well as the likelihood of a liquidity event. For the three months ended March 31, 2025, there has been no change in equity value, and any related changes in foreign exchange have been recorded through the statement of income as FVTPL in the amount of $19.

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

As of March 31, 2025, CoTec owned 853,384 warrants to purchase MagIron equity. For the three months ended March 31, 2025, the change in fair value of the warrant investments was a $42 gain. The fair value of the warrants was calculated using the Black-Scholes options pricing model based on the inputs noted in the table below, using a relative fair value approach such that the total fair value assigned to the warrants and the equity investment in MagIron would not exceed the total consideration paid for each equity subscription.

MagIron Warrant Summary

Date of Purchase	Warrants Owned	Exercise Price USD	Expected Life	Annualized Volatility %[1]	Risk-Free rate %	Warrant Fair Value USD[2]
February 2, 2023	120,773	0.66	0.67 years	104%	2.46%	1.98
April 26, 2023	92,878	1.09	1.04 years	104%	2.46%	1.72
June 16, 2023	26,383	4.56	1.19 years	104%	2.46%	0.74
October 26, 2023	159,100	4.56	1.55 years	104%	2.46%	0.92
November 14, 2023	384,025	4.56	8.62 years	104%	2.97%	2.23
February 8, 2024	70,225	4.56	8.86 years	104%	2.97%	2.24
Total	**853,384**					

[1]Based on a set of publicly traded peers; [2]Based on Black-Scholes option pricing model, excluding adjustment for relative fair value approach

Binding Solutions Limited ("BSL") Initial Investment

BSL is a UK based private company that has developed a proprietary cold agglomeration technology to produce high-quality clean pellets from primary materials, waste dumps, and stockpiles. As of March 31, 2025, CoTec holds 3,301 shares, or approximately 3% of the outstanding common shares of BSL.

On April 11, 2022, the Company and BSL entered into an investment agreement ("Investment Agreement") pursuant to which the Company received the exclusive right to apply BSL's pelletization technology to ferroalloy and slag waste projects in Canada, Germany, Austria and the Netherlands for a period of 36 months from the date of the Investment Agreement. Such application would be via one or more joint venture entities that would initially be owned 50/50 by CoTec and BSL and on terms and conditions set out in the Investment Agreement.

Subsequent to the Company's equity investment into BSL on April 14, 2022, BSL received an equity investment from an Asian based corporate group at a valuation of USD1,101.25 per share. On August 4, 2023, BSL received a subsequent equity investment by Australian-based MinRes at a valuation of

USD1,412.64 per share. The latest price as paid by the Australian-based MinRes was considered a reliable indicator of fair value and therefore used as a basis to write up the investment value at the time. This valuation represents an 87% increase over the valuation which the Company recorded its initial USD2.5 million investment in BSL.

Changes in foreign exchange have been recorded through the consolidated statement of income and comprehensive income as FVTPL in the amount of a $6 loss for the three months ended March 31, 2025. No changes or events subsequent to the relevant transaction that would imply a change in the investment's fair value were identified.

Ceibo Investment

On May 9, 2023, the Company completed a USD1.5 million equity investment into Ceibo Inc., or $2,007. Ceibo, a Delaware private corporation, through its wholly-owned Chilean subsidiary has developed a process to leach low-grade primary copper sulphides, such as chalcopyrite, and copper waste material using a proprietary high throughput inorganic leaching technology.

For the three months ended March 31, 2025, there was a $2 loss due to changes in FX recorded through FVTPL with no changes to the equity value. No changes or events subsequent to the initial transaction that would imply a change in the investment's fair value were identified.

6 Investment in Associates – Maginito Investment

The Company's initial investment in Maginito was on March 16, 2023, for GBP1.5 million, or $2,496 for 10% of Maginito's equity. On September 29, 2023, the Company funded a cash call in Maginito Limited ("Maginito") of GBP130,970, or $216. On September 30, 2023, the Company completed its GBP2 million, or $3,411 equity investment into Maginito by converting the Mkango Convertible Loan which brought its total ownership to approximately 20.6% of the outstanding shares of Maginito, for a total cost of GBP3.5 million. Significant influence was realized through its 20.6% stake in Maginito and board representation. From September 30, 2023, the Company accounts for its ownership of Maginito using the equity-method of accounting.

Maginito is a private company that was established by Mkango Resources Limited ("Mkango"), which currently holds a 79.4% interest in Maginito as of March 31, 2025, to pursue downstream green technology opportunities in the rare earths supply chain, encompassing NdFeB magnet recycling and innovative rare earth alloy, magnet and separation technologies.

In connection with the investment, Maginito and CoTec agreed to collaborate on the commercialization of downstream rare earth technologies in the United States and Mkango Rare Earths UK Ltd. was transferred to become a 100% subsidiary of Maginito. Maginito and CoTec are evaluating the development of recycling, chemical processing, alloy and magnet manufacturing in the United States. A feasibility study was completed in November 2024, and the engagement of an engineering, procurement, construction and management ("EPCM") services company is underway in parallel with ongoing discussions with potential customers and recycling partners.

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

On January 27, 2025, the Company funded a cash call in Maginito of GBP25,341, or $46.

For the three months ended March 31, 2025, 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 $128. The carrying value of the Company's investment in Maginito as at March 31, 2025 is $10,827.

Operating and financial results of Maginito for the three months ended March 31, 2025, and year ended December 31, 2024:

In GBP000s		**Mar. 31, 2025**		**Dec. 31, 2024**
TOTAL ASSETS	**£**	**6,836**	**£**	**7,126**
TOTAL LIABILITIES		3,688		3,604
TOTAL EQUITY		3,148		3,523
TOTAL LIABILITIES AND EQUITY	**£**	**6,836**	**£**	**7,126**

In GBP000s		**For the three months ended Mar. 31, 2025**		**Mar. 31, 2024**
EXPENSES				
Operating loss		**(428)**		**(516)**
Income tax expense		-		28
Foreign exchange		(1)		(4)
Comprehensive loss for the period	**£**	**(429)**	**£**	**(492)**

The functional currency of Maginito is the British Pound Sterling (GBP). The results and financial position of the equity investment are translated into CAD as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at the average exchange rate for the period; and

- Resulting exchange differences are recognized in Other Comprehensive Income and accumulated in the Cumulative Translation Adjustment (CTA) component of equity.

Due to the decline in value of the CAD against the GBP during Q1 2025, the Company recognized an unrealized foreign exchange translation gain of $336 (2024 – $735) in Accumulated Other Comprehensive Income, representing the cumulative translation adjustment of the net investment in the associate. The translation adjustment will remain in equity until disposal of the investment, at which point it will be reclassified to profit or loss.

7 HyProMag USA Joint Venture

On January 3, 2024, the Company created a joint venture entity, HyProMag USA LLC (“HyProMag USA JV”), with Maginito Limited where each party owns a 50% equity interest (refer to Note 6 Investment in Associates – Maginito Investment regarding collaboration and commercialization of downstream rare earth technologies in the United States).

The investment in the joint venture is accounted for using the equity method. As of March 31, 2025, the carrying amount of the investment in HyProMag USA JV was nil.

For the three months ended March 31, 2025, HyProMag USA JV incurred losses amounting to USD402,281. The Company’s share of the losses is USD201,141, or $289 for the three months ended March 31, 2025. However, due to the carrying amount of the investment being nil, the Company has not recognized its share of losses in accordance with IAS 28.38. The Company will resume recognizing its share of profits (or losses) only after the unrecognized losses have been offset by future profits and the receivable has been fully repaid.

Per the HyProMag USA JV agreement, the Company is required to fund 100% of the initial capital of HyProMag USA JV. 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 $3,982. The Company has discounted the receivable amount at a rate of 8% and calculated present value (“PV”) based on planned repayment of 2.25 years as no interest is charged on the amount owed. The Company has therefore recognized a PV receivable of $3,349 as at March 31, 2025, and recorded a $67 loss through finance expense for the three months ended March 31, 2025 ($566 loss recognized during 2024).

8 Notes Receivable

As of March 31, 2025, 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. IZ is a public company that engages in the exploration, development, production and distribution of the natural industrial mineral zeolite, and trades on the TSX-V under IZ. The loan matured on November 21, 2024, and is currently past due.

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

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.

Credit Risk Assessment and Expected Credit Losses

Under IFRS 9 – Financial Instruments, the loan receivable is assessed under the Expected Credit Loss ("ECL") model, which categorizes financial assets into three stages:

- Stage 1 (Performing): 12-month ECL recognized
- Stage 2 (Significant Credit Risk Increase): Lifetime ECL recognized
- Stage 3 (Credit-Impaired): Lifetime ECL recognized, with interest revenue recorded on a net basis

Although the loan has matured and remains unpaid as of March 31, 2025, CoTec does not consider the loan to be impaired. 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 structure repayment plan being negotiated
- Market capitalization of IZ as of March 31, 2025, was approximately CA$424k, and the Company continues to assess IZ's financial position and available liquidity
- As of the reporting date, no provision for ECL has been recorded, as management believes the loan is fully recoverable

Aging Analysis of Past Due Loan Receivable

Days Past Due	Gross Carrying Amount $	Loss Allowance $
1-30 days	-	-
31-60 days	-	-
61-90 days	-	-
90+ days	352	-
Total	**352**	**-**

Collateral and Security

The loan is secured by a GSA, which provides the Company with a security interest over IZ's assets. Management believes that the value of secured assets exceeds the outstanding loan balance, mitigating credit risk.

Repayment Discussions

The Company is actively engaging with IZ's management to establish a repayment plan, ensuring that outstanding amounts are collected in a timely manner. No formal loan extension has been executed as of the reporting date.

Significant Judgements and Estimations

Management has exercised judgement in assessing the loan's recoverability, considering:

- Security over assets held under the GSA
- IZ's financial position and market capitalization
- Ongoing discussions regarding repayment arrangements
- Potential restructuring or extension of loan terms

As of March 31, 2025, management has determined that no impairment provision is required, and the loan remains classified as Stage 2 under IFRS 9. The Company will continue to monitor developments and reassess the ECL provision in subsequent periods.

9 Exploration and Evaluation

Lac Jeannine Project

On August 9, 2023, the Company entered into an option agreement to acquire 31 mining claims forming the Lac Jeannine Property located in the Cote-Nord region of Quebec, Canada. On September 5, 2023, the company engaged Sonic-Drilling Corp. to conduct the drilling work at the Lac Jeannine property for the completion of a maiden resource estimate on the Project. The Company has also made the first payment of US$40,000 to the vendors of the property as per the option agreement announced on August 9, 2023.

For the three months ending March 31, 2025, the Company has incurred $84 in expenditures on the Lac Jeannine Project.

10 Related Party Transactions

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 Board Chairman 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 for the three months ended March 31, 2025, and March 31, 2024:

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

	Mar. 31, 2025	**Mar. 31, 2024**
	$	**$**
Short-term salaries and benefits	(365)	(359)
Share-based compensation expense	(240)	(217)
Total	**(605)**	**(576)**

There is $1,109 of accrued salaries in accrued liabilities for the CEO, CFO and Board Chairman which remain to be paid.

Other Related Party Transactions

As at March 31, 2025, $859 was accrued for salaries for both the CEO and CFO which is included in accrued liabilities which remain to be paid.

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

Pursuant to the compensation agreement with the CEO, the Company has awarded and will continue to award to the CEO additional EIUs equal to 7% of the common shares issued or issuable pursuant to financing transactions on each closing date of such transactions from November 27, 2023 until December 31, 2025 (“December 2025 Compensation Agreement”) excluding certain common shares issued on which broker fees are payable. Each EIU is equivalent in value to one common share of the Company, and will vest on the earlier of i) December 31, 2026, provided that the 30-day volume weighted average trading price (“VWAP”) of the common shares as on the principal stock exchange on which they are then traded is at least $1.10 per share (adjusted as required to give effect to any stock splits, consolidations or other reorganizations of the common shares after the date hereof), and ii) the date on which the Company completes a change of control (the “Vesting Date”), provided in either case that the Director is engaged with the Company as Executive Chair or CEO and remain so engaged as of the respective Vesting Dates. If the EIUs vest in accordance with the aforementioned conditions, then no later than 10 days after the respective Vesting Dates, the Company will deliver in respect of every Unit, at its discretion, either i) one common share or ii) a cash payment equal to the VWAP of the common shares on the primary stock exchange for the five trading days immediately preceding the Vesting Date.

In connection with the December 2025 Compensation Agreement, the Company has also awarded and will continue to award to the CEO additional stock options equal to 5% of the common shares issued pursuant to financing transactions on each closing date of such transactions until December 31, 2025, excluding certain common shares issued on which broker fees are payable. Each award under this agreement will have an exercise price equal to the most recent closing price of the common shares as of the date of the grant, a term of 10 years and will be subject to vesting over three years, with 1/3 of each option grant vesting each year.

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

As at March 31, 2025, 2,409,173 EIUs remain vested and unpaid resulting in a liability of $1,332 to the CEO and Board Chairman.

As at March 31, 2025, the fair value of the EIUs were calculated using Monte Carlo simulation using an expected volatility of approximately 63% based on historical volatility to estimate the expected value by averaging the ending stock prices as at the vesting dates over 10,000 simulations.

Should the common shares trade at $1.10 per share as of the Vesting Date for the December 2025 Compensation Agreement, the estimate liability for these EIUs would be $1,351. At $1.15 per share, the estimated liability would be $1,412; at $1.20 per share, the estimated liability would be $1,474, and at $1.25 per share the estimated liability would be $1,535. As at March 31, 2025, the closing share price for the Company on the TSX-V, was $0.65 per share, which if traded at these levels and up to $1.10 per share as of the Vesting Date, would result in a liability of nil for these EIUs.

No EIU's were granted to the CEO pursuant to the above-noted arrangement during the three months ended March 31, 2025.

Balance of EIUs as of Mar. 31, 2025			
Owner	**Number Awarded #**	**Grant Value $**	**Value as at Mar. 31, 2025 $**
CEO	1,228,157	1,114	326
	1,228,157	**1,114**	**326**

No Stock Options were granted to the CEO pursuant to the above-noted arrangement during the three months ended March 31, 2025.

Balance of Stock Options as of Mar. 31, 2025	
Owner	**Number Awarded #**
CEO	3,608,626
Chairman	430,611
	4,039,237

11 Convertible Loan

On November 19, 2024, the Company entered into a convertible loan agreement with Kings Chapel ("Convertible Loan Agreement"). All outstanding notes payable to Kings Chapel were converted into the convertible loan. The Company recognized a balance of $2,334 in convertible loans and $396 in embedded derivatives as Kings Chapel has the option to convert the loan into common shares at $0.75 per share. In addition, the principal amount of the loan is automatically converted into common shares at $0.75 per share if at any time after January 1, 2025, the Company's stock price exceeds $1.00 for 15 consecutive days. However, the convertible loan will only be converted into common shares to the extent that it does not result in Kings Chapel and its related parties owning more than 49% equity interest in the Company.

In addition, Kings Chapel agreed to provide an additional $1,500 through three separate tranches: $500 on November 7, 2024, $500 on December 9, 2024, and $500 on January 7, 2025. The First and Second Tranche each had an embedded derivative of $89 respectively which was determined using Monte Carlo simulation, based on a share price volatility of 4.9% and 4.7%, a term of 3.2 and 3.1 years, and risk-free rates of 3.0% and 2.9%, respectively for the First and Second Tranche. There were four additional tranches: Third Tranche of $500 on January 6, 2025, Fourth Tranche of $500 on February 6, 2025, Fifth Tranche of $500 on March 5, 2025, and Sixth Tranche of $500 on March 19, 2025. The tranches had an embedded derivative of $124, $128, $88, and $103 respectively which was determined using Monte Carlo Simulation based on a daily share price volatility of 4.8%, 4.9%, 4.5%, and 4.6%, a term of 3.0, 2.9, and 2.8 years, and annual risk-free rates of 2.9%, 2.6%, and 2.5%.

As at March 31, 2025, the embedded derivative was valued at $1,237 using Monte Carlo simulation to forecast the Company's share price throughout the remaining term of the note. The basis of the Monte Carlo simulation used share price volatility of 4.5%, a term of 2.75 years, and a risk-free rate of 2.5%. For the three months ended March 31, 2025, the Company recorded a FV loss on the embedded derivative of $42. The principal component of the convertible loan was $4,895 as at March 31, 2025.

12 Fair Value Measurements of Financial Instruments

The categories of fair value hierarchy that reflect the significance of inputs used in making fair value measurements are as follows:

Level 1 – quoted in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

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 March 31, 2025			
	Level 1	**Level 2(1)**	**Level 3(1)**	**Total**
Equity securities	-	-	29,549	29,549
MagIron Warrants	-	-	652	652
EIUs	-	326	-	326
Embedded Derivatives	-	(1,237)	-	(1,237)
Balance, end of year	-	(911)	30,201	29,290

(1) Equity securities of MagIron 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 are included in Level 3 as the basis of valuation do 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 embedded derivative for the convertible loan was determined using Monte Carlo simulation which required some inputs to be used that are quoted directly and indirectly which would therefore be included in Level 2.

The carrying value of cash, receivables, and accounts payable approximates fair value due to the short-term nature of the financial instruments. During the three months ended March 31, 2025, 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
Financial assets at FVTPL	2,069	2,069	(2,069)	(2,069)

For equity investments, changes in their fair value are calculated by considering changes of discount rate (1% increase/decrease), changes in equity revaluation (10% increase/decrease), and changes in the MagIron success factor (10% increase/decrease).

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

13 Earnings Per Share

The calculations of basic and diluted income per share are based on the following:

		Mar. 31, 2025		Mar. 31, 2024
Net loss attributable to equity holders of CoTec	**$**	**(1,712)**	**$**	**(39)**
Weighted average number of common shares issued		71,551		61,568
Adjustments for dilutive instruments:				
Stock options		869		490
Warrants		28		27
EIUs		-		891
Diluted weighted average number of shares outstanding		71,551		62,977
Basic net loss per share		**($0.02)**		**($0.00)**
Diluted net loss per share		**($0.02)**		**($0.00)**

14 Segment Information

The Company operates in one reportable segment, operating as an investment issuer focused on the extraction of resources through environmentally sustainable technologies and strategic asset acquisitions. The Chief Operating Decision Maker reviews all operations and investments are monitored at a corporate level. Discrete financial information is therefore not prepared for individual business units, and the Company does not have separately reportable segments as defined under IFRS 8.

15 Risk Management

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, currency risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables and the Company's IZ note receivable. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions as determined by credit rating agencies. Receivables mainly consist of interest receivable from its cashable guaranteed investment certificate ("GIC").

Currency risk

The Company's operations are in Canada, the United States, and the United Kingdom. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency. The Company's operating expenses are incurred primarily in Canadian dollars, its assets in British Pounds, and its liabilities are denominated primarily in Canadian dollars, or US dollars. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities. As at March 31, 2025, the Company held cash in Canadian and US Dollars, therefore would incur some currency risk in its position. If the CADUSD FX rate increased/decreased by +/-10%, then the resulting change in USD cash balance would increase/decrease by $1/($1). Sensitivities that create notable step-changes in fair value are shown in Note 12. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings, and short-term debt to satisfy its capital requirements and will continue to depend heavily upon these financing activities. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company is exposed to risk that it will encounter difficulty in satisfying liabilities on maturity. The loan is an unsecured promissory note. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company will need additional capital in the future to finance ongoing expenses, such capital to be derived from the exercise of outstanding stock options, and, or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions, and underlying success of its investments. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings which are subject to risks around the Company being able to operate as a going concern (see Note 1)

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of iron ore, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. The Company's equity investments amounting to $30,201 are subject to fair value fluctuations. As at March 31, 2025, if the fair value of the Company's marketable securities had decreased/increased by 10% with all other variables held constant, income and comprehensive income for the period would have been approximately $3,020 higher/lower.

16 Subsequent Events

Kings Chapel Convertible Loan

On April 16, 2025, and on April 28, 2025, the Company drew down an additional $250 on each date, and $500 on May 15, 2025 under the Convertible Loan Agreement.