



**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS OF COTEC
HOLDINGS CORP.**

For the three months ended March 31, 2026

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



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

AS AT MARCH 31, 2026, AND DECEMBER 31, 2025

	Mar. 31, 2026	Dec. 31, 2025	Jan. 1, 2025 (Restated Note 2f)
ASSETS			
Current			
Cash and cash equivalents	\$ 4,534	\$ 2,330	\$ 755
GST and other receivables	216	147	83
Prepaid expenses	14	20	13
IZ Note Receivable (Note 8)	376	370	346
Other receivables and prepaids	<u>67</u>	<u>16</u>	<u>1</u>
Total current assets	5,207	2,883	1,198
Non-Current			
Due from HyProMag USA (Note 7)	7,147	4,586	955
Investments in equity instruments (Note 5)	8,184	8,259	9,479
Investments in associates and joint ventures (Note 6)	12,873	12,858	12,063
Exploration & evaluation (Note 9)	<u>2,258</u>	<u>1,803</u>	<u>1,069</u>
TOTAL ASSETS	\$ 35,669	\$ 30,389	\$ 24,764
LIABILITIES			
Current			
Trade and other payables	\$ 178	\$ 360	\$ 391
Accrued liabilities	850	2,457	1,526
Stock-based compensation liability (Note 10)	2,310	1,219	-
Convertible loan interest (Note 11)	<u>236</u>	<u>236</u>	<u>-</u>
Total current liabilities	3,574	4,272	1,917
Non-Current			
Stock-based compensation liability (Note 4, Note 10)	-	1,497	1,306
Convertible loans (Note 11)	2,626	2,161	3,489
Deferred share unit liability	<u>1,587</u>	<u>2,196</u>	<u>573</u>
TOTAL LIABILITIES	7,787	10,126	7,285
EQUITY			
Share capital (Note 4)	141,614	130,489	112,670
Contributed surplus	18,495	19,421	15,319
Equity component of convertible loan	137	109	299
Cumulative translation adjustment (Note 6)	1,100	1,074	864
Deficit	<u>(133,464)</u>	<u>(130,830)</u>	<u>(111,673)</u>
TOTAL EQUITY	27,882	20,263	17,479
TOTAL LIABILITIES AND EQUITY	\$ 35,669	\$ 30,389	\$ 24,764

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, 2026, AND 2025

	For the three months ended	
	Mar. 31, 2026	Mar. 31, 2025 (Restated Note 2f)
INCOME/(LOSS) FROM INVESTMENTS		
Gain (loss) on equity investment (Note 5)	141	33
Share of (loss) from associates and joint ventures accounted for using the equity method (Note 6, 7)	(1,410)	(1,349)
EXPENSES		
Professional consulting fees	(291)	(170)
General & administrative expenses	(917)	(708)
Share-based compensation (Note 4)	<u>545</u>	<u>(269)</u>
Operating (loss)	(1,932)	(2,463)
Finance expense (Note 7, 11)	(912)	(191)
Finance income	245	32
Foreign exchange (loss)	<u>(35)</u>	<u>(11)</u>
Net finance expense	(702)	(170)
Net (loss)	\$ (2,634)	\$ (2,633)
OTHER COMPREHENSIVE INCOME		
Foreign currency translation (Note 7)	<u>26</u>	<u>327</u>
Comprehensive (loss)	\$ (2,608)	\$ (2,306)
Net (loss) per common share (Note 14)		
Basic	(\$0.03)	(\$0.04)
Diluted	(\$0.03)	(\$0.04)



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

FOR THE PERIODS ENDED MARCH 31, 2026, AND MARCH 31, 2025

	Share Capital				Contributed Surplus		Cumulative Translation Adjustment	Deficit	Total Equity
	Number	Amount	Commitment to issue Shares	Convertible loan	Options	Warrants	Amount	Amount	Amount
Balance – Jan. 1, 2025 (Restated Note 2f)	71,547,530	\$112,670	\$-	\$299	\$11,923	\$3,396	864	\$(111,673)	\$17,479
Net (loss) for the period	-	-	-	-	-	-	-	(2,633)	(2,633)
Foreign currency translation	-	-	-	-	-	-	327	-	327
Convertible loan	-	-	-	101	-	-	-	-	101
Exercise of warrants	8,984	9	-	-	-	(4)	-	-	5
Equity-settled share-based compensation	-	-	-	-	180	-	-	-	180
Balance – Mar. 31, 2025 (Restated Note 2f)	71,556,514	\$112,679	\$-	\$400	\$12,103	\$3,392	\$1,191	\$(114,306)	\$15,459
Balance – Jan. 1, 2026	99,074,056	\$130,489	\$-	\$109	\$13,123	\$6,298	\$1,074	\$(130,830)	\$20,263
Net (loss) for the period	-	-	-	-	-	-	-	(2,634)	(2,634)
Foreign currency translation	-	-	-	-	-	-	26	-	26
Convertible loan (Note 11)	-	-	-	28	23	-	-	-	51
Exercise of warrants (Note 4)	7,812,527	10,499	626	-	-	(1,395)	-	-	9,730
Equity-settled share-based compensation	-	-	-	-	446	-	-	-	446
Balance – Mar. 31, 2026	106,886,583	\$140,988	\$626	\$137	\$13,592	\$4,903	\$1,100	\$(133,464)	\$27,882

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



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

FOR THE PERIODS ENDED MARCH 31, 2026, AND 2025

	For the three months ended	
	Mar. 31, 2026	Mar. 31, 2025 (Restated Note 2f)
OPERATING ACTIVITIES		
Net (loss) for the period	\$ (2,634)	\$ (2,633)
Add items not affecting cash		
Director fees received in shares (Note 6)	(23)	(29)
Loss (gain) on equity investments (Note 5)	(141)	(33)
Share of loss in associates and joint ventures accounted for using the equity method (Note 6,7)	1,410	1,348
Share-based compensation expense	(545)	269
Net non-cash finance expense & foreign exchange	686	170
Changes in non-cash working capital balances related to operations		
Sales tax receivables	(69)	24
Other receivables and prepaids	(45)	(9)
Trade and other payables and accrued liabilities	<u>(1,604)</u>	<u>(341)</u>
Cash used by operating activities	(2,965)	(1,233)
INVESTING ACTIVITIES		
Investments in associates and joint ventures (Note 6)	(368)	(446)
Cash advanced to HyProMag USA (Note 7)	(3,917)	(747)
Exploration & evaluation assets (Note 9)	<u>(641)</u>	<u>(84)</u>
Cash used by investing activities	(4,927)	(1,277)
FINANCING ACTIVITIES		
Convertible loan (Note 11)	400	2,000
Warrant exercise	<u>9,731</u>	<u>4</u>
Cash from financing activities	10,131	2,004
Net increase (decrease) in cash and cash equivalents for the period	2,239	(506)
Cash and cash equivalents, beginning of period	<u>2,330</u>	<u>755</u>
Exchange (losses) on cash and cash equivalents	(35)	-
Cash and cash equivalents, end of period	\$ 4,534	\$ 249



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

1 Corporate Information and Going Concern

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

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

The Company has experienced recurring operating losses and has an accumulated deficit of \$133,464 as of March 31, 2026 (December 31, 2025: (\$130,830)). For the three months ended March 31, 2026, the Company used cash in operating activities totalling \$2,965 (March 31, 2025: (\$1,233)). The Company had cash and cash equivalents of \$4,534 (December 31, 2025: \$2,330) and working capital of \$1,633 as at March 31, 2026 (December 31, 2025: \$1,389 deficit).

During the three months ended March 31, 2026, the Company raised approximately \$9.7 million through warrant exercises (see Note 4 Share Capital) and drew down \$0.4 million in convertible loan facilities (see Note 11 Convertible Loan).

The Company’s continued operation is dependent upon its ability to raise additional funding and/or generate cash through other business activities. Although the directors believe that the Company should be able to secure future funding as required, there are no assurances that the Company will be successful in achieving this goal. The going concern assessment is made as at March 31, 2026, based on conditions existing at that date; while the warrant proceeds resulted in additional liquidity, they do not eliminate the uncertainty given the Company's recurring operating losses, and ongoing cash requirements. As a result, there is material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These consolidated interim financial statements have been prepared on a going concern basis, which assumes the Company will realize on its assets and discharge its liabilities for at least twelve months from March 31, 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.

2 Basis of Presentation

(a) Statement of Compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements (the “Interim Financial Statements”), which are presented in Canadian dollars, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) applicable to the preparation of Interim Financial Statements, including International Accounting Standards (“IAS”) 34, Interim Financial Reporting. They do not include all information required for a complete set of



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

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, 2025.

(b) Basis of Consolidation

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

These 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 obtaining control up to the effective date of disposition or loss of control.

The principal subsidiaries and joint arrangements to which the Company is a party, as well as their geographic locations, were as follows as at March 31, 2026:

Affiliate name	Location	Interest	Classification and method of accounting method
1391621 B.C. Ltd.	Canada	100%	Consolidated
1450518 B.C. Ltd.	Canada	100%	Consolidated
Société CoTec Québec Inc.	Canada	100%	Consolidated
CoTec Copper	Canada	100%	Consolidated
CoTec USA Corp	USA	100%	Consolidated
HyProMag USA	USA	50%	Joint venture; equity method
HyProMag USA Trading	USA	50%	Joint venture; equity method
Maginito Ltd.	BVI	20.6%	Associate; equity method
MagIron LLC	USA	16.4%	Associate; equity method



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

(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, only segmented information presented by geographical location is presented in these Interim 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, 2025 with the exception of:

Effective January 1, 2026, the Company adopted the amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures, "Amendments to the Classification and Measurement of Financial Instruments" (the "Amendments"), issued by the IASB. The Amendments clarify, among other matters, the requirements for derecognition of financial liabilities settled through electronic payment systems and introduce an accounting policy election permitting derecognition before the settlement date when specified conditions are met.

The Company has elected to derecognize financial liabilities settled through wire transfers, electronic funds transfer (EFT) transactions, and bank-initiated electronic bill payments before the settlement date. The Company made this election because, for each of these payment systems, it has no practical ability to withdraw, stop, or cancel payment instructions once initiated, no practical ability to access the cash for settlement, and the settlement risk associated with the payment system is insignificant. The election applies to all electronic payment systems used by the Company.

Cheques are not subject to this election. Accordingly, the Company has revised its accounting policy to derecognize financial liabilities settled by cheque upon clearance by the bank, rather than upon issuance. The Amendments have been applied retrospectively; the Company assessed the impact at December 31, 2025, and concluded that the impact was not material to the consolidated financial statements at either date. As a result, no adjustment has been recorded to the comparative consolidated statement of financial position.

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, 2026.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

(f) Restatement of Previously Issued Financial Statements

Convertible Loans

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

CTA Presentation Error

During Q3 2025, a prior period misclassification and calculation error was identified in the presentation of the cumulative translation adjustment, which had previously been recorded through retained earnings rather than as an adjustment to the carrying value of the related equity-accounted associate. Comparative figures as of January 1, 2025, have been restated.

MagIron LLC ("MagIron")

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

The restatement has been applied retrospectively from the date of initial recognition of the investment on January 18, 2022, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Accordingly, the cumulative adjustment has been recognized in the opening statement of financial position as of January 1, 2025, being the earliest comparative period presented. Comparative figures as of January 1, 2025, have been restated.

HyProMag USA

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

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

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)

A summary of the requisite adjustments on the financial statements for the 3-month period ending March 31, 2025, is set forth in the table below:

	Three months ended Mar. 31, 2025 (As Previously Reported)	CTA	Convertible Loan Adjustment	MagIron Significant Influence adjustment	Due from HyProMag USA write down	Three months ended Mar. 31, 2025 (As Restated)
Net (loss)	(1,712)	-	41	(91)	(871)	(2,633)
(Loss) gain on equity investments	(200)	-	-	233	-	33
Share of (loss) of associates and joint ventures accounted for using the equity method	(128)	-	-	(324)	(897)	(1,349)
Loss on embedded derivative	(42)	-	42	-	-	-
Finance income	6	-	-	-	26	32
Finance expense	(190)	-	(1)	-	-	(191)
Net loss per common share	(\$0.02)	-	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.04)
Comprehensive (loss) income	(1,376)	-	41	(100)	(871)	(2,306)

	As at Mar. 31, 2025 (As Previously Reported)	CTA	Convertible Loan Adjustment	MagIron Significant Influence adjustment	Due from HyProMag USA write down	As at Mar. 31, 2025 (As Restated)
Investments in equity instruments	30,201	-	-	(20,689)	-	9,512
Investments in associate and joint venture	10,827	690	-	899	-	12,416
Due from HyProMag USA	3,349	-	-	-	(2,584)	765
Embedded Derivative	1,237	-	(1,237)	-	-	-
Convertible loan	4,895	-	618	-	-	5,513
Contributed surplus	15,494	-	400	-	-	15,894
Equity component of convertible Loan	-	-	-	-	-	-
Cumulative translation adjustment	1,071	(45)	-	165	-	1,191
Deficit	(92,720)	735	219	(19,955)	(2,584)	(114,305)



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

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, 2025.

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, 2026, was 106,886,583.

Warrant Exercises

During the three months ended March 31, 2026, a total of 8,277,268 warrants were exercised for gross proceeds of \$9,731. The warrants were exercised at a weighted average price of \$1.18 per share. Upon exercise, the amount of \$1,394 previously recognized in contributed surplus was reclassified to share capital and commitment to issue shares, resulting in a total increase of \$10,499 and \$626 respectively. The Company issued 7,812,527 shares for the three months ended March 31, 2026, with a commitment to issue the remaining 464,743 shares as of March 31, 2026.

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

	Number of warrants #	Weighted average exercise price \$
Balance – December 31, 2024	5,396,044	1.03
Issued	18,252,412	1.18
Exercised	(1,052,007)	1.17
Expired	(5,344,880)	0.90
Balance – December 31, 2025	17,251,569	1.18
Issued	-	-
Exercised	(8,277,268)	1.18
Expired	-	-
Balance – March 31, 2026	8,974,301	1.18



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

The warrants outstanding as at March 31, 2026, are shown in the following table:

Warrants Outstanding				
Date of Grant	Expiry Date	Number Outstanding #	Exercise Price \$	Remaining life (years)
June 18, 2025	December 19, 2026	2,695,363	1.20	0.72
June 18, 2025	June 19, 2028	138,906	0.78	2.22
July 3, 2025	January 4, 2027	1,833,521	1.20	0.76
July 3, 2025	July 4, 2028	23,381	0.78	2.26
July 16, 2025	January 17, 2027	3,034,579	1.20	0.79
July 16, 2025	July 17, 2028	229,174	0.78	2.29
July 22, 2025	January 23, 2027	984,541	1.20	0.81
July 22, 2025	July 23, 2028	34,835	0.78	2.31
		8,974,301	1.18	0.83

Share-Based Compensation

Share-based compensation expenses recognized in the Consolidated Statement of Loss and Comprehensive Loss for the three months ended March 31, 2026, and March 31, 2025, are as follows:

	For the three months ended	
	Mar. 31, 2026	Mar. 31, 2025
Stock options (expense)	(294)	(179)
Equity incentive units recovery (expense)	406	(27)
Deferred share units recovery (expense)	610	(58)
Restricted share units (expense)	(155)	(5)
Convertible loan facility option (expense)	(22)	-
Total	545	(269)

RSUs

During the three months ended March 31, 2026, no additional RSUs were granted. As at March 31, 2026, 629,986 RSUs remain unvested.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

DSUs

During the three months ended March 31, 2026, no additional DSUs were granted. As at March 31, 2026, 1,219,672 DSUs have been granted, of which 329,670 remain unvested.

Options

During the three months ended March 31, 2026, no additional options were granted. As at March 31, 2026, there was \$1,062 of share-based compensation expense (March 31, 2025: \$514) relating to the Company's unvested stock options to be recognized in future periods.

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

	Number of options #	Weighted average exercise price \$
Balance – December 31, 2024	6,094,238	0.52
Granted	2,105,345	0.94
Balance – December 31, 2025	8,199,583	0.63
Granted	-	-
Balance – March 31, 2026	8,199,583	0.63

The options outstanding as at March 31, 2026, is shown in the following table:

Options Outstanding				2026 – Options Exercisable	
Range of Exercise Prices	Number of Options Outstanding	Weighted Average Years to Expiry	Weighted Average Exercise Price	Number of Exercisable Options	Weighted Average Exercise Price
0.25 – 0.49	1,643,165	5.61	0.35	1,643,165	0.35
0.50 – 0.74	3,176,119	7.14	0.51	2,077,282	0.52
0.75 – 0.99	3,151,299	8.79	0.86	783,303	0.75
1.00 – 1.24	229,001	9.44	1.04	-	-
	8,199,583	7.53	0.63	4,503,750	0.50

Equity Incentive Units (“EIUs”)

EIUs are accounted for as cash-settled share-based payments and are remeasured at fair value at each reporting date. During the three months ended March 31, 2026, no additional EIUs were granted. The total



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

number of EIU's outstanding as of March 31, 2026 is 2,409,173. The fair value of EIUs outstanding at March 31, 2026 was \$2,310, and is classified as current within stock-based compensation liability.

The fair value was determined using a Monte Carlo simulation model with 10,000 simulated price paths and historical volatility of 77.84%. The model estimated the Company's share price at December 31, 2026 to be \$1.04. Consistent with the vesting conditions, simulated outcomes below the \$1.10 price threshold result in no payout and were excluded from the valuation.

5 Equity Investments

Summary:

	Three months ended Mar. 31, 2026	Twelve months ended Dec. 31, 2025 (Restated note 2f)
	\$	\$
Balance, beginning of period	8,259	9,479
Warrants exercised at fair value	(216)	-
Fair value adjustment	6	(781)
Foreign exchange	134	(439)
Balance, end of period	8,184	8,259

For the three months ended March 31, 2026, the Company recognized a fair value gain of \$141 (2025: loss of \$1,220, Restated Note 2f) recorded in the consolidated statement of loss, reflecting changes in the underlying value of the investment and foreign exchange.

Represented by the following investments:

	Mar. 31, 2026	Dec. 31, 2025
	\$	\$
MagIron Warrants	369	575
Binding Solutions Ltd.	5,724	5,628
Ceibo Inc.	2,091	2,056
Total Balance, end of period	8,184	8,259

MagIron Warrants

As of March 31, 2026, CoTec owned 732,611 warrants to purchase MagIron shares. As of March 31, 2026, there has been an increase of \$6 in the value of its equity investments, and a gain of \$4 due to changes in foreign exchange that have been recorded through the statement of gain (loss) as FVTPL in the amount of



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

\$11. In addition, on February 1, 2026 the Company exercised 120,773 warrants at a cost of \$80,000USD or \$109 which increased its interest to 16.66% on an undiluted basis.

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

Date of Purchase	Expiry Date	Warrants Owned	Exercise Price USDS	Expected Life	Annualized Volatility % ¹	Risk-Free rate %	Warrant Fair Value USDS ²
Apr. 26, 2023	July 31, 2026	92,878	1.09	0.33 years	124%	2.82%	1.59
Jun. 16, 2023	Sep. 30, 2026	26,383	4.56	0.50 years	124%	2.82%	0.46
Oct. 26, 2023	Jan. 31, 2027	159,100	4.56	0.84 years	124%	2.82%	0.74
Nov. 14, 2023	Nov. 11, 2033	384,025	4.56	7.62 years	124%	3.46%	2.34
Feb. 8, 2024	Nov. 23, 2033	70,225	4.56	7.62 years	124%	3.46%	2.34
Total		732,611					

¹Based on a set of publicly traded peers; ²Based 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 for the production of high-quality clean pellets from primary materials, waste dumps, and stockpiles. As of March 31, 2026, CoTec holds approximately 3% of the outstanding shares of BSL.

During the period ended March 31, 2026, the Company recognized a fair value gain of \$96 due to foreign exchange movements on the USD-denominated investment, recorded through profit or loss, with no change to the underlying equity value.

Ceibo Investment

On May 9, 2023, the Company completed a USD 1.5 million, or \$2,007, equity investment into Ceibo Inc. ("Ceibo"), a Delaware private corporation. Ceibo, 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 period ended March 31, 2026, the Company recognized a gain of \$35 due to foreign exchange movements on the USD-denominated investment, recorded through profit or loss, with no change to the underlying equity value.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

6 Investment in Associates

Summary:

	Three months ended Mar. 31, 2026	Twelve months ended Dec. 31, 2025 (Restated Note 2f)
	\$	\$
Balance, beginning of period	12,858	12,063
Additions	607	2,451
Equity (loss) income	(618)	(1,866)
Currency Translation Adjustment	26	210
Balance, end of period	12,873	12,858

Maginito Limited (“Maginito”)

	Mar. 31, 2026	Dec. 31, 2025 (Restated Note 2f)
	\$	\$
Balance, beginning of period	11,831	11,264
Additions	161	894
Equity (loss) income	(235)	(571)
Currency Translation Adjustment	6	244
Balance, end of period	11,763	11,831

Maginito is a private company that was established by Mkango Resources Limited (“Mkango”) 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. Maginito is owned 79.4% by Mkango Resources Limited and 20.6% by the Company.

On January 6, 2026, the Company funded a cash call in Maginito of GBP86,311 or \$161.

For the three months ended March 31, 2026, the Company recognized, based on its 20.6% ownership in Maginito, an equity pick-up equivalent to its pro rata share of Maginito’s operating loss of \$235. The carrying value of the Company’s investment in Maginito as March 31, 2026 is \$11,763.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

Operating and financial results of Maginito for the three months ended March 31, 2026, and year ended December 31, 2025:

In CAD000s	Mar. 31, 2026	Dec. 31, 2025
TOTAL ASSETS	\$ 13,542	\$ 14,230
TOTAL LIABILITIES	11,007	9,615
TOTAL EQUITY	<u>2,535</u>	<u>4,615</u>
TOTAL LIABILITIES AND EQUITY	\$ 13,542	\$ 14,230

In CAD000s	For the three months ended	
	Mar. 31, 2026	Mar. 31, 2025
	\$	\$
EXPENSES		
Operating loss	(1,253)	(773)
Income tax expense	51	-
Exchange difference on intercompany translation	5	(1)
Net (loss) income	\$(1,197)	(774)

Due to the increase in value of the GBP against the CAD during the three months ended March 31, 2026, the Company recognized a foreign exchange translation gain of \$6 in Accumulated Other Comprehensive Income, representing the cumulative translation adjustment of the net investment in the associate. The translation adjustment will remain in AOCI until disposal of the investment, at which point it will be reclassified to profit or loss.

MagIron

	Mar. 31, 2026	Dec. 31, 2025 (Restated Note 2f)
	\$	\$
Balance, beginning of period	1,027	799
Additions	446	1,557
Equity (loss) income	(383)	(1,295)
Currency Translation Adjustment	20	(34)
Balance, end of period	1,110	1,027



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

As at March 31, 2026, CoTec had a 16.4% undiluted equity interest in MagIron. MagIron is a U.S. based private company focused on the restart of Plant 4 and the Reynolds Pellet Plant, a modern, past-producing iron ore concentrator and pelletizer.

For the three months ended March 31, 2026, the Company made investments amounting to USD70,988, or \$98 in exchange for equity issued by MagIron, as well as shares issued for director fees which amounted to USD16,406, or \$23. On February 1, 2026, the company exercised 120,773 warrants, resulting in an addition of \$327. CoTec thereby increased its undiluted equity ownership to 16.66% in MagIron, as at March 31, 2026. The Company owns 5,527,205 A-1 Shares, 70,040 A-2 Shares, and 319,444 A-3 Shares.

As described in Note 2f, the investment in MagIron has been restated to the equity method of accounting from the date of initial recognition on January 18, 2022, based on the determination that the Company exercises significant influence through its board representation.

Operating and financial results of MagIron:

In CAD000s	Mar. 31, 2026	Dec. 31, 2025
TOTAL ASSETS	\$ 54,160	\$ 52,982
TOTAL LIABILITIES	38,499	39,014
TOTAL EQUITY	15,661	13,968
TOTAL LIABILITIES AND EQUITY	\$ 54,160	\$ 52,982

In CAD000s	For the three months ended	
	Mar. 31, 2026	Mar. 31, 2025
EXPENSES		
Operating loss	(2,341)	(1,967)
Income tax expense	-	-
Exchange difference on intercompany translating	-	-
Comprehensive loss for the period	\$ (2,341)	\$ (1,967)

Due to the increase in value of the USD against CAD during the three months ended March 31, 2026, the Company recognized a foreign exchange translation gain of \$20 (2025 – \$34 loss, Restated Note 2f) in Accumulated Other Comprehensive Income, representing the cumulative translation adjustment of the net investment in the associate. The translation adjustment will remain in AOCI until disposal of the investment, at which point it will be reclassified to profit or loss.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

The functional currency of Maginito is the British Pound Sterling (GBP) and the functional currency of MagIron is the US Dollar (USD). The results and financial position of each equity-accounted 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.

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, 2026, the carrying amount of the investment in HyProMag USA JV was \$nil.

For the three months ended March 31, 2026, HyProMag USA JV incurred losses amounting to USD1,154,661. HyProMag USA JV has incurred cumulative losses since inception of USD8,769,952. The Company’s share of these cumulative losses is USD4,384,976. The Company has recognized its share of losses in accordance with IAS 28.39.

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

The Company is owed a total receivable from the HyProMag USA JV of \$16,467 which has increased in 2026 due to the project continuing the detailed design and engineering phase and the securing of a facility in Texas where the first production hub will be based. The Company has discounted the receivable amount at a rate of 11% and calculated the present value (“PV”) based on planned repayment in approximately 2.25 years whereas no interest is charged on the amount owed. The Company has also applied the Company’s portion of HyProMag USA JV losses against the outstanding receivable balance. The Company has therefore recognized a receivable of \$7,147 as at March 31, 2026 (December 31, 2025 – \$4,586), recorded a \$820 discounting through finance expense in 2026 (2025 - \$2,316), finance income in 2026 of \$239 (2025 – \$219), and applied cumulative losses of \$6,092 in 2026 (2025 – \$5,300).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

Operating and financial results of HyProMag USA:

In CAD000s	Mar. 31, 2026	Dec. 31, 2025
TOTAL ASSETS	\$ 4,423	\$ 2,788
TOTAL LIABILITIES	16,648	13,225
TOTAL EQUITY	(12,224)	(10,437)
TOTAL LIABILITIES AND EQUITY	\$ 4,423	\$ 2,788

In CAD000s	For the three months ended	
	Mar. 31, 2026	Mar. 31, 2025
EXPENSES		
Operating loss	(2,051)	(687)
Other expenses	467	128
Comprehensive loss for the period	\$ (1,584)	\$ (560)

Due from HyProMag USA

	Mar. 31, 2026	Mar.31, 2025
	\$	
Cash advanced to date	16,467	3,982
Less: Cumulative discount of receivable	(3,702)	(633)
Less: CoTec's cumulative share of losses	(6,092)	(2,610)
Add: Accretion of discount on receivable	457	26
Add: Accrued expenses	16	-
Balance, end of year	7,147	765

8 Notes Receivable

As of March 31, 2026, the Company has an outstanding secured loan receivable of \$300 from International Zeolite Corp. ("IZ") which was issued under a Bridge Loan Note dated November 21, 2022. IZ is a public company that engages in the exploration, development, production and distribution of the natural industrial mineral zeolite, and trades on the OTC under IZCFF. The loan matured on November 21, 2024, and is currently past due.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

The loan accrues interest at 7% per annum, compounded annually, and is secured by a General Security Agreement (“GSA”), granting the Company a first ranking charge over all of IZ’s assets. For the three months ended March 31, 2026, \$6 in interest income was recognized (March 31, 2025: \$6).

Although the loan has matured and remains unpaid as of March 31, 2026, the Company expects to recover the full carrying value of the loan. The following factors support this assessment:

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

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. The Company is working with IZ’s management to facilitate the repayment of the loan.

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 Côte-Nord region of Quebec, Canada. Under the option agreement, the Company is required to pay US\$40,000 (paid), US\$60,000 (paid), US\$250,000 at closing, and US\$1,000,000 upon commencement of commercial production, for total consideration of US\$1,350,000. The vendor will retain a 1.0% NSR royalty on tailings minerals and a 1.5% NSR royalty on other minerals, with buy-back rights for US\$3,000,000 total. As of March 31, 2026, the Company has incurred and capitalized \$2,258 in expenditures on the 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 Members as its key management personnel. The remuneration of key management is determined by the compensation committee of the Board of Directors. The consulting fees and other compensation of key management personnel were as follows:



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

	For the three months ended	
	Mar. 31, 2026	Mar. 31, 2025
Short-term salaries and benefits	(436)	(365)
Share-based compensation (expense)	886	(240)
Total	450	(605)

There is \$103 (2025: \$1,109) of accrued salaries included in accrued liabilities for the CEO, and CFO.

Other Related Party Transactions

The Company has entered into a series of loans with Kings Chapel International Limited (“Kings Chapel”) to facilitate timely investments and provide general working capital. Kings Chapel is owned by an irrevocable discretionary trust associated with Julian Treger, the Company's Chief Executive Officer and a director of the Company (Note 11).

December 2025 Compensation Agreement

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

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

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

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

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

EIUs are accounted for as cash-settled share-based payments and are remeasured at fair value at each reporting date. The fair value of EIUs outstanding at March 31, 2026 was \$2,310.

As at March 31, 2026, 2,409,173 vested EIUs remain unpaid resulting in a current liability of \$1,219 to the CEO. As at March 31, 2026, the fair value of the unvested EIUs were \$1,091, calculated using Monte Carlo



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

simulation using an expected annual volatility of approximately 77.84% based on historical annual volatility to estimate the expected value by averaging the ending stock prices as at the vesting dates over 10,000 simulations.

Should the common shares trade at \$1.10 per share as of the Vesting Date for the December 2025 Compensation Agreement, the estimate liability for these EIUs would be \$1,729. At \$1.15 per share, the estimated liability would be \$1,807; at \$1.20 per share, the estimated liability would be \$1,886, and at \$1.25 per share the estimated liability would be \$1,965. As at March 31, 2026, the closing share price for the Company on the TSX-V, was \$1.40 per share, which if traded at these levels as of the Vesting Date, results in a liability in excess of \$2,200.

No EIU's were granted to the CEO pursuant to the above-noted arrangement during the three months ended March 31, 2026:

Balance of Unvested EIUs			
Owner	Number Awarded	Grant Value	Value
	#	\$	as at Mar. 31, 2026
			\$
CEO	1,571,640	602	1,091
	1,571,640	602	1,091

No Stock Options were granted to the CEO pursuant to the December 2025 Compensation Agreement during the three months ended March 31, 2026.

Balance of Stock Options as of March 31, 2026	
Owner	Number Awarded
	#
CEO	3,853,971
Board Chairman	430,611
	4,284,582



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

11 Convertible Loan

	Mar. 31, 2026	Mar. 31, 2025
Present value of Convertible Loan	\$2,534	\$2,092
Accretion for the year	92	69
Ending Balance	\$2,626	\$2,161
Equity Portion	\$138	\$109

2024 Convertible Loan

The loan was fully settled during 2025, with \$236 of unpaid interest of remaining at March 31, 2026.

2025 Convertible Loans

On August 11, 2025, the Company entered into convertible loan facilities with Kings Chapel and Epic Capital Management Inc. (through three Epic funds) totalling \$6,600 (\$5,000 and \$1,600, respectively). The loans are unsecured, bear interest at 10% per annum, mature December 31, 2028, and carry a 2.5% standby fee on undrawn amounts.

The principal is convertible at the holder's option, at any time on or after November 15, 2025, into common shares at \$1.15 per share. The agreements were amended on October 16, 2025 to provide that automatic conversion occurs on the first day the Company's 15-day volume-weighted average trading price reaches \$1.35, or such later date as the Company may elect provided the closing price on the immediately preceding trading day remains at or above \$1.35. Conversion is subject to a 49% ownership limitation for Kings Chapel and related parties. The conversion terms satisfy the fixed-for-fixed condition under IAS 32.

The loans are classified as compound financial instruments under IAS 32, with a liability component measured at the present value of cash flows using a 12% discount rate and an equity component representing the conversion option. On December 18, 2025, the Company drew \$2,000 from Kings Chapel, allocated as \$1,895 liability and \$106 equity. On December 22, 2025, the Company drew \$200 from Epic Capital, allocated as \$197 liability and \$3 equity.

On January 30, 2026, the Company drew \$400 from Epic Capital, allocated as \$372 liability and \$28 equity.

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:



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

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

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, 2026			Total
	Level 1	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾	
Equity securities	-	-	7,815	7,815
MagIron Warrants	-	-	369	369
Balance, end of year	-	-	8,184	8,184

- (1) MagIron warrants are included in Level 3 as the basis of valuation do not have regular market pricing, but whose fair value can be determined based on a combination of evidence from an external arm's length transaction associated with the investee's equity, as well as certain assumptions used in the calculation of the fair value are not based on observable market data. Equity securities of BSL and Ceibo are included in Level 3 as the basis of valuation 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 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, 2026, no amounts were transferred between Levels.

Sensitivity Analysis for Recurring Fair Value Measurements Categorized within Level 3

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

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

	Favourable changes (\$)		Unfavourable changes (\$)	
	Profit or loss	Equity	Profit or loss	Equity
Ceibo Inc.	209	209	(209)	(209)
Binding Solutions Ltd.	573	573	(573)	(573)
MagIron Warrants	37	37	(37)	(37)
Financial assets at FVTPL	819	819	(819)	(819)

For equity investments, changes in their fair value are calculated by considering and changes in equity revaluation (10% increase/decrease).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

13 Earnings (loss) Per Share

The Company recorded a net loss for the three months ended March 31, 2026 and 2025; accordingly, all potentially dilutive instruments are anti-dilutive and basic and diluted loss per share are equal. The calculations of basic and diluted income/(loss) per share are based on the following:

	For the three months ended	
	Mar. 31, 2026	Mar. 31, 2025
Net (loss) income attributable to equity holders of CoTec	\$ (2,634)	\$ (2,633)
Weighted average number of common shares issued	102,059	71,551
Basic net income per share	(\$0.03)	(\$0.04)
Diluted net income per share	(\$0.03)	(\$0.04)

The following instruments were excluded from the diluted loss per share calculation:

Stock options (thousands)	3,259	869
Warrants (thousands)	3,068	28
RSUs (thousands)	189	-

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 monitors investments 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

A summary of segment activity during the three months ended March 31, 2026, and 12 months ended December 31, 2025, is as follows:

March 31, 2026	UK	US	CAD	Total
Total Assets	17,486	10,718	7,465	35,669
Total Liabilities	-	-	7,787	7,787
Net Loss	(134)	(1,711)	(789)	(2,634)

March 31, 2025, Restated Note 2f	UK	US	CAD	Total
Net Loss	(134)	(1,194)	(1,305)	(2,633)

December 31, 2025	UK	US	CAD	Total
Total Assets	17,458	8,245	4,686	30,389
Total Liabilities	-	-	10,125	10,125
Net Loss	(1,595)	(7,102)	(10,460)	(19,157)

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 financial assets including cash and receivables and illiquid financial assets including funds transferred to HyProMag USA and the Company's IZ note receivable. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with investment-grade Canadian and United States financial institutions as determined by credit rating agencies. Receivables mainly consist of interest receivable from its cashable guaranteed investment certificate ("GIC"), funds transferred to HyProMag USA, and note receivable from IZ.

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 US dollars and British Pounds, and its liabilities are denominated primarily in Canadian dollars, or US



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

dollars. The fluctuation of the Canadian dollar, US dollar, and British Pound 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, 2026, the Company held cash in Canadian and US Dollars ("CADUSD"), 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 \$3/(\$3). 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. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. Although the Company did raise for gross proceeds of \$9,731 through a Warrant Exercise, as well as secured \$400 in total convertible loan facilities (see Note 11 Convertible Loan), the Company will need additional capital in the future to finance ongoing expenses, such capital to be derived from the exercise of warrants, 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).

The following table summarizes the undiscounted contractual maturities of the Company's financial liabilities as at March 31, 2026

March 31, 2026	Less than 1 year	1 to 5 years	More than 5 years	Total
Accounts Payable	178	-	-	178
Accrued Liabilities	850	-	-	850
Stock-Based Compensation	2,310	-	-	2,310



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

Convertible Loan Interest	236	-	-	236
DSUs	-	1,587	-	1,587
Convertible Loan	-	2,626	-	2,626
Total	3,574	4,213	-	7,787

Price Risk

The Company is exposed to price risk with respect to 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. The Company closely monitors 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 \$8,184 are subject to fair value fluctuations. As at March 31, 2026, if the fair value of the Company's investments had decreased/increased by 10% with all other variables held constant, income and comprehensive income for the period would have been approximately \$818 lower/higher.

16 Subsequent Events

Warrant Exercises

Subsequent to quarter end, the Company fulfilled its commitment to issue shares to warrant exercisers. A further 8,250,222 warrants were exercised for gross proceeds of \$10.0 million. The remaining unexercised \$1.20 warrants expired on April 10, 2026.

Conversion of Principal under Convertible Loan Facility and Entering into New Convertible Loan Facility

Subsequent to quarter end, the Corporation settled the full \$2.6 million of outstanding principal under its convertible loan facilities by issuing 2,260,869 common shares at \$1.15 per share, and amended and restated the remaining \$4.0 million of the facilities with the same lenders on revised terms, including a maturity date of December 31, 2028, an interest rate of 10% per annum, and a conversion price of \$1.33 per share, with drawdowns available until June 12, 2026; concurrent with each draw, the Corporation will issue non-transferrable 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 at the conversion price of \$1.15 per share.