COTEC HOLDINGS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED – September 30, 2024

INTRODUCTION

This Management Discussion and Analysis ("MD&A") of CoTec Holdings Corp (the "Company" or "CoTec") has been prepared by management as of November 15, 2024. Information herein is provided as of November 15, 2024, unless otherwise noted. The following discussion of performance, financial condition and outlook should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023 ("Financial Statements") and the notes thereto, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2024 and 2023 ("Interim Financial Statements") and notes thereto prepared in accordance with IFRS applicable to interim financial reporting. These statements are filed with the relevant regulatory authorities in Canada. All amounts herein are expressed in thousands of Canadian dollars, unless otherwise indicated.

Additional information relevant to the Company's activities, including the Company's Annual Information Form dated July 20, 2022 ("Annual Information Form") can be found on SEDAR+ at www.sedarplus.com.

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

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

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

BUSINESS OVERVIEW

CoTec is a publicly traded company listed on the Toronto Venture Stock Exchange ("TSX-V") and the OTCQB and trades under the symbol CTH and CTHCF respectively. The Company is an environment, social, and governance ("ESG")-focused company investing in innovative technologies that have the potential to fundamentally change the way metals and minerals can be extracted and processed for the purpose of applying those technologies to undervalued operating assets, reclamation and recycling opportunities, as the Company transitions into a mid-tier mineral resource producer.

CoTec is committed to supporting the transition to a lower carbon future for the extraction industry, a sector on the cusp of a green revolution as it embraces technology and innovation. The Company has invested in four companies to date and is conducting economic assessment and feasibility studies on two operational projects where current technology investments could be deployed.

HIGHLIGHTS, RECENT DEVELOPMENTS AND OUTLOOK

Highlights for the Quarter

Operational

- Comprehensive loss for the three and nine months ended September 30, 2024, of $2,193 and $775 respectively primarily driven by adverse exchange rate movements and non-recurring vesting of Equity Incentive Units
- Filed Initial Mineral Resource Estimate and positive Preliminary Economic Assessment for the Lac Jeannine Iron Tailings Project ("PEA"). PEA completed on time and within budget. Initial Inferred Mineral Resource of approximately 73 million tonnes (Mt) at 6.7% total Fe for 4.9 Mt of contained total Fe. Pre-tax $NPV_{7\%}$ of US$93.6M, and IRR of 38%, and after tax $NPV_{7\%}$ of US$59.5M, and IRR of 30% excluding potential benefit of adjacent tailings
- Significant progress with the HyProMag USA LLC ("HyProMag USA") bankable feasibility study ("Feasibility Study"). Remains on budget and on schedule for release prior to end of 2024 fiscal year
- Secured exclusive agreement with Inserma Anoia S.L ("Inserma") to commercialize automated processing of hard disk drives, loudspeakers and electric motors to compliment HyProMag USA and HyProMag's German and UK future operations
- Post quarter-end MagIron LLC ("MagIron") Plant 4 secured air permit, being the final permit required for its planned re-start

Corporate

- Raised aggregate gross proceeds of $2.75 million through a non-brokered private placement
- Engaged San Diego Torrey Hills, Inc. ("Torrey Hills") to provide market awareness and investor relations services to CoTec and commenced marketing initiatives in the US

Recent Developments and Outlook

Comprehensive Income and Commentary

Though the Company had a strong quarter from an operational execution perspective, financially the third quarter was a weaker quarter for CoTec, primarily due to the adverse impact of a strengthening in the

Canadian dollar versus the US dollar during the quarter for equity investments ($381) and the non-regular vesting of Equity Incentive Units ($822) resulting in a comprehensive loss for the three and nine months ended September 30, 2024, of $2,193 and $775 respectively.

Earlier in 2024, our focus shifted towards operational application. Our technologies and our activities for the quarter and year to date have mainly centered around preparation for the operational roll out of HyProMag USA and progressing our Lac Jeannine Project, located in Québec, Canada.

To this end, we have announced the result of the Lac Jeannine Project PEA during Q2, 2024, completed and filed the PEA early in Q3, 2024 and the HyProMag Feasibility Study is in final stages of completion.

Maginito Limited (“Maginito”) and HyProMag USA Investments

Maginito and HyProMag USA represent the Company’s investment in the rare earth element (“REE”) sector. Their recycling technology significantly reduces the harmful impact of primary REE production. HyProMag USA joint venture was formally incorporated at the start of Q1 and its equity is owned on a 50:50 basis between CoTec and Maginito. This provides CoTec with a 50% direct equity interest and a further 10.3% indirect interest through its 20.6% equity interest in Maginito. HyProMag USA will roll out HyProMag’s revolutionary patented Hydrogen Processing of Magnet Scrap technology (“HPMS”) in the USA which recovers rare earth elements (“REE”) from permanent magnets.

During the first quarter of the year, HyProMag USA engaged BBA, Pegasus and Weston Solutions to complete the Feasibility Study prior to year-end. The Feasibility Study is based on three recycling plants and one magnet production facility. At quarter-end, the Feasibility Study was in an advanced stage and remain on track for delivery prior to 2024 year-end.

Site selection has commenced for two collection depos in Nevada and South Carolina with a third end-to-end recycling and production facility in Texas. The end-to-end recycling and production facility is targeting ~750 tonnes of NdFeB finished permanent magnets per annum with an option to expand to 1,000 tonnes per annum. Final site selection for Texas is underway and baseline permitting for the selected site is expected to commence in Q1, 2025. Completion of permitting is expected by the end of 2025.

Technology, design requirements and operating criteria have been successfully transferred from the UK based pilot plant to the Feasibility Study. The design, lay-out and critical equipment sourcing have been challenged for reliable and cost-effective project implementation and further optimization opportunities have been identified. Additionally, discussions with potential feedstock suppliers and off-takers in the USA have commenced, targeting agreements to secure recycled feedstock and long term off take through strategic partners.

Focused discussions with US federal and state government bodies to support funding and incentive opportunities have commenced and remain ongoing at this point. The Company will proceed with detailed design and engineering after completion of the Feasibility Study to further optimize the project and to finalize the construction budget. This will be followed by a notice to proceed with execution of the project, currently targeted for H1, 2025 and first US magnet production targeted for H2, 2026.

Additionally, during the quarter Maginito entered into a binding and exclusive agreement with Inserma to collaborate on the optimisation, commercialisation and roll-out of pre-processing technologies for HyProMag in the United Kingdom, Germany, the United States and other regions. The Inserma unit for hard disc drives ("HDD") can be co-located at hyperscale data centres, shredding, recycling or HyProMag facilities, where these units can rapidly remove (at <3 seconds per HDD) the voice coil motor containing the rare earth magnet, providing a highly concentrated feed for subsequent Hydrogen Processing of Magnet Scrap ("HPMS") by HyProMag. The simultaneous removal of the centre spindle also facilitates downstream shredding of the rest of the HDD. The technology not only provides a steady neodymium ("NdFeB") magnet scrap feed to HyProMag, but also has major benefits for sustainable, secure and low-cost recycling of HDDs.

During the fourth quarter of 2023, HyProMag's UK Pilot Plant reported further research and development results from the pilot reactor at the University of Birmingham.. Over 3,000 finished rare earth magnets have been produced to-date by HyProMag and the University of Birmingham from recycled HPMS powder produced for project partners and potential customers from the pilot scale equipment. Testing of these magnets in a wide range of applications including multiple automotive, aerospace, electronics applications are ongoing, providing valuable marketing and technical information to further support the scale-up and commercialization of operations. Maginito continues to make steady progress towards its targeted commercial production in the UK of Q1, 2025 whilst production in Germany is targeted for 2026.

Lac Jeannine Project and Binding Solutions Limited ("BSL") Investment

The Lac Jeannine and BSL investments, together with MagIron below, represent the Company's investment in green steel. Lac Jeannine is a reclamation project that significantly reduced the environmental impact of primary iron ore production, whilst BSL's cold agglomeration technology could decrease carbon output from pellet production by up to 97%.

The PEA for the Lac Jeannine Project was completed during Q2 by an interdisciplinary team of consultants, engineers and scientists co-led by Addison Mining Services Ltd. and Soutex Inc. It was filed on SEDAR during August 2024.

The PEA incorporated the 2023 drill-program and metallurgy testing results from Corem, providing an initial Inferred Mineral Resource of approximately 73 million tonnes (Mt) at 6.7% total Fe for 4.9 Mt of contained total Fe. Though the PEA is based on an initial 10-year life of mine, estimates are the life of mine could be extended by as much as a further 10 years with further drilling and resource definition during the feasibility study in early 2025. The 2023 drilling program targeted only a portion of the total available tailings, whereas the 2025 drill-program and future feasibility study will be based on all available tailings.

Based on open-pit extraction methods and the production of a gravity concentrate via conventional processing techniques and at a discount rate of 7.0% (based solely on an initial 10-year life of mine), the PEA indicated a pre-tax NPV of US$93.6M, and an IRR of 38%, and an after tax NPV of US$59.5M, and an IRR of 30%.

The PEA is preliminary in nature and is based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. As such, there may be no certainty that the PEA will be realized.

The Company expects to commence the 2024 drilling program during the second half of this year, subject to permitting and timing of the drilling season, to both improve on the results of the initial drilling and to extend the Inferred Mineral Resources to the remaining untested tailings and permitting for this campaign is being finalized. The drilling of the remaining tailings could provide significant increases in both the life of mine and expected financial returns.

Testing samples from the Lac Jeannine property with BSL's low carbon cold bonding pelletizing technology is ongoing. If successful, this could provide further potential upside to the Lac Jeannine project.

The Company has engaged and met with the numerous potential stakeholders of the Lac Jeannine property, including the Government of Québec, local stakeholders and First Nation communities, to pave the way for the eventual execution of the project. These discussions are ongoing.

BSL has commissioned its pilot plant in Teesside, UK. The pilot plant can operate continuously and is producing pellets using BSL's cold bonding technology on project samples from some of the world's largest mining companies. During the quarter, BSL continued to advance its feasibility study and design of a full-scale plant capable of producing approximately 50 tonnes per hour of cold-bonded iron ore pellets. BSL is in discussions with several of its customers around partnering on this project. The location of the demonstration plant is targeted for approval in H2, 2024.

MagIron LLC ("MagIron") Investment

MagIron is the third of the CoTec's green steel investments. A significant part of the project's feedstock will come from existing ore stockpiles, materially reducing the project's mining footprint. As at December 31, 2023, CoTec had a 16.2% 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 2024, through a series of continuous investments amounting to USD535,035, or $729, as well as shares issued for board advisory fees which amounted to US134,167, or $183, CoTec maintained its undiluted equity ownership of 16.2% in MagIron, as at September 30, 2024.

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. This gain and any related changes in foreign exchange have been recorded through the statement of income as FVTPL in the amount of $2,297 for the nine months ended September 30, 2024, and ($351) for the three months ended September 30, 2024.

The increase in the share issue price was driven by the enterprise valuation determined by MagIron management based on several factors. Operationally MagIron continued to make progress on permitting and expansion of its lease holdings to increase its potential feedstock holdings as it advances on its strategy to restart Plant 4.

MagIron has signed long-term mineral leases that provide further operational and economic support for the restart of MagIron's Plant 4 iron ore concentrator. Ore characterization work of these new mineral leases will further support the ongoing feasibility studies and larger scale testing. When combined with the iron-bearing stockpiles already owned by MagIron, the aggregate iron-bearing materials secured could be sufficient to support Plant 4 for more than 20 years of operation, targeting annual production of 2.5 million dry tonnes per annum of Direct Reduction ("DR") grade iron concentrate.

Following the quarter-end, MagIron was granted by the Minesota Pollution Control Agency an air quality control permit to operate its Plant 4. This is the final permit required to support the restart of mining and processing activities at Plant 4.

MagIron also continues to evaluate alternative value accretive strategies such as a potential acquisition of a pelletizing facility which may be of strategic interest to unlock the value of Plant 4. To this end MagIron recently acquired the land on which the Reynolds Pellet Plant in Indiana is located.

Ceibo Inc. Investment ("Ceibo")

Ceibo represents the Company's investment in the copper sector. It is targeting the scaling of its technology through continued small- and large-scale column testing and the building of a demonstration plant. If successful, Ceibo's technology will represent a leading, low-carbon, high recovery primary and waste copper sulphide heap leaching process. Ceibo have made considerable progress in their technology development and are planning to scale testing at various sites in 2025. In line with the Company's business model, CoTec provides ongoing support to Ceibo through its representation on the Ceibo Technical Advisory Board and is working on the identification of potential operational application opportunities for the Ceibo technology. Opportunities identified by CoTec, if pursued by Ceibo, will be done in cooperation with CoTec as joint partner/investor.

Fundraising

On July 11, 2024, the Company announced the closing of a non-brokered private placement of up to 5,500,000 units (each, a "Unit") at a price of $0.50 per Unit for gross proceeds of up to $2,750,000 (the "Private Placement") to Kings Chapel International Limited ("Kings Chapel"). The proceeds of the Private Placement were used to repay a portion of the loans previously advanced by Kings Chapel to CoTec and for general working capital purposes. Due to the repayment of the Kings Chapel loans, no warrants were issued as part of the Private Placement.

Business Development

Though the Company's current focus is on the operational roll-out of HyProMag USA and Lac Jeannine, it continues to assess and evaluate new technologies and complementary technologies to our existing investments. Attractive opportunities that meet the Company's investment criteria are progressed to the

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

Investment Committee. The Investment Committee meets monthly and reviews all proposals on investments and capital decisions and recommends matters for approval to the Board, where appropriate.

Corporate

During the quarter the Company engaged Torrey Hills to provide investor relations services to the Company with a focus on the US. Following this engagement, the Company commenced a marketing campaign in several cities in the US and will continue with campaign into Q1 of 2025.

Looking forward, the Company will focus on Lac Jeannine and hope to commence the 2025 drilling program to form the basis of the Lac Jeannine Feasibility Study (together the "Studies"). The Company will also progress its discussions and negotiations with all the stakeholders, including federal governments, involved in both HyProMag USA and Lac Jeannine to lay the foundation for a successful roll-out of these two operational opportunities, subject to a positive outcome of the Studies.

The Company is also in advanced discussion regarding further complimentary technology investments that, if successful, could be announced prior to year-end. Furthermore, the Company continues to assess several asset opportunities for its technology investments within the copper and green iron product groups.

RESULTS OF OPERATIONS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

($'000 unless otherwise stated)	**For the three months ended**		**For the nine months ended**	
	Sept. 30, 2024	**Sept. 30, 2023**	**Sept. 30, 2024**	**Sept. 30, 2023**
Income/(expenses) from investments				
Gain on equity investments	(501)	3,307	2,987	15,000
Share of (loss) of associates and joint venture accounted for using the equity method	(77)	-	(277)	-
Gain on convertible notes receivable		1,670	-	1,806
Expenses				
Professional consulting fees	(51)	(179)	(381)	(530)
G&A expenses	(355)	(687)	(1,676)	(1,896)
Share-based compensation	(1,192)	(776)	(1,246)	(1,275)
Operating income (loss)	**(2,175)**	**3,335**	**(593)**	**13,105**
Net finance expense	(18)	(86)	(183)	(2)
Comprehensive income (loss) for the period	**(2,193)**	**3,249**	**(775)**	**13,103**

Three months ended September 30, 2024, compared to nine months ended September 30, 2023:

For the nine months ended September 30, 2024 the Company recorded a fair value gain on equity securities of \$2.99 million (2023: \$15 million). The fair value gain is mostly driven by a MagIron gain of \$2.10 million, and \$0.46 million gain as a result of FX movements recorded through FVTPL, whilst the gain in

2023 included $11.1 million fair value adjustment and foreign exchange movements relating to the MagIron investment.

Professional consulting fees decreased compared to the prior period by $149 and include legal fees incurred during the period, due diligence fees as well as fees related to interim reviews by the Company's auditors.

General and administrative expenses include salary costs for five employees of the Company, website and marketing development fees. The $220 decrease in general and administrative charges during 2024 was mainly driven by Director Fees received from MagIron which were paid in shares, salaries recharged to HyProMag USA, offset by increases in salary in 2024.

Stock-based compensation expense decreased year-over-year due to a reduction in the charge for equity incentive units ("EIU") granted to the CEO and Board Chairman because of a decrease in the Company's stock price, partially offset by an increased number of stock options in issue and the settlement of EIU's vested in September 2024. For further details, see *Transactions with Related Parties* below.

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

During the period the Company increased its investment into MagIron by USD669,202 (2023: USD811,102) and spent $2,052 (2023: Nil) on the HyProMag USA Feasibility Study.

Three months ended September 30, 2024, compared to three months ended September 30, 2023:

For the three months ended September 30, 2024, the Company recorded a fair value loss on equity securities of $501 (2023: $3,307 gain). The fair value loss was primarily driven by a $265 foreign exchange adjustment to the MagIron investment due to a strengthening of the Canadian dollar during the quarter from 1.374 to 1.352 against the US dollar. The gain in 2023 related to an increase in the valuation of the Maginito investment and foreign exchange rate changes.

Professional consulting fees decreased compared to the prior period by $128 mainly due to the focus on operational roll-out during the quarter compared to a more transactional focus during the comparative period.

General and administrative expenses include salary costs for five employees of the Company, website and marketing development fees. The $332 decrease in general and administrative charges during quarter was mainly driven by salaries recharged to HyProMag USA.

Stock-based compensation expense increased by $416 during the quarter compared to the comparative quarter mainly due to an $822 (2023: Nil) charge relating to the vesting of the September 20, 2024, EIU's offset by stock-based compensation vesting in the normal course. For further details, see *Transactions with Related Parties* below.

During the quarter the Company increased its investment into MagIron by USD126,402 (2023: nil) and spent $1,140 (2023: Nil) on the HyProMag USA Feasibility Study.

SUMMARY OF QUARTERLY RESULTS

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

$000's except per share	2024			2023				2022
Amounts	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Income (loss) and comprehensive loss for the period	(2,193)	1,454	(39)	(3,340)	3,249	10,376	(521)	(282)
Net income (loss) per common share								
Basic	($0.03)	$0.02	($0.00)	($0.06)	$0.06	$0.19	($0.01)	($0.01)
Diluted	($0.03)	$0.02	($0.00)	($0.06)	$0.06	$0.19	($0.01)	($0.00)

In Q3 2024, the Company recognized a loss on its investments of ($466) primarily due to FX movements in the USD to CAD. Costs during the period were primarily driven by general and administrative expenses of $355, stock-based compensation of $1,192, professional and consulting fees of $51, interest expense and foreign exchange gains for loans outstanding of $48 and $6 respectively, and the Company's share of loss from investment associate of $77. Costs were offset by $6 in interest earned on the IZ loan.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company has experienced recurring operating losses and has an accumulated deficit of $90,805 as at September 30, 2024 (December 31, 2023: ($90,030)). For the nine months ended September 30, 2024, the Company used cash in operating activities totalling $1,837 (September 30, 2023: ($2,449)). The Company had cash and cash equivalents of $1,168 (December 31, 2023: $1,282) and a working capital surplus of $97 as at September 30, 2024 (December 31, 2023: $278). 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 September 30, 2024, 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.

As at September 30, 2024 the Company had investments with a total carrying value of $37,732, current assets of $1,595, offset by current liabilities of $1,498 and non-current liabilities of $3,795.

TRANSACTION WITH RELATED PARTIES

Compensation of Key Management

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly.

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

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 and nine months ended September 30, 2024, and 2023:

	For the three months ended		For the nine months ended	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Short-term salaries and benefits	(367)	(348)	(1,100)	(1,043)
Share-based compensation expense	(1,075)	(170)	(1,095)	(378)
Total	**(1,441)**	**(518)**	**(2,195)**	**(1,421)**

Short-term salaries and benefits include salaries for the CEO, COO and CFO. Share-based compensation expense for the three months ended September 30, 2024, include $822 for the vesting of EIU's on September 20, 2024 due to the 30-day weighted average share price exceeding $0.50 at that date.

Other Related Party Transactions

As at September 30, 2024, a total of $2 was payable to a Director and an Officer for expenses paid on behalf of the Company which is included in trade and other payables. $976 was accrued for salaries for both the CEO and CFO, and $1,219 for vested EIU's for the CEO and Board Chairman which is included in accrued liabilities and stock-based compensation liability 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 general working capital purposes. Kings Chapel is owned by an irrevocable discretionary trust associated with Julian Treger, the Corporation's Chief Executive Officer and a director of the Company. As of September 30, 2024, USD1,588,249.21, or $2,144 of principal and accrued interest remains outstanding.

On September 30, 2024, the Company entered into an unsecured loan agreement with Kings Chapel or an amount of $1,500 to fund general working capital requirements. The loan note attracts interest at 10% per annum, is unsecured and is repayable on the earlier of the date on which the Company receives gross proceeds from equity financing transactions pursuant to which it receives gross proceeds of at least $5 million and September 30, 2026. The loan will be drawn down in tranches.

Insiders of the Company participated in the April Private Placement in the amount of 4,050,000 Units for gross proceeds of $2,025, out of the 4,141,025 total Units issued upon the second and final closing. Kings Chapel participated in the amount of 4,000,000 Units, and a Director participated in the amount of 50,000 Units.

Kings Chapel participated in the July Private Placement in the amount of 5,500,000 Units for gross proceeds of $2,750.

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"). Each EIU is equivalent in value to one common share of the Company, and will vest on the earlier of i) December 31, 2026 for the December 2025 Compensation Agreement, provided that the 30-day volume weighted average trading price ("VWAP") of the common shares as of the respective vesting dates 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 becomes 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 Dec 31, 2025. 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.

As at September 30, 2024, 2,409,173 EIUs vested resulting in a settled liability of $1,219 to the CEO and Board Chairman, and 2,305,831 EIUs expired as of August 30, 2024 as they did not meet the vesting conditions.

As at September 30, 2024, 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 September 30, 2024, the closing share price for the Company on the TSX-V, was $0.52 per share, which if traded at these levels and up to $1.09 per share as of the Vesting Date, would result in a liability of nil for these EIUs.

EIU's granted to the CEO and Board Chairman pursuant to the above-noted arrangement as of September 30, 2024 are presented below:

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

EIUs Granted during the nine months ended Sept. 30, 2024					
Date of Grant	**Vesting Date**	**Owner**	**Number Awarded #**	**Grant Value $**	**Value as at Sept. 30, 2024 $**
February 15, 2024	December 31, 2026	CEO	91,000	33	18
April 25, 2024	December 31, 2026	CEO	289,872	62	57
May 15, 2024	December 31, 2026	CEO	70,350	14	14
July 11, 2024	December 31, 2026	CEO	385,000	69	76
			836,222	**$178**	**$164**

Balance of EIUs as of September 30, 2024			
Owner	**Number Awarded #**	**Grant Value $**	**Value as at Sept. 30, 2024 $**
CEO	1,228,157	1,025	241
	1,228,157	**1,025**	**241**

Stock Options granted to the CEO pursuant to the above-noted arrangement as of September 30, 2024 are presented below:

Stock Options Granted during nine months ended September 30, 2024						
Date of Grant	**Expiry Date**	**Owner**	**Number Awarded #**	**Grant Value $**	**Exercise Price $**	**Term Years**
January 25, 2024	January 25, 2034	CEO	279,954	0.42	0.75	10
February 15, 2024	February 15, 2034	CEO	65,000	0.51	0.75	10
April 25, 2024	April 25, 2034	CEO	207,051	0.38	0.50	10
May 15, 2024	May 15, 2034	CEO	50,250	0.36	0.50	10
July 11, 2024	July 11, 2034	CEO	275,000	0.33	0.50	10
			877,255			

Balance of Stock Options as of Sept. 30, 2024	
Owner	**Number Awarded #**
CEO	3,608,626
Chairman	430,611
	4,039,237

SUBSEQUENT EVENTS

Kings Chapel Loan

On October 14, 2024, the Company drew down on its Kings Chapel Loan Facility in the amount of $500.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these interim consolidated 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, 2023.

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, 2023, and period ended June 30, 2024, except as set out below. Accordingly, these Interim Financial Statements should be read in conjunction with the Company's most recent annual and quarterly financial statements.

Warrants Expired

Upon expiration, the carrying amount of the expired warrants within equity is transferred directly to contributed surplus. No gain or loss is recognized in the income statement upon expiration, as all adjustments remain within equity.

BALANCE SHEET ARRANGEMENTS

As at September 30, 2024, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

CONFLICTS OF INTEREST

Kings Chapel International Limited, a company associated with Julian Treger (CEO and Director), is a shareholder in both BSL and MagIron. As a result, Mr. Treger has recused himself from the decisions made in relation to the Company's investments in BSL and MagIron and the Kings Chapel Loans. Messrs Treger and Genovese both participated in the Ceibo series B financing and as result, recused themselves from the Company's investment decision in this matter.

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

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

OUTSTANDING SHARE DATA AS AT NOVEMBER 15, 2024

a) Authorized and issued Share Capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	71,547,530

b) Summary of Options Outstanding:

Date of Issue	Expiry Date	Number of Options	Exercise Price
September 24, 2021	September 24, 2031	1,152,916	$0.30
October 8, 2021	October 8, 2031	288,229	$0.45
April 19, 2022	April 19, 2032	711,912	$0.55
September 7, 2022	September 7, 2032	202,020	$0.46
April 25, 2023	April 25, 2033	1,631,906	$0.50
January 25, 2024	January 25, 2034	279,954	$0.75
February 15, 2024	February 15, 2034	65,000	$0.75
February 20, 2024	February 20, 2034	730,000	$0.75
April 25, 2024	April 25, 2034	207,051	$0.50
May 15, 2024	May 15, 2034	50,250	$0.50
July 11, 2024	July 11, 2034	275,000	$0.50
July 11, 2024	July 11, 2034	150,000	$0.50
July 11, 2024	July 11, 2034	200,000	$0.75
July 15, 2024	July 15, 2034	150,000	$0.50

c) Summary of Warrants Outstanding:

Date of Issue	Expiry Date	Number of Warrants	Exercise Price
April 14, 2022	April 14, 2025	250,020	$0.55
December 1, 2023	December 1, 2024	1,991,800	$1.25
December 19, 2023	December 19, 2024	607,276	$1.25
April 25, 2024	April 25, 2025	4,141,024	$1.05
May 15, 2024	May 15, 2025	1,005,000	$1.05

INTERNAL CONTROL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

Controls and Procedures

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

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

Disclosure Controls and Procedures

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

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

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

OTHER INFORMATION

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