CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.

For the years ended December 31, 2024 and 2023. Expressed in Thousands of Canadian Dollars Unless Otherwise Stated

Independent auditor's report

To the Shareholders of CoTec Holdings Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of CoTec Holdings Corp. and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter

Fair value of equity investments in private companies
 	
Refer to note 3 – Summary of material accounting policies, financial assets and investments, Note 4 – Critical accounting estimates and judgments and Note 6 – Equity investments to the consolidated financial statements.
 	
As at December 31, 2024, equity investments in private companies amounted to $29.9 million. These investments are measured at fair value through profit or loss (FVTPL). Management exercises significant judgment when determining the fair value of the equity investment in private companies at the end of each reporting period.
 	
Management applies "the price of recent investment valuation" technique where it uses the initial cost of the investment or, where there has been subsequent investment, the price at which a significant amount of new investment into the investee was made, to estimate the enterprise value, and on that basis determine the fair value that is applicable for a limited period following the date of the relevant transaction. Investee-specific
	Our approach to addressing the matter included the following procedures, among others:
	
	• Tested how management determined the fair value for the equity investments in private companies, which included the following:
	  – Tested the reasonableness of the investees' valuation by (i) inspecting supporting documentation for recent financing equity transactions entered into by the investees; and (ii) considering external market data, as applicable.
	  – Tested the reasonableness of the success discount factor by considering the financial information of the investee to confirm the milestones achieved in the current year.
	
	• Tested the underlying data used by management.
	
	• Assessed management judgment in determining the changes or events subsequent to the relevant transaction that would imply a change in the equity investments' fair value by considering the financial information of the investees and external information with respect

Key audit matter	How our audit addressed the key audit matter
information is also considered when determining whether the fair value of an equity investment should be adjusted upward or downward at the end of each reporting period. In this context, management gives consideration to the business' key performance indicators at the measurement date compared to previous measurement dates. In addition to investee-specific information, the Company also takes into account trends in general market conditions and the commercial viability of the businesses when fair valuing equity investments. The valuation of the equity investment in MagIron LLC required significant judgment in that the most recent fundraise was supported by existing shareholders based on a valuation determined by MagIron LLC's management using an income approach. Management considered the uncertainties around the project milestones and applied a discount factor in order to reflect management's expectation of the project being successful as well as the likelihood of a liquidity event. We considered this a key audit matter due to the significant judgment applied by management in determining the fair value of the equity investments in private companies, particularly in the use of external transactions to support the valuation of the investee and changes or events subsequent to the relevant transaction that would imply a change in the equity investments fair value. This led to a high degree of auditor judgment in performing procedures relating to the valuation of the equity investments in private companies. The audit effort involved the use of professionals with specialized skill and knowledge.	to economic conditions and events that could affect the investees. • Professionals with specialized skill and knowledge assisted with evaluating the appropriateness of the methodology applied by management.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Frans Minnaar.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 28, 2025

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
AS AT DECEMBER 31, 2024, AND DECEMBER 31, 2023

		Dec. 31, 2024		Dec. 31, 2023
ASSETS				
Current				
Cash and cash equivalents	$	755	$	1,282
Sales tax receivable		83		138
IZ note receivable (Note 9)		346		323
Other receivables and prepaids		14		58
Total current assets		1,198		1,801
Non-Current				
Due from HyProMag USA (Note 8)		2,668		-
Investments in equity instruments (Note 6)		29,970		24,080
Investments in associate and joint venture (Note 7)		10,572		9,623
Exploration & evaluation (Note 10)		1,069		389
TOTAL ASSETS	**$**	**45,477**	**$**	**35,893**
LIABILITIES				
Current				
Trade and other payables	$	390	$	972
Accrued liabilities		1,526		252
Total current liabilities		1,916		1,224
Non-Current				
Stock-based compensation liability	$	1,306	$	875
Note payable (Note 11)		-		2,426
Convertible loan (Note 11)		3,966		-
Deferred share unit liability		573		299
TOTAL LIABILITIES		7,761		4,824
EQUITY				
Share capital (Note 5)		112,670		106,777
Contributed surplus		15,319		14,322
Deficit		(91,008)		(90,030)
Cumulative translation adjustment (Note 7)		735		-
TOTAL EQUITY		37,716		31,069
TOTAL LIABILITIES AND EQUITY	**$**	**45,477**	**$**	**35,893**

Corporate information and going concern (Note 1)

On behalf of the Board:

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

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2024, AND 2023

	2024	2023
INCOME/(EXPENSES) FROM INVESTMENTS		
Gain on equity investments (Note 6)	4,812	13,081
Loss on embedded derivative (Note 11)	(178)	-
Share of gain (loss) in associate and joint venture accounted for using the equity method (Note 7)	544	(82)
Gain on convertible notes receivable	-	1,806
EXPENSES		
Professional consulting fees	(580)	(641)
General & administrative expenses	(2,249)	(2,684)
Share-based compensation (Note 5)	(1,688)	(1,622)
Operating income (loss)	**660**	**9,858**
Finance expense (Note 8, 11)	(806)	(209)
Finance income (Note 9)	25	144
Foreign exchange (loss) gain	(122)	(30)
Net finance expense	(903)	(95)
Income tax expense	-	-
Net (loss) income	**$ (243)**	**$ 9,763**
OTHER COMPREHENSIVE INCOME		
Foreign Currency Translation (Note 7)	(735)	-
Comprehensive (loss) income	**$ (978)**	**$ 9,763**

Net income (loss) per common share (Note 13)		
Basic	($0.00)	$0.18
Diluted	($0.00)	$0.18

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE PERIODS ENDED DECEMBER 31, 2024, AND 2023

	Share Capital		Commitment to Issue Shares	Contributed Surplus		AOCI	Deficit	Total Equity
	Number	**Amount**	**Amount**	**Options**	**Warrants**	**Amount**	**Amount**	**Amount**
Balance – Jan. 1, 2023	**39,753,424**	**$ 96,496**	**$ 124**	**$ 10,360**	**$ 2,035**	**$ -**	**$ (99,793)**	**$ 9,221**
Net income	-	-	-	-	-	-	9,763	**9,763**
Shares issued for cash	17,473,082	9,255	-	-	-	-	-	**9,255**
Commitment to issue shares	-	124	(124)	-	-	-	-	**-**
Issuance of warrants	-	(1,619)	-	-	1,619	-	-	**-**
Exercise of warrants	3,000,000	2,522	-	-	(272)	-	-	**2,250**
Equity-settled share-based compensation	-	-	-	580	-	-	-	**580**
Balance – Dec. 31, 2023	**60,226,506**	**$ 106,777**	**$ -**	**$ 10,940**	**$ 3,382**	**$ -**	**$ (90,030)**	**$ 31,069**
Balance – Jan. 1, 2024	**60,226,506**	**$ 106,777**	**$ -**	**$ 10,940**	**$ 3,382**	**$ -**	**$ (90,030)**	**$ 31,069**
Net loss	-	-	-	-	-	-	(978)	**(978)**
Foreign currency translation	-	-	-	-	-	735	-	**735**
Shares issued for cash	10,646,024	5,155	-	-	-	-	-	**5,155**
Share buyback	(625,000)	(391)	-	-	-	-	-	**(391)**
Issuance of warrants	-	-	-	-	169	-	-	**169**
Exercise of warrants	1,300,000	1,129	-	-	(155)	-	-	**974**
Equity-settled share-based compensation	-	-	-	983	-	-	-	**983**
Balance – Dec. 31, 2024	**71,547,530**	**$ 112,670**	**$ -**	**$ 11,923**	**$ 3,396**	**$ 735**	**$ (91,008)**	**$ 37,716**

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2024, AND 2023

	For the twelve months ended	
	Dec. 31, 2024	**Dec. 31, 2023**
OPERATING ACTIVITIES		
Net income (loss)	$ (243)	$ 9,763
Add items not affecting cash		
Director fees paid in shares (Note 6)	(215)	-
Gain on equity investments (Note 6)	(4,812)	(13,081)
Loss on embedded derivatives (Note 11)	178	-
Share of loss in associate and joint venture accounted for using the equity method (Note 7)	(544)	82
Gain on convertible note receivable	-	(1,806)
Share-based compensation	1,688	1,622
Non-cash finance expense & foreign exchange	1,470	8
Changes in non-cash working capital balances related to operations		
Sales tax receivable	56	(86)
Other receivables and prepaids	44	(7)
Trade and other payables and accrued liabilities	693	(272)
Cash used by operating activities	**(1,685)**	**(3,777)**
INVESTING ACTIVITIES		
Purchase of private securities - Equity investment (Note 6)	(862)	(3,613)
Investment in associate and joint venture (Note 7)	(406)	(3,403)
Cash advanced to HyProMag USA (Note 8)	(3,235)	-
Exploration & evaluation assets (Note 10)	(680)	(389)
Cash used by investing activities	(5,183)	(7,405)
FINANCING ACTIVITIES		
Shares and warrants issued for cash	5,323	9,255
Share buyback	(391)	-
Convertible loan	1,500	-
Notes payable	(1,066)	720
Warrant exercise	975	2,250
Cash from financing activities	6,341	12,225
Net (decrease) increase in cash and cash equivalents	**(527)**	**1,043**
Cash and cash equivalents, beginning of year	1,282	239
Cash and cash equivalents, end of year	**$ 755**	**$ 1,282**

The notes are an integral part of these financial statements.

1 Corporate Information and Going Concern

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

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

The Company has experienced recurring operating losses and has an accumulated deficit of $91,008 as at December 31, 2024 (December 31, 2023: ($90,030)). For the twelve months ended December 31, 2024, the Company used cash in operating activities totalling $1,685 (December 31, 2023: ($3,777)). The Company had cash and cash equivalents of $755 (December 31, 2023: $1,282) and a working capital deficit of $719 as at December 31, 2024 (December 31, 2023: $577 surplus). 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 consolidated annual 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 December 31, 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.

2 Basis of Presentation

(a) Statement of Compliance with International Financial Reporting Standards

The consolidated annual financial statements (the "annual 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").

(b) Adoption of New Accounting Standards

IAS 1, Presentation of Financial Statements ("IAS 1")

In October 2022, the International Accounting Standards Board ("IASB") issued amendments to IAS 1 titled Non-current Liabilities with Covenants. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants

within 12 months after the reporting period. These amendments to IAS 1 replace and incorporate the previous amendments, Classification of Debt as Current or Non-current, issued in January 2020, which clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. Effective January 1, 2024, the Company adopted these amendments with no material impact on the financial statements.

(c) Recent Accounting Pronouncements

Amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures

In May 2024, the IASB issued amendments to update the classification and measurement requirements in IFRS 9 and related disclosure requirements in IFRS 7 as follows:

- Clarified the recognition and derecognition date of certain financial assets and liabilities and amended the requirements related to settling financial liabilities using an electronic payment system.
- Clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criteria.
- New disclosures for certain instruments with contractual terms that can change cash flows (including instruments with features linked to environmental, social and corporate governance targets).
- Additional disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.
- Amended disclosures relating to equity instruments designated at fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted for certain provisions. The Company is currently assessing the effect of these amendments to its financial statements but has not yet adopted.

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, Presentation and disclosure in financial statements ("IFRS 18"), which replaces IAS 1, Presentation of financial statements. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented in three defined categories (operating, investing and financing), and by specifying certain defined totals and subtotals. Where company-specific measures related to income statement disclosure are provided ("management-defined performance measures"), such as certain non-GAAP measures, IFRS 18 requires additional disclosure around those management-defined performance measures in the financial statements. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements

and the notes. IFRS 18 does not affect the recognition and measurement of items in the financial statements, nor does it affect which items are classified in other comprehensive income and how these items are classified.

The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required and early application is permitted. The Company is currently assessing the effect of this new standard to its financial statements but has not yet adopted it.

(d) Basis of Consolidation

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

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

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

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

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

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

The principal subsidiaries, joint arrangements, and associates to which the Company is a party, as well as their geographic locations, were as follows as at December 31, 2024:

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

(e) Segment Reporting

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

(f) Approval of Financial Statements

The Board of Directors approved these annual financial statements for issue on April 28, 2025.

3 Summary of Material Accounting Policies

The material accounting policies used in the preparation of these annual financial statements are as follows:

3.1 Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets measured at fair value.

3.2 Principles of Consolidation and Equity Accounting

The financial statements of the Company consolidate the accounts of CoTec and its 100% wholly owned subsidiaries CoTec USA Corp. ("CoTec USA"), 1391621 B.C. Ltd, and 1450518 B.C. Ltd. and equity accounts for the remaining entities as listed above in note 1(c). Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Company. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealized gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group. The carrying amount of equity-accounted investments is tested for impairment in accordance with the relevant accounting policy.

3.3 Foreign Currency Translation

The financial statements for the Company and each of its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, CoTec, 1391621 B.C. Ltd., 1450518 B.C. Ltd., and the US-based subsidiary, CoTec USA, is the Canadian dollar.

The functional currency of Maginito Limited (equity investment) is the British Pound sterling. The financial position of the equity investment is translated into CAD, which are allocated to the unrealized currency translation adjustments ("CTA") account and are included as a separate component of accumulated other comprehensive income (loss) ("AOCI") within shareholders' equity. Gains or losses arising from these transactions are included within the CTA component of other comprehensive income (loss).

3.4 Financial Assets and Investments

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss ("FVTPL")), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

(ii) Recognition and Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity Investments

As of December 31, 2024, the Company’s equity investments are not held for trading and classified to be measured subsequently at FVTPL.

Changes in the fair value of equity investments at FVTPL are recognized in “Gain/(loss) on equity investment” in the statement of profit or loss as applicable.

For any equity investments in private companies, the Company monitors its investments for the following indicators to determine if cost is no longer representative of fair value:

a) a significant change in the performance of the investee compared with budgets, plans or milestones.
b) changes in expectation that the investee's technical product milestones will be achieved.
c) a significant change in the market for the investee's equity or its products or potential products.
d) a significant change in the global economy or the economic environment in which the investee operates.
e) a significant change in the performance of comparable entities, or in the valuations implied by the overall market.
f) internal matters of the investee such as fraud, commercial disputes, litigation, changes in management or strategy.
g) evidence from external transactions in the investee's equity, either by the investee (such as a fresh issue of equity), or by transfers of equity instruments between third parties.

The Company will assess the qualitative and quantitative factors of these indicators, placing more emphasis towards independent external transactions in the investee's equity when determining the fair value of its private company equity investments (Note 4).

Convertible Notes

Investments in convertible note instruments are classified as FVTPL. These convertible note instruments are measured at fair value at the end of each reporting period, with any gains or losses arising on re- measurement recognized as a component of net income (loss) under the classification of gain (loss) on revaluation of investments.

Impairment of Financial Assets Held at Amortized Cost

At each reporting date, the Company measures the loss allowance for financial assets held at amortized cost at an amount equal to the lifetime expected credit losses if the credit risk on the financial assets has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial assets has not increased significantly since initial recognition, the Company measures the loss allowances for the financial assets at an amount equal to twelve month expected credit losses.

Derecognition of Financial Assets

Financial assets are derecognized when the investments mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized within other non-operating income. Accumulated gains or losses on financial assets classified as FVOCI remain within accumulated other comprehensive income.

3.5 Debt

The Company initially recognizes all financial liabilities at fair value and classifies them as subsequently measured at either FVTPL or amortized cost, as appropriate. For debt subsequently measured at amortized cost, the effective interest rate method is used. Debt classified as FVTPL is measured at fair value on each financial period-end date with gains and losses flowing through the Consolidated Statement of Income (Loss) and Comprehensive Income (Loss).

Derivative Instruments

Derivative instruments, including embedded derivatives, are recorded at FVTPL and accordingly recorded at fair value on the Consolidated Balance Sheet with changes in the fair value being recognized as gains or losses in the Consolidated Statement of Income (Loss) and Comprehensive Income (Loss). Fair values for derivative instruments are determined using valuation techniques,

using assumptions based on market conditions existing at the balance sheet date.

3.6 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are classified as financial assets and subsequently measured at amortized cost.

3.7 Share Capital

The Company has only one class of shares, common shares, which are classified as equity. These are recorded at the proceeds received less any direct issue costs and related taxes.

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.

3.8 Exploration and Evaluation Asset

Once a license or right to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized as exploration and evaluation assets. Exploration and evaluation expenditures relate to the evaluation of applying technology to mineral-bearing assets to determine economic viability of a project. The recovery of the carrying amount of exploration and evaluation assets is dependent on the future commercial success of the mineral properties or from proceeds of disposition. The amounts shown for exploration and evaluation assets represent costs incurred to date and not intended to reflect present or future values. The Company assesses impairment indicators in accordance with IFRS 6, and if any are found to exist, then the Company takes the appropriate action to determine if an impairment must be recorded.

3.9 Income Taxes

Current income tax represents the expected income tax payable (or recoverable) on taxable income for the period using income tax rates enacted or substantially enacted at the end of the reporting period and taking into account any adjustments arising from prior years.

The Company uses the liability method of accounting for income taxes under which deferred tax assets and liabilities are recognized when there are differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted or enacted tax rates in effect in the period in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the

period that includes the enactment date. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax assets and liabilities as applicable are presented as non-current on the consolidated statement of financial position.

3.10 Earnings Per Share

Basic earnings per share is calculated by dividing the net income for the year attributable to the shareholders of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share reflects the potential dilution from common share equivalents on the weighted average number of common shares outstanding during the year if the resulting shares would be dilutive. For stock options, the potential dilutive impact is calculated using the treasury share method whereby all "in-the-money" options are assumed to have been exercised at the beginning of the year and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period. The Company's potentially dilutive common shares are comprised of stock options, granted to employees, and consultants, and warrants.

3.11 Share-Based Payments

Stock Options

The Company's omnibus equity incentive plan (the "Plan") was approved by the Company's shareholders at its annual general and special meeting held October 27, 2022. Under the Plan, the Board of Directors may grant options to directors, officers, employees or consultants with the number of outstanding options at any time limited to a maximum of 10% of the number of issued and outstanding common shares. The vesting periods for individual awards of options are determined at the discretion of the Corporate Governance, Compensation and Nominating Committee.

The fair value of options granted under the Plan on the grant date, is recognized as an employee benefits expense over the vesting period, with a corresponding increase in equity.

Each tranche is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. The total expense is recognized over the tranche's vesting period by a charge to earnings, with a corresponding increase to contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

Equity Incentive Units

The Company grants equity-incentive units to certain employees and directors. The agreements entitle the other party to receive, at Company's discretion, (i) cash for amounts that are based on the price of equity instruments of the Company; or (ii) equity instruments (common shares) of the Company, provided the specified vesting conditions, if any, are met, The measurement of the equity-incentive units depends on how the arrangement is classified:

- Equity-settled share-based payments – the Company measures the fair value of equity instruments granted at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted. If market prices are not available, the Company estimates the fair value of the equity instruments granted using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties. The fair value of those equity instruments shall be measured at grant date. In an equity-settled transaction, an expense and a corresponding increase in equity are recognized over the vesting period.

- Cash-settled share-based payments – in a cash-settled transaction, an expense and a corresponding liability are recognized over the vesting period. The liability shall be measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered service to date.

- Choice of settlement (arrangements that provide the Company with a choice of whether the Company settles the transaction in cash or by issuing equity instruments) - the Company shall determine whether it has a present obligation to settle in cash and account for the share-based payment transaction accordingly. The entity has a present obligation to settle in cash if the choice of settlement in equity instruments has no commercial substance (e.g. because the entity is legally prohibited from issuing shares), or the entity has a past practice or a stated policy of settling in cash, or generally settles in cash whenever the counterparty asks for cash settlement. If the entity has a present obligation to settle in cash, it shall account for the transaction in accordance with the requirements applying to cash-settled share-based payment transactions. If no such obligation exists, the entity shall account for the transaction in accordance with the requirements applying to equity-settled share-based payment transactions.

The fair value of the units is measured using Monte Carlo simulation to determine the expected value of the ending share-price as at the end of the vesting period.

Deferred Share Units

Under the Plan, the Board of Directors may grant Deferred Share Units ("DSU") whereby DSUs are issued to directors as long-term incentive compensation. DSUs issued under the Plan are fully vested upon issuance and entitle the holder to either, at the option of the Company, a settlement in cash or common shares of the Company following cessation of service on the Board of Directors and must be converted by December 31 of the year following the departure from the Board of Directors. The value of the DSUs when converted to common shares will be equal to the number of DSUs granted multiplied by the quoted market value of the Company's common share at the time the conversion takes place. Compensation expense related to DSUs is based on the fair value of the Company's common shares at grant date and is recorded immediately. The manner of settlement of the DSUs is under control of the Company and the Company has no past practice of settling such awards in cash or stated intent to settle the DSUs in cash, the Company has recorded the DSUs as equity-settled awards.

4 Critical Accounting Estimates and Judgements

The preparation of these financial statements in conformity with IFRS Accounting Standards requires judgements and estimates that affect the amounts reported. Those judgements and estimates concerning the future may differ from actual results. The following are the areas of accounting policy judgement and accounting estimates applied by management that most significantly affect the Company's financial statements, including those areas of estimation uncertainty that could result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Equity Investments in Private Companies

The determination of fair value of the Company's investments at other than initial cost is subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

Management exercises significant judgement when determining the fair value of the equity investment in private companies at the end of each reporting period.

Management applies the price of recent investment valuation technique where it uses the initial cost of the investment, or, where there has been subsequent investment, the price at which a significant amount of new investment into the investee was made, to estimate the enterprise value, but only if deemed to represent fair value and only for a limited period following the date of the relevant transaction.

Investee-specific information is also considered when determining whether the fair value of an equity investment should be adjusted upward or downward at the end of each reporting period. In this context, management gives consideration to the business' key performance indicators at the measurement date compared to previous measurement dates. In addition to investee-specific information, the Company also takes into account trends in general market conditions and the commercial viability of the businesses when fair valuing equity investments.

The fair value of long-term investments and convertible notes receivable may be adjusted if factors outlined in Note 3.4 are identified.

Adjustments to the fair value of a long-term investment will be based upon management's judgement and any value estimated may not be realized or realizable.

The valuation of the equity investment in MagIron LLC required significant judgment in that the most recent fundraise was supported by existing shareholders based on a valuation determined by MagIron's management using an Income Approach. Management considered the uncertainties around the project milestones and applied a discount factor in order to reflect management's expectation of the project being successful as well as the likelihood of a liquidity event.

Capitalization of Exploration and Evaluation Expenditures

The application of the Company's accounting policy for capitalization of exploration and evaluation expenditures requires judgement in determining whether the future economic benefit is likely, either through future exploitation or sale, where properties have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain judgements about future events or circumstances, in particular whether an economically viable mine can be established. Judgement is applied in the determination of whether any impairment indicators exist at each reporting date giving consideration to factors including mining title expiration dates, budgeted expenditures, discontinuation of activities in any area, and evaluation of any data which would indicate that the carrying amount of exploration and evaluation assets is not recoverable. If new information becomes available suggesting that the recovery of the carrying amount of exploration and evaluation assets is unlikely, the amount capitalized is written off in the Consolidated Statement of Income/(Loss) in the period when the new information becomes available.

Determination of Control or Significant Influence Over Investees

The assessment of whether the Company has a significant influence or control over an investee requires the application of judgement when assessing factors that could give rise to a significant influence or control. Factors evaluated when making a judgement of control or significant influence over an investee include, but are not limited to, ownership percentage, representation on the board of directors, participation in the policy-making process, material transactions and contractual arrangements between the Company and the investee, interchange of managerial personnel, provision of essential technical information and potential voting rights. In evaluating these factors, the Company determines the level of influence over the investee the Company has. Changes in the Company's assessment of the factors used in determining if control or significant influence exists over an investee would impact the accounting treatment of the investment in the investee.

5 Share Capital

Equity

The Company has unlimited authorized common shares with no par value. Total common shares issued and outstanding as at December 31, 2024, numbered 71,547,530.

April 2024 Private Placements

On April 25, 2024, the Company completed the initial closing of a non-brokered private placement ("April Private Placement") and issued a total of 4,141,025 Units at a price of C$0.50 per subscription receipt for gross proceeds of $2,071. Each Unit consists of one common share in the capital of the Company, and one Common Share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one Common Share at an exercise price of C$1.05 for a period of 12 months following the issuance of the Units. On May 15, 2024, the Company completed the second and final closing of the April Private Placement and issued a total of 1,005,000 Units at a price of C$0.50 per subscription receipt for gross proceeds of $503. Each Unit consists of one common share in the capital of the Company, and one Common Share purchase Warrant. The Company issued an aggregate of 5,146,025 Units for aggregate gross proceeds of $2,573 pursuant to the April Private Placement.

July 2024 Private Placements

On July 11, 2024, the Company completed the closing of a non-brokered private placement ("July Private Placement") and issued a total of 5,500,000 Units at a price of C$0.50 per subscription receipt for gross proceeds of $2,750. Each Unit consists of one common share in the capital of the Company.

Share Buy Back

On March 15, 2024, the Company completed part of its share buyback program through the Normal Course Issuer Bid ("NCIB") which commenced on January 23, 2024. Total shares repurchased were 625,000 for $391.

Stock Options

Share-based compensation expenses recognized in the Consolidated Statement of Loss and Comprehensive Loss for the twelve months ended December 31, 2024, and 2023, are as follows:

	For the twelve months ended	
	Dec. 31, 2024	**Dec. 31, 2023**
Stock options	(849)	(793)
Equity incentive units	(565)	(530)
Deferred share units	(255)	(299)
Restricted share units	(19)	-
Total	**(1,688)**	**(1,622)**

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

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

In connection with the February warrant exercise, and pursuant to existing agreements with the CEO (refer to Note 11 Related Party Transactions) additional stock options were granted and equity incentive units ("EIUs") were awarded. In total, 65,000 stock options were granted to the CEO for the first quarter, at an exercise price equal to $0.75. The options will be valid for 10 years and will vest 1/3 annually over a 3-year period. In addition, 91,000 EIUs were awarded for the first quarter.

In connection with the April Private Placements, and pursuant to existing agreements with the CEO (refer to Note 11 Related Party Transactions) additional stock options were granted and EIUs were awarded. In total, 257,301 stock options were granted to the CEO for the second quarter, at an exercise price equal to $0.50 per share. The options are valid for 10 years will vest 1/3 annually over a 3-year period. In addition, 360,222 EIUs were awarded for the second quarter.

In connection with the July Private Placement, and pursuant to existing agreements with the CEO (refer to Note 11 Related Party Transactions) additional stock options were granted and EIUs were awarded. In total, 275,000 stock options were granted to the CEO for the third quarter, at an exercise price equal to $0.50 per share. The options are valid for 10 years and will vest 1/3 annually over a 3-year period. In addition, 385,000 EIUs were awarded for the third quarter.

In connection with the Torrey Hills Capital engagement, additional stock options were granted for services. In total, 150,000 stock options were granted to Torrey Hills Capital for the third quarter, at an exercise price equal to $0.50 per share. The options are valid for 10 years and will vest 1/3 annually over a 3-year period.

The weighted average fair value per option granted during the twelve months ended December 31, 2024, was $0.41 (December 31, 2023: $0.54). As at December 31, 2024, there was $693 of share-based compensation expense (December 31, 2023: $676) relating to the Company's unvested stock options to be recognized in future periods.

For the twelve months ended December 31, 2024, stock-based compensation expense relating to the vesting of stock options, was $849. A summary of option activity under the Plan during the twelve months ended December 31, 2024, is as follows:

	Number of options #	Weighted average exercise price $
Balance – Dec. 31, 2023	3,986,983	0.45
Granted	2,107,255	0.65
Balance – Dec. 31, 2024	**6,094,238**	**0.52**

The number of options outstanding as at December 31, 2024, is shown in the following table:

Options Outstanding					Options Exercisable
Date of Grant	**Expiry Date**	**Number Outstanding #**	**Exercise Price $**	**Remaining life (years)**	**Number outstanding #**
September 24, 2021	September 24, 2031	1,152,916	0.30	6.73	1,152,916
October 8, 2021	October 8, 2031	288,229	0.45	6.77	288,229
April 19, 2022	April 19, 2032	711,912	0.55	7.30	474,608
September 7, 2022	September 7, 2032	202,020	0.46	7.69	134,680
April 24, 2023	April 24, 2033	1,631,906	0.50	8.31	543,968
January 25, 2024	January 25, 2034	279,954	0.75	9.07	-
February 15, 2024	February 15, 2034	65,000	0.75	9.13	-
February 20, 2024	February 20, 2034	730,000	0.75	9.14	-
April 25, 2024	April 25, 2034	207,051	0.50	9.31	-
May 15, 2024	May 15, 2034	50,250	0.50	9.37	-
July 11, 2024	July 11, 2034	425,000	0.50	9.52	-
July 11, 2024	July 11, 2034	200,000	0.75	9.52	-
July 15, 2024	July 15, 2034	150,000	0.50	9.54	-
		6,094,238	**0.52**	**8.14**	**2,594,401**

Warrants

A summary of warrant activity during the twelve months ended December 31, 2024, is as follows:

	Number of warrants #	Weighted average exercise price. $
Balance – Dec. 31, 2023	15,131,210	0.85
Issued	5,146,024	1.05
Exercised	(1,300,000)	0.75
Expired	(13,581,190)	0.85
Balance – Dec. 31, 2024	**5,396,044**	**1.03**

The warrants outstanding as at December 31, 2024, are shown in the following table:

Warrants Outstanding					Warrants Exercisable
Date of Grant	Expiry Date	Number Outstanding #	Exercise Price $	Remaining life (years)	Number outstanding #
April 14, 2022	April 14, 2025	250,020	0.55	0.28	250,020
April 25, 2024	April 25, 2025	4,141,024	1.05	0.31	4,141,024
May 15, 2024	May 15, 2025	1,005,000	1.05	0.37	1,005,000
		5,396,044	**1.03**	**0.32**	**5,396,044**

6 Equity Investments

	Twelve months ended Dec. 31, 2024 $	Twelve months ended Dec. 31, 2023 $
Balance, beginning of year	24,080	9,234
Additions	1,078	3,541
Fair value adjustment	2,493	11,621
Foreign exchange	2,319	(315)
Balance, end of year	**29,970**	**24,080**

Represented by the following investments:

	Dec. 31, 2024 $	Dec. 31, 2023 $
MagIron Shares	20,491	14,927
MagIron Warrants	611	1,002
Binding Solutions Ltd.	6,710	6,167
Ceibo Inc.	2,158	1,984
Total Balance	**29,970**	**24,080**

MagIron LLC ("MagIron")

As at December 31, 2024, CoTec had a 16.5% 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 USD630,035, or $862, as well as shares issued for board advisory fees which amounted to USD157,500, or $215, CoTec maintained its undiluted equity ownership of 16.5% in MagIron, as at December 31, 2024. The Company owns 5,406,433 A-1 Shares, 70,040 A-2 Shares, and 87,451 A-3 Shares valued at $2.6047 per share as of December 31, 2024.

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

The most recent valuation of USD5.21 per MagIron share represented an increase in the Company's initial investment. Management also considered the uncertainties around the project milestones and has applied an overall discount factor of 50% to the last issue price to arrive at FV and calculate the relevant 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 $3,479 for the twelve months ended December 31, 2024.

The increase in the share price was driven by the valuation determined by MagIron management based on several factors which included a discounted cash flow model of the business, de-risking of the project, production of first pellets at laboratory scale, finalized mineral leases over enough feedstock material to support a 20-year business plan, and continued progress on permits. The recent equity financing was used as a basis to calculate the imputed fair value of CoTec's investment in MagIron.

As of December 31, 2024, CoTec owned 853,384 warrants to purchase MagIron equity. For the twelve months ended December 31, 2024, the change in fair value of the warrant investments was a $105 gain. The fair value of the warrants was calculated using the Black-Scholes options pricing model based on the inputs noted in the table below, using a relative fair value approach such that the total fair value assigned

to the warrants and the equity investment in MagIron would not exceed the total consideration paid for each equity subscription.

MagIron Warrant Summary

Date of Purchase	Warrants Owned	Exercise Price USD	Expected Life	Annualized Volatility %[1]	Risk-Free rate %	Warrant Fair Value USD[2]
February 2, 2023	120,773	0.66	0.91 years	84%	2.93%	1.98
April 26, 2023	92,878	1.09	1.28 years	84%	2.93%	1.69
June 16, 2023	26,383	4.56	1.44 years	84%	2.93%	0.61
October 26, 2023	159,100	4.56	1.80 years	84%	2.93%	0.75
November 14, 2023	384,025	4.56	8.90 years	84%	3.23%	1.98
February 8, 2024	70,225	4.56	8.90 years	84%	3.23%	1.98
Total	**853,384**					

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

Binding Solutions Limited ("BSL") Investment

BSL is a UK based private company that has developed a proprietary cold agglomeration technology to produce high-quality clean pellets from primary materials, waste dumps, and stockpiles. As of December 31, 2024, CoTec holds 3,301 shares, or approximately 3% of the outstanding common shares of BSL.

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

Subsequent to the Company's equity investment into BSL on April 14, 2022, BSL received an equity investment from an Asian based corporate group at a valuation of USD1,101.25 per share. On August 4, 2023, BSL received a subsequent equity investment by Australian-based MinRes at a valuation of USD1,412.64 per share. The latest price as paid by the Australian-based MinRes was considered a reliable indicator of fair value and therefore used as a basis to write up the investment value at the time. This valuation represents an 87% increase over the valuation which the Company recorded its initial USD2.5 million investment in BSL.

Changes in foreign exchange have been recorded through the consolidated statement of income and comprehensive income as FVTPL in the amount of $542 for the twelve months ended December 31, 2024,

respectively. No changes or events subsequent to the relevant transaction that would imply a change in the investment's fair value were identified.

Ceibo Investment

On May 9, 2023, the Company completed a USD1.5 million, 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 twelve months ended, December 31, 2024, there was a $174 gain, due to changes in foreign exchange recorded through FVTPL with no changes to the equity value. No changes or events subsequent to the initial transaction that would imply a change in the investment's fair value were identified.

7 Investment in Associates – Maginito Investment

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

Maginito is a private company that was established by Mkango Resources Limited ("Mkango"), which currently holds a 79.4% interest in Maginito as of December 31, 2024, to pursue downstream green technology opportunities in the rare earths supply chain, encompassing NdFeB magnet recycling and innovative rare earth alloy, magnet and separation technologies.

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

On January 2, 2024, the Company funded a cash call in Maginito of USD119,276, or $159. On June 24, 2024, the Company funded a cash call in Maginito of GBP70,989, or $124. On September 19, 2024, the Company funded a cash call in Maginito of USD90,836, or $123.

For the twelve months ended December 31, 2024, 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 gain of $544. The carrying value of the Company's investment in Maginito as December 31,2024 is $10,572. This non-cash gain is related to the reversal of previously recognized contingent consideration liabilities, amounting to GBP2,531,024. The reversal occurred as certain milestone-based payments under the HyProMag acquisition agreement were not met within the specified timelines, resulting in the expiry of the related obligations under the agreement.

This reversal does not reflect any adverse operational developments at Maginito or its subsidiaries. The underlying technology and business activities remain on track and continue to progress in line with expectations.

Operating and financial results of Maginito for the twelve months ended December 31, 2024, and year ended December 31, 2023:

In GBP000s		**Dec. 31, 2024**		**Dec. 31, 2023**
TOTAL ASSETS	**£**	**7,126**	**£**	**6,106**
TOTAL LIABILITIES		3,604		4,182
TOTAL EQUITY		3,523		1,924
TOTAL LIABILITIES AND EQUITY	**£**	**7,126**	**£**	**6,106**

In GBP000s		**For the twelve months ended Dec. 31, 2024**
EXPENSES		
Operating gain		**1,336**
Income tax expense		84
Foreign exchange		(18)
Comprehensive gain	**£**	**1,402**

The functional currency of the Company is the Canadian dollar (CAD). The results and financial position of the equity investment are translated into CAD as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at the average exchange rate for the period; and
- Resulting exchange differences are recognized in Other Comprehensive Income and accumulated in the Cumulative Translation Adjustment (CTA) component of equity.

Due to the decline in value of the Canadian dollar during FY24, the Company recognized an unrealized foreign exchange gain of $735 (2023 – $nil) in Other Comprehensive Income, representing the translation of the net investment in the associate.

The cumulative translation adjustment balance related to this investment at December 31, 2024 was a gain of $735 (2023 – $nil), recorded in equity as part of Accumulated Other Comprehensive Income (AOCI). The translation adjustment will remain in equity until disposal of the investment, at which point it will be reclassified to profit or loss.

8 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 7 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 December 31, 2024, the carrying amount of the investment in HyProMag USA JV was nil.

For the twelve months ended December 31, 2024, HyProMag USA JV incurred losses amounting to USD2,409,807. The Company’s share of the losses is USD1,204,903, or $1,650 for the twelve months ended December 31, 2024. However, due to the carrying amount of the investment being nil, the Company has not recognized its share of losses in accordance with IAS 28.38. The Company will resume recognizing its share of profits (or losses) only after the unrecognized losses have been offset by future profits and the receivable has been fully repaid.

Per the HyProMag USA JV agreement, the Company is required to fund 100% of the initial capital of HyProMag USA JV. The Company will be reimbursed for this initial capital in priority to any other distributions or dividends from the joint venture until the full amount of the initial capital is returned.

The Company is owed a total receivable from the HyProMag USA JV of $3,235. The Company has discounted the receivable amount at a rate of 8% and calculated present value (“PV”) based on planned repayment of 2.5 years as no interest is charged on the amount owed. The Company has therefore recognized a PV receivable of $2,668 as at December 31, 2024, and recorded a $566 loss through finance expense.

9 Notes Receivable

As of December 31, 2024, the Company has an outstanding secured loan receivable of $300 from International Zeolite Corp. (“IZ”) which was issued under a Bridge Loan Note dated November 21, 2022. IZ is a public company that engages in the exploration, development, production and distribution of the

natural industrial mineral zeolite, and trades on the TSX-V under IZ. The loan matured on November 21, 2024, and is currently past due.

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 twelve months ended December 31, 2024, the Bridge Loan has accrued interest of $23.

Credit Risk Assessment and Expected Credit Losses

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

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

Although the loan has matured and remains unpaid as of December 31, 2024, CoTec does not consider the loan to be impaired. The following factors support this assessment:

- The Company holds a GSA over IZ's assets, which management believes provides sufficient collateral coverage for full repayment
- Active repayment discussions are ongoing with IZ's management, with a structure repayment plan being negotiated
- Market capitalization of IZ as of December 31, 2024, was approximately CA$850k, and the Company continues to assess IZ's financial position and available liquidity
- As of the reporting date, no provision for ECL has been recorded, as management believes the loan is fully recoverable

Aging Analysis of Past Due Loan Receivable

Days Past Due	Gross Carrying Amount $	Loss Allowance $
1-30 days	-	-
31-60 days	346	-
Total	**346**	**-**

Collateral and Security

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

Repayment Discussions

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

Significant Judgements and Estimations

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

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

As of December 31, 2024, management has determined that no impairment provision is required, and the loan remains classified as Stage 2 under IFRS 9. The Company will continue to monitor developments and reassess the ECL provision in subsequent periods.

10 Exploration & Evaluation

Lac Jeannine Project

On August 9, 2023, the Company entered into an option agreement to acquire 31 mining claims forming the Lac Jeannine Property located in the Cote-Nord region of Quebec, Canada. On September 5, 2023, the company engaged Sonic-Drilling Corp. to conduct the drilling work at the Lac Jeannine property for the completion of a maiden resource estimate on the Project. The Company has also made the first payment of USD40,000 to the vendors of the property as per the option agreement announced on August 9, 2023.

For the twelve months ending December 31, 2024, the Company has incurred $680 in expenditures on the Lac Jeannine Project.

11 Related Party Transactions

Compensation of Key Management

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. The Company has identified the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Board Chairman as its key management personnel. The remuneration of key management is determined

by the compensation committee of the Board of Directors. The consulting fees and other compensation of key management personnel were as follows for the twelve months ended December 31, 2024, and 2023:

	Dec. 31, 2024	**Dec. 31, 2023**
	$	**$**
Short-term salaries and benefits	(1,362)	(1,391)
Share-based compensation	(1,364)	(530)
Total	**(2,726)**	**(1,921)**

There is $1,296 of accrued salaries in accrued liabilities for the CEO, CFO and Board Chairman which remain to be paid.

Other Related Party Transactions

As at December 31, 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. $1,046 was accrued for salaries for both the CEO and CFO which is included in accrued liabilities which remain to be paid.

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

On September 30, 2024, the Company entered into an additional unsecured loan agreement with Kings Chapel for 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 of at least $5 million and September 30, 2026. The loan will be drawn down in tranches.

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

In addition, Kings Chapel agreed to provide an additional $1,500 through three separate tranches: $500 on November 7, 2024, $500 on December 9, 2024, and $500 on January 7, 2025. The First and Second Tranche each had an embedded derivative of $89 respectively which was determined using Monte Carlo simulation,

based on a share price volatility of 4.9% and 4.7%, a term of 3.2 and 3.1 years, and risk-free rates of 3.0% and 2.9%, respectively for the First and Second Tranche.

As at December 31, 2024, the embedded derivative was valued at $752 using Monte Carlo simulation to forecast the Company's share price throughout the remaining term of the note. The basis of the Monte Carlo simulation used share price volatility of 4.7%, a term of 3 years, and a risk-free rate of 2.9%. For the twelve months ended December 31, 2024, the Company recorded a FV loss on the embedded derivative of $178. The principal component of the convertible loan was $3,214 as at December 31, 2024.

Insiders of the Company participated in the April Private Placement in the amount of 4,050,000 Units for gross proceeds of $2,025. 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") excluding certain common shares issued on which broker fees are payable. Each EIU is equivalent in value to one common share of the Company, and will vest on the earlier of i) December 31, 2026 for the December 2025 Compensation Agreement, provided that the 30-day volume weighted average trading price ("VWAP") of the common shares as on the principal stock exchange on which they are then traded is at least $1.10 per share (adjusted as required to give effect to any stock splits, consolidations or other reorganizations of the common shares after the date hereof), and ii) the date on which the Company completes a change of control (the "Vesting Date"), provided in either case that the Director 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 December 31, 2025, excluding certain common shares issued on which broker fees are payable. Each award under this agreement will have an exercise price equal to the most recent closing price of the common shares as of the date of the grant, a term of 10 years and will be subject to vesting over three years, with 1/3 of each option grant vesting each year.

As at December 31, 2024, 2,409,173 EIUs vested resulting in a 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 December 31, 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 December 31, 2024, the closing share price for the Company on the TSX-V, was $0.63 per share, which if traded at these levels and up to $1.10 per share as of the Vesting Date, would result in a liability of nil for these EIUs.

EIU's granted to the CEO and Board Chairman pursuant to the above-noted arrangement as of December 31, 2024 are presented below:

EIUs Granted during the twelve months ended Dec. 31 2024					
Date of Grant	**Vesting Date**	**Owner**	**Number Awarded #**	**Grant Value $**	**Value as at Dec. 31, 2024 $**
February 15, 2024	December 31, 2026	CEO	91,000	33	27
April 25, 2024	December 31, 2026	CEO	289,872	62	87
May 15, 2024	December 31, 2026	CEO	70,350	14	21
July 11, 2024	December 31, 2026	CEO	385,000	69	115
			836,222	**$178**	**$250**

Balance of EIUs as of Dec. 31, 2024			
Owner	**Number Awarded #**	**Grant Value $**	**Value as at Dec. 31, 2024 $**
CEO	1,228,157	1,114	327
	1,228,157	**1,114**	**327**

Stock Options granted to the CEO pursuant to the above-noted arrangement as of December 31, 2024, are presented below:

Stock Options granted during the twelve months ended Dec. 31, 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 Dec. 31, 2024	
Owner	**Number Awarded #**
CEO	3,608,626
Chairman	430,611
	4,039,237

12 Fair Value Measurements of Financial Instruments

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

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

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

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

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 Dec. 31, 2024			
	Level 1	**Level 2[(1)]**	**Level 3[(1)]**	**Total**
Equity securities	-	-	29,359	29,359
MagIron Warrants	-	-	611	611
EIUs	-	367	-	367
Embedded derivative	-	(752)	-	(752)
Balance, end of year	-	**(385)**	**29,970**	**29,585**

(1) Equity securities of MagIron are included in Level 3 as the basis of valuation do not have regular market pricing, but whose fair value can be determined based on a combination of evidence from an external arm's length transaction associated with the investee's equity, as well as certain assumptions used in the calculation of the fair value are not based on observable market data. Equity securities of BSL are included in Level 3 as the basis of valuation do not have a regular market pricing, but whose fair value can be determined based on evidence from external transactions in the investee's equity. The embedded derivative for the convertible loan was determined using Monte Carlo simulation which required some inputs to be used that are quoted directly and indirectly which would therefore be included in Level 2.

The carrying value of cash, receivables, and accounts payable approximates fair value due to the short-term nature of the financial instruments. During the twelve months ended December 31, 2024, 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 are represented with the most favourable or unfavourable change.

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

	Favourable changes ($)		**Unfavourable changes ($)**	
	Profit or loss	Equity	Profit or loss	Equity
Financial assets at FVTPL	2,049	2,049	(2,049)	(2,049)

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

13 Earnings Per Share

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

	2024	2023
Net income(loss) attributable to equity holders of CoTec	**$ (243)**	**$ 9,763**
Weighted average number of common shares issued	66,906	53,235
Adjustments for dilutive instruments:		
Stock options	687	971
Warrants	5	16
EIUs	-	348
Diluted weighted average number of shares outstanding	66,906	54,570
Basic earnings (loss) per share	**($0.00)**	$0.18
Diluted earnings (loss) per share	**($0.00)**	$0.18

14 Income Tax

Income tax expense differs from the amount that would result from applying the Canadian Federal and Provincial income tax rates to earnings before income taxes. These differences result from the following items:

	For the years ended	
	2024	**2023**
(Loss) income before tax	(243)	9,763
Statutory rate	27.00%	27.00%
Expected income tax recovery (expense)	(66)	2,636
Increase (decrease) due to:		
Tax rate differences for capital items	(680)	(2,113)
Non-deductible items for tax purposes	456	438
Losses for which no tax benefit had been recorded	290	(961)
Tax expense (recovery)	**$ -**	**$ -**

Tax rate differences for capital items relate to the non-deductible portion of the fair value adjustments to equity investments and related foreign exchange. The components of the deferred tax assets and liabilities are as follows:

	2024	2023
Deferred tax assets:		
Capital losses	3,265	2,649
Deferred tax liabilities:		
Investments	3,265	2,649
Deferred tax liabilities (net)	**$ -**	**$ -**

The components of temporary differences for which no deferred tax assets have been recognized are as follows:

	2024	2023
Exploration and evaluation assets	3,621	3,621
Other	1,583	10
	$ 5,204	**$ 3,631**

The Company has assessed capital losses for which no deferred tax asset has been recorded of $53,060. As at December 31, 2024, the Company has available non-capital tax losses for Canadian income tax purposes of $17,920 expiring between 2030 and 2044.

15 Segment Information

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

16 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 loan receivable from IZ, Due from HyProMag USA, and its liquid financial assets including cash and receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions as determined by credit rating agencies. Receivables mainly consist of

interest receivable from its cashable guaranteed investment certificate ("GIC"). As of December 31, 2024, the loan was past due but remains secured under at GSA. Management believes the collateral is sufficient to cover the full loan amount, and active repayment discussions are in progress. Consequently, no ECL provision has been recorded.

Currency risk

The Company's operations are in Canada, the United States, and the United Kingdom. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency. The Company's operating expenses are incurred primarily in Canadian dollars, its assets in British Pounds, and its liabilities are denominated primarily in Canadian dollars, or US dollars. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities. As of December 31, 2024, the Company held cash in Canadian and US Dollars, therefore would incur some currency risk in its position. If the CAD/USD FX rate increased/decreased by +/-10%, then the resulting change in USD cash balance would increase/decrease by $1/($1). 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 heavily relied upon equity financings, related party funding, and short-term debt to satisfy its capital requirements and will continue to depend heavily upon these financing activities. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company is exposed to risk that it will encounter difficulty in satisfying liabilities on maturity. The loan is an unsecured promissory note. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company will need additional capital in the future to finance ongoing expenses, such capital to be derived from the exercise of outstanding stock options, and, or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions, and underlying success of its investments. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings which are subject to risks around the Company being able to operate as a going concern (see Note 1)

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of iron ore, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. The Company's marketable securities amounting to $29,970 are subject to fair value fluctuations. As at December 31, 2024, if the fair value of the Company's marketable securities had decreased/increased by 10% with all other variables held constant, income and comprehensive income for the period would have been approximately $2,997 higher/lower.

17 Subsequent Events

Kings Chapel Loan

On January 6, and February 6, 2025, the Company drew down on its Kings Chapel Convertible Loan in the amount of $500 on each date.

On February 28, 2025, the Company and Kings Chapel agreed an amendment to the convertible loan agreement dated November 19, 2024 ("Convertible Loan Agreement") with Kings Chapel. Pursuant to the amendment, the principal amount available to the Company under the Convertible Loan Agreement has been increased by up to $2.5 million. The outstanding principal amount of the loan bears interest at an annual rate of 10% and is repayable, together with accrued and outstanding interest, on December 31, 2027. The Corporation's obligations under the Convertible Loan Agreement are unsecured. All conversion features remain unchanged.

On March 5, and on March 19, 2025, the Company drew down on an additional $500 under the convertible loan, and $250 on April 16, and on April 28, 2025.

MagIron

On February 4, 2025, and on March 25, 2025, the Company invested USD148,500 and USD132,071 respectively, to maintain its equity interest.