COTEC HOLDINGS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED – MARCH 31, 2023

INTRODUCTION

This Management Discussion and Analysis ("MD&A") of CoTec Holdings Corp (the "Company" or "CoTec") has been prepared by management as of May 29, 2023. Information herein is provided as of May 29, 2023, unless otherwise noted. The following discussion of performance, financial condition and outlook should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022 ("Financial Statements") and the notes thereto, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023 and 2022 ("Interim Financial Statements") and notes thereto prepared in accordance with IFRS applicable to interim financial reporting. These statements are filed with the relevant regulatory authorities in Canada. All amounts herein are expressed in thousands of Canadian dollars, unless otherwise indicated.

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

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

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

BUSINESS OVERVIEW

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

CoTec is committed to supporting the transition to a lower carbon future for the extraction industry, a sector on the cusp of a green revolution as it embraces technology and innovation. The Company has made four investments to date and is actively pursuing operating opportunities where current technology investments could be deployed.

HIGHLIGHTS, RECENT DEVELOPMENTS AND OUTLOOK

Highlights for the Quarter

Operational

- Loss for the three months ended March 31, 2023 of $520
- Completed a non-brokered private placement announced on December 20, 2022 ("December Private Placement") for 8,984,094 Units at a price of $0.50 per Unit for gross proceeds of $4.5 million
- Completed a non-brokered private placement announced on March 1, 2023, ("March Private Placement") for 7,153,210 Units at a price of $0.50 per Unit for gross proceeds of $3.6 million
- Completed the final payment for the GBP2 million convertible note into Mkango Resources Ltd. ("Mkango")
- Completed the GBP1.5 million equity investment into Maginito Limited ("Maginito")
- Increased the Company's interest in both Binding Solutions Limited ("BSL") and MagIron LLC ("MagIron") in the amounts of $684 and $268 respectively

Corporate

- Applied for listing on the OTC Market in the United States ("OTC"). The Company commenced trading over the OTCQB under the ticker CTHCF on May 10, 2023

Recent Developments and Outlook

CoTec had a very successful first quarter during which it completed its investments in Mkango and Maginito, increased its investments in MagIron and BSL through USD200,000 and USD500,000 respective follow-on investments, completed two private placements for gross proceeds totaling $8.1 million and made significant progress on the operational application of its technologies.

Mkango and Maginito Investments

In February 2023 the Company completed its GBP2 million convertible loan note into Mkango ("Mkango Note"). The Company provided Mkango with four interim loan notes prior to the Mkango Note in the aggregate amount of GBP1,547,500. These loan notes were replaced with the Mkango Note. The Company also completed its GBP1.5 million equity investment in Maginto for a 10% equity interest on March 15, 2023.

The Mkango Note is inter alia convertible into either Mkango stock at GBP0.27 per share or into Maginito stock for an additional 10.6% equity interest within 120 days of Maginito acquiring the 58% HyProMag Limited ("HyProMag") interest it does not already own ("HyProMag Acquisition"). Subsequent to quarter end, Maginito entered into definitive agreements for the HyProMag Acquisition. The acquisition is subject to approval of the TSX-V and the UK's National Security and Investment (NSI) Act. Approval of the latter is expected no later than the third quarter of 2023.

HyProMag's patented Hydrogen Processing of Magnet Scrap technology ("HPMS") recovers rare earth elements ("REE") from permanent magnets and has benefited from approximately $135 million in research and development expenditure over the past 15 years at the University of Birmingham in the UK. A pilot plant was successfully launched in the UK in 2022 and a demonstration/commercial plant is expected to be commissioned by Q3 2023, first production is targeted for Q4 2023. A second demonstration/commercial plant is being developed in Germany with expected commissioning and first production targeted for 2024. These projects have received grant funding from the UK and German governments.

Following the announcement of the HyProMag Acquisition, CoTec notified Mkango and Maginto of its intention to convert the Mkango Note into Maginto stock on completion of the acquisition. The conversion will increase CoTec's equity interest in Maginito from 10% to 20.6%.

In February 2023 CoTec and Maginito entered into a co-operation agreement in relation to REE opportunities in the US. Pursuant to this agreement, the Parties are in the process of forming a 50/50 joint venture for the roll-out of the HyProMag technology in the US. Scoping studies and site selection are underway ahead of the feasibility study. Discussions with the US Government, potential customers and recycling partners have commenced and are ongoing. The US roll-out will be completed in parallel with the UK and German based developments and will benefit from operational experience and production ramp-up in the UK and Germany. Revenue from the US operation is targeted for 2025/2026.

BSL

Following its initial USD2 million equity investment ("Initial BSL Investment") in BSL at an implied BSL total equity value of USD75 million during April 2022, the Company made a subsequent subscription of USD500,000 ("Subsequent Subscription") at an implied BSL total equity valuation of USD104 million on February 28, 2023. CoTec was also granted the right to complete a further USD1.5 million subsequent subscription until June 30, 2023, at an equity valuation equal to 20% less than any follow-on BSL fundraise.

As part of its Initial BSL Investment, the Company also obtained the right to exclusively apply the BSL technology in Canada, Austria, Netherlands and Germany to reclamation assets via one or more joint venture entities to be initially owned 50/50 by CoTec and BSL. On February 28, 2023 CoTec and BSL agreed to extend this initial exclusivity period from three years to four years.

To date CoTec has identified five application opportunities for the BSL technology, which, if pursued, will be done on a 50:50 joint venture basis with BSL. One of these opportunities is in advance stages of discussion and meetings are ongoing to agree ownership structure and to progress permitting and access to infrastructure. If successful in securing the project, CoTec will proceed with the required geological and feasibility work and permit applications before commencing development. Subject to regulatory approval and feasibility, first production is targeted for 2025/2026.

Operationally, BSL are continuing to commission their pilot plant in Teeside, U.K. and are expected to commence and expand commercial testing in Q3.

MagIron

During December 2022 and January 2023, MagIron raised a further USD658,000 from insiders at a pre-money valuation of USD20 million. CoTec contributed USD200,000 to this fundraise on January 31, 2023 and increased its equity interest in MagIron to 16.26%. Subsequent to quarter-end, CoTec contributed a further USD101,014 to a USD400,000 fundraise, increasing its equity interest to 16.4%. This fundraise was completed at a valuation of US35 million.

MagIron's strategy is to produce Direct Reduction ("DR") grade iron concentrate at its Plant 4 operation. Recent metallurgical test work at laboratory level ("Test Work") has indicated the potential of Plant 4 to significantly increase the iron recovery from the recovery that was previously achieved and to produce DR grade iron concentrate. MagIron plans to commence a limited restart of Plant 4 during the latter half of 2023 to test these results at scale.

MagIron is targeting a restart of its operations during the second half of 2024.

Ceibo Inc. ("Ceibo")

On May 11, 2023 the Company invested USD1.5 million into Ceibo Inc., a Delaware private corporation for a small equity interest. Ceibo, through its wholly-owned Chilean subsidiary has developed a revolutionary process to leach low-grade primary copper sulphides, such as chalcopyrite, and copper waste material using a proprietary high throughput inorganic leaching technology.

CoTec's investment was part of a larger funding round supported by a group of leading international investors. Ceibo will use the proceeds from the financing to scale its technology through continued small- and large-scale column testing and the building of a demonstration plant.

If successful, Ceibo's technology will represent a leading, low-carbon, high recovery primary and waste copper sulphide heap leaching process. This could deliver considerable value through a significant reduction in the time required to bring additional copper into production, a competitive cost structure and a lower environmental and carbon footprint, protected by a high technical barrier to entry.

In line with the Company's business model, CoTec will provide ongoing support to Ceibo through its representation on the Ceibo Technical Advisory Board and through the identification of potential operational application opportunities. Opportunities identified by CoTec, if pursued by Ceibo, will be done in cooperation with CoTec as joint partner/investor.

International Zeolite Loan Note

During the fourth quarter of 2022, the Company entered into an investment agreement with International Zeolite Corp ("IZ"), that was inter alia subject to due diligence. As part of this agreement, CoTec agreed to provide IZ with interim funding of $300 that is fully secured through a first ranking charge in favor of CoTec over all of IZ's assets ("IZ Loan"). The note attracts interest at 7% per annum and is repayable at the earlier of November 1, 2024 and a change of control at IZ.

CoTec subsequently completed its due diligence process and announced its withdrawal from the IZ transaction on January 25, 2023. The IZ Loan however remained in place as at quarter-end.

Loan Notes from Kings Chapel

During the 2022 financial year, the Company entered into three loan notes with Kings Chapel International ("Kings Chapel"), a company related to the Company's Chief Executive Officer ("Kings Chapel Loans"). The first two loans were for an aggregate amount of GBP750,000 to partially fund the interim Mkango loan notes. (see *Other Related Party Transactions* below). The third loan note was for an amount of $300, to fund the IZ Loan Note.

These Kings Chapel Loans were fully repaid from the proceeds of the Company's fundraise during January and February 2023

On February 28, 2023, the Company entered into a $475 loan note with Kings Chapel to partially fund the USD500,000 Subsequent Subscription into BSL. The loan note is unsecured, has a maturity date of March 1, 2025 and attracts interest of 5% per annum (see *Other Related Party Transactions* below).

Subsequent to the quarter-end, the Company entered into a further loan note of USD1.5 million with Kings Chapel to fund its investment into Ceibo. 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 $3.2 million and May 3, 2025 (see *Subsequent Events* below).

Business Development

The company continues to assess and evaluate new technologies and complementary technologies to our existing investments. Attractive opportunities that meet the Company's investment criteria are progressed to the Investment Committee. The Investment Committee meets on bi-monthly basis and reviews all proposals on investments and capital decisions and recommends matters for approval to the Board, where appropriate.

Fundraising

On December 20, 2022, the Company announced the December Private Placement of up to 20,000,000 Units for gross proceeds of up to $10 million. Each Unit consisted of one common share of the Company and one common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase one common share at an exercise price of $0.75 for a period of 12 months following the issuance of the Units.

On December 28, 2022, the Company completed the Initial Closing of 1,264,108 units for gross proceeds of $632. Two further closings were completed during the quarter resulting in the issuance of an aggregate total of 8,984,904 Units for gross proceeds of $4,492. The Company used the gross proceeds of the Private Placement to fund the completion of the Mkango Note, the additional USD200,000 investment in MagIron and the repayment of the Kings Chapel Loans. The remainder of the funds are retained for working capital purposes.

On March 9, 2023, the Company completed a non-brokered private placement of 7,153,210 Units for gross proceeds of $3.6 million. Each Unit consisted of one common share of the Company and one common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase one common share at an exercise price of $0.75 for a period of 12 months following the issuance of the Units. The proceeds of the fundraise were used to fund the Maginito equity investment, to repay certain creditors and for general working capital purposes.

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

The Company does not yet have any cash generating operations and will be dependent upon external funding to finance its initial investments and operational roll-out of its technologies.

Looking forward, the Company will focus on the roll-out of the HyProMag technology in the US and in progressing the various BSL application opportunities. The Company will also continue to support MagIron in the execution of its strategy and will work with Ceibo to identify possible application opportunities.

RESULTS OF OPERATIONS

For the three months ended March 31 ***($'000 unless otherwise stated)***	**2023**	**2022**
Income		
FV gain on equity securities	202	-
FV gain on convertible notes	118	-
Expenses		
Professional consulting fees	(147)	(150)
General and administrative expenses	(610)	(131)
Stock-based compensation	(118)	(69)
Operating income (loss)	**(555)**	**(350)**
Net finance expense	35	-
Comprehensive income (loss) for the period	**(520)**	**(350)**

Revaluation of both BSL and MagIron equity investments resulted in a gain, together with the related changes in foreign exchange, of $202 which has been recorded in the statement of income as fair value through profit and loss ("FVTPL"). The fair value gain is mostly driven by the additional investment in BSL of USD500,000 which was completed at a discount to the most recent equity raise as originally agreed; therefore there is an immediate mark-to-market gain to the equity raise completed by a third party. The fair value gain of $118 on convertible notes relate to the quarterly revaluation of the conversion rights embedded in the Mkango Loans as required by IFRS and does not impact the actual GBP2 million receivable underpinning these loan notes.

Professional consulting fees were consistent with the prior period and include legal fees incurred pursuant to the various transactions entered during the period, due diligence fees as well as fees related to interim reviews by the Company's auditors.

General and administrative expenses include salary costs for four employees of the Company, website and marketing development fees. The Company was not yet re-listed during the comparative quarter and the increase in costs reflect the significant increase in corporate activities year-over-year.

Stock-based compensation expense also increased year-over-year due to the stock options and equity incentive units ("EIU") granted to the CEO and Board Chairman. For further details, see *Transactions with Related Parties* below.

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

SUMMARY OF QUARTERLY RESULTS

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

$000's except per share	2023	2022				2021		
Amounts	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Income (loss) and comprehensive loss for the period	(520)	(282)	(113)	2,262	(350)	(240)	(348)	(16)
Net income (loss) per common share								
Basic	($0.01)	($0.01)	($0.00)	$0.07	($0.02)	($0.01)	($0.02)	($0.00)
Diluted	($0.01)	($0.01)	($0.00)	$0.06	($0.02)	($0.01)	($0.02)	($0.00)

In Q2 2022, the company recognized a significant gain on both its BSL and MagIron equity investments, together with related changes in foreign exchange, of $3.5 million which has been recorded in the statement of income as FVTPL. The Company invested USD2.12 million in MagIron which was revalued due to MagIron subsequently issuing a secured convertible note to an unrelated third party. The Company invested USD2 million in BSL at a USD75 million valuation, which was subsequently revalued to USD130 million on a fully diluted basis due to a subsequent fundraise completed by BSL. This resulted in the Company recognizing $2.3 million in earnings in Q2 2022.

In Q2 2021, the Company was dormant and incurred minimal costs to remain active as a public company.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company has experienced recurring operating losses and has an accumulated deficit of $100,313 as at March 31, 2023 (December 31, 2022: ($99,793)). For the three months ended March 31, 2023, the Company used cash in operating activities totalling $1,417 (March 31, 2022: ($117)). The Company had cash and cash equivalents of $951 (December 31, 2022: $239) and a working capital surplus of $216 as at March 31, 2023 (December 31, 2022: ($1,155)). 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 financial statements have been prepared on a going concern basis, which assumes the Company will realize on its assets and discharge its liabilities in the normal course of operations, 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.

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

As at March 31, 2023 the Company had investments with a total carrying value of $16,256, current assets of $1,059, offset by current liabilities of $843 and non-current liabilities of $667.

TRANSACTION WITH RELATED PARTIES

Compensation of Key Management

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company has identified the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Board Chairman as its key management personnel. The remuneration of key management is determined by the compensation committee of the Board of Directors. The consulting fees and other compensation of key management personnel were as follows for the three months ended March 31, 2023, and March 31, 2022:

	Mar. 31, 2023 $	**Mar. 31, 2022 $**
Short-term salaries and benefits	(347)	-
Share-based compensation	(118)	(61)
Total	**(465)**	**(61)**

Short-term salaries and benefits include $250 accrued salaries for the CEO and CFO.

Other Related Party Transactions

On June 29, 2022, the Company entered into an unsecured loan agreement with Kings Chapel International Ltd. ("Kings Chapel") for an amount of GBP500,000 or $781 ("Kings Chapel Loan 1"). The purpose of the Kings Chapel Loan 1 was to fund the Mkango Loan. Kings Chapel is associated with the Company's CEO, Julian Treger. The Kings Chapel Loan bears interest of 5% per year compounded annually and shall be due and payable on the maturity date, June 29, 2024. 50% of the loan principal was repaid on January 11, 2023, and the remaining 50% was repaid on February 2, 2023. GBP14,110 in accrued interest remains outstanding as of March 31, 2023.

On September 6, 2022, the Company entered into a second unsecured loan agreement with Kings Chapel for an amount of GBP250,000 or $378 ("Kings Chapel Loan 2"). The purpose of the Kings Chapel Loan 2 was to partly fund Mkango Loan 2. The Kings Chapel Loan 2 carries the same terms as the Kings Chapel Loan 1 ("Kings Chapel Loans"). 50% of the loan principal was repaid on January 11, 2023, and the remaining 50% was repaid on February 2, 2023. GBP4,692 in accrued interest remains outstanding as of March 31, 2023.

On November 23, 2022, the Company entered into a third unsecured loan agreement with Kings Chapel for an amount of $300 ("Kings Chapel Loan 3"). The purpose of the Kings Chapel Loan 3 was to fund the IZ

Bridge Loan. The Kings Chapel Loan 3 carries the same terms as the Kings Chapel Loan 1 and 2 ("Kings Chapel Loans"). 100% of the loan principal was repaid on February 1, 2023, and $4 in accrued interest remains outstanding as of March 31, 2023.

On February 28, 2023, the Company entered into a fourth unsecured loan agreement with Kings Chapel for an amount of $475 ("Kings Chapel Loan 3"). The purpose of the Kings Chapel Loan 4 was to fund the MagIron additional investment. The Kings Chapel Loan 4 carries the same terms as the Kings Chapel Loan 1, 2, and 3. For the three months ended March 31, 2023, $2 was incurred for accrued interest.

On August 11, 2021, 2,305,831 EIUs were granted to the CEO of the Company. Each EIU is equivalent in value to one common share of the Company, and will vest on the earlier of i) August 30, 2024, provided that the 30-day volume weighted average trading price ("VWAP") of the common shares as of that date on the principal stock exchange on which they are then traded is at least $0.50 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 Vesting Date. If the EIUs vest in accordance with the aforementioned conditions, then no later than 10 days after the Vesting Date, 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. Given the current cash position of the Company, it is more likely at this stage that these EIUs will be settled with common shares and as such have been recorded as Equity-settled Share-Based Compensation. In order to measure the fair value of the EIUs awarded on August 11, 2021, management used Monte Carlo simulation to determine the expected value based on the ending share prices as at the Vesting Date. The fair value of the EIU as at the grant date of $153. The expense will be recognized during the vesting period. For the three months ended March 31, 2023, an expense in the amount of $12 has been recognized.

During April 2022, EIUs in the amount of 7% of the new common shares issued, or 797,342 EIUs, for the private placement in connection with the transition to the TSX-V, have been awarded to the CEO on the date the Company listed on the TSX-V. The agreement for the EIUs in the amount of 7% of the new common shares issued stipulate the same vesting conditions and settlement via cash payment as the EIUs awarded on August 11, 2021, however settlement via Common Shares will not be issued from Treasury but rather would be purchased by or on behalf of the Company over the facilities of the primary stock exchange on which the Common Shares are listed. Thus, these EIUs will be treated as a liability-classified award, with any changes in fair value to be reflected as share-based compensation expense. Furthermore, if at any time during the period from the day the Company is listed on the TSX-V until March 31, 2023, the Company issues additional common shares (or securities convertible into, or exchangeable for, common shares) pursuant to any financing transactions or as consideration for the acquisition of any assets or businesses, the Company will further award to the CEO on each closing date of such transactions, additional EIUs equal to 7% of common shares issued or issuable pursuant to such financing transaction or acquisition.

Following the listing of the Company on the TSX-V during April 2022, the Company issued the Chairman EIUs equal to 1.75% of the number of Common Shares issued, or 199,335 EIUs, pursuant to the Financing. The EIUs will vest and be settled on the earlier of (i) September 30, 2024, provided that the 30-day volume weighted average trading price of the Common Shares as of that date on the principal stock exchange on which they are then traded is at least $0.50 and (ii) the date on which the Company completes a change of control transaction, provided in either case that the Chairman continues to be a member of the Board as of the vesting date. Subject to vesting, the Company will, no later than 10 days after the vesting date in respect of every Unit, deliver to the Chairman, in its discretion, either (i) one Common Share (which will not be issued from treasury but rather would be purchased by or on behalf of the Company over the facilities of the primary stock exchange on which the Common Shares are listed) or (ii) a cash payment equal to the volume weighted average closing price of the Common Shares on the primary stock exchange on which the Common Shares are then listed for the five trading days immediately preceding the vesting date or, if the Common Shares are not listed and posted for trading on any stock exchange, the fair market value of the Common Shares as determined by the board of directors of the Company in its sole discretion. These EIUs will be treated as a liability-classified award, with any changes in fair value to be reflected as share-based compensation expense.

The fair value of the 996,677 EIUs awarded to the CEO and Chairman during April 2022 was determined as $280 as at March 31, 2023. The fair value of the EIUs was calculated using Monte Carlo simulation with an expected volatility of approximately 97% based on historical volatility. This was determined by using Monte Carlo simulation to estimate the expected value by averaging the ending stock prices as at the Vesting Date over 10,000 simulations as at March 31, 2023. For the three months ended March 31, 2023, $5 was reduced from the non-current liability and recorded as share-based compensation expense for the vesting of these EIUs and any changes in fair value.

The Company granted the CEO options in the amount of 569,530 on the date on which the Company listed on the TSX-V so that, as of that date, he held options to purchase a total number of Common Shares equal to 5% of the Company's issued and outstanding Common Shares. The options have an exercise price of $0.55, being the closing price of the trading day following the date on which the shares were re-listed on the TSX-V, a term of 10 years and will be subject to vesting over three years, using a graded vesting approach applied for accounting purposes with 1/3 of each option grant vesting each year subject to their continued employment with or engagement by the Company.

In connection with the warrants exercised in September 2022, 202,020 stock options have been granted to the CEO of the Company pursuant to the Company's 10% rolling stock option plan so that, as of that date, they held options to purchase a total number of Common Shares equal to 5% of the Company's issued and outstanding Common Shares. The options have an effective grant date of September 7, 2022 and are exercisable for a period of 10 years at a price of $0.46 per common share, with 1/3 of the options vesting every 12 months, over a 3-year period.

In connection with the December Private Placement and March Private Placement, 806,906 stock options are expected to be granted to the CEO of the Company pursuant to the Company's 10% rolling stock option plan so that, as of those dates, they held options to purchase a total number of Common Shares equal to 5% of the Company's issued and outstanding Common Shares. Given that the stock options have not yet been issued, management used the stock price as at March 10, 2023 which the day after the closing share price when the last private placement completed. The options will be exercisable for a period of 10 years, an estimated share price of $0.55 per common share, with 1/3 of the options vesting every 12 months, over a 3-year period. $14 was recorded as an accrued expense for the vesting of these options.

In connection with the warrants exercised in September 2022, 282,828 EIUs have been awarded to the CEO of the Company so, as of that date, they held EIUs equal to 7% of the number of Common Shares issued. The fair value of the EIUs was calculated using Monte Carlo simulation. The fair value of the 282,828 EIUs awarded to the CEO was determined to be $99 as at September 7, 2022 using an expected volatility of approximately 113% based on historical volatility over 10,000 simulations. Subsequent measurement as at March 31, 2023 was $80. As at March 31, 2023, the fair value of the EIUs was calculated using Monte Carlo simulation using an expected volatility of approximately 97% based on historical volatility to estimate the expected value by averaging the ending stock prices as at the Vesting Date over 10,000 simulations. For the three months ended December 31, 2023, $5 was added to the non-current liability and recorded as share-based compensation expense for the vesting of these EIUs and any changes in fair value.

In connection with the December Private Placement and March Private Placement, 1,129,668 EIUs are expected to be awarded to the CEO of the Company so, as of that date, they held EIUs equal to 7% of the number of Common Shares issued. Given that the EIUs have not yet been issued, management used the stock price as at March 31, 2023 to estimate the fair value of these EIUs using Monte Carlo simulation. The fair value of the 1,129,668 EIUs awarded to the CEO was determined to be $318 as at March 31, 2023 using an expected volatility of approximately 97% based on historical volatility over 10,000 simulations. For the three months ended March 31, 2022, $12 was added to the non-current liability and recorded as an estimated share-based compensation expense for the vesting of these EIUs and any changes in fair value.

The Company granted the Chairman options in the amount of 142,382 on the date on which the Company was listed on the TSX-V so that, as of that date, he held options to purchase a total number of Common Shares equal to 1.25% of the Company's issued and outstanding Common Shares. The options have an exercise price of $0.55, being the closing price of the trading day following the date on which the shares were re-listed on the TSX-V, a term of 10 years and will be subject to vesting over three years, using a graded vesting approach applied for accounting purposes with 1/3 of each option grant vesting each year subject to their continued employment with or engagement by the Company.

For the three months ended March 31, 2023, $94 was recorded as share-based compensation expense for the vesting of these stock options.

On April 14, 2022, the Company awarded the CEO a cash bonus of $200 subject to the Company being listed on the TSX-V. An accrual of $200 related to the aforementioned bonus is included in accrued liabilities as at March 31, 2023.

On April 14, 2022, the Company awarded the Chairman a cash bonus of $50 subject to the Company being listed on the TSX-V. An accrual of $50 related to the aforementioned bonus is included in accrued liabilities as at March 31, 2023.

SUBSEQUENT EVENTS

Deferred Share Units and Incentive Stock Options

On April 25, 2023, the Company announced that it has granted an aggregate of 550,000 deferred share units to non-executive directors of the Board of Directors ("Board") and a technical advisor to the Board. Furthermore, the Company granted an aggregate 1,631,905 incentive stock options (the "Options") to the Chief Executive Officer, other officers, management and employees of the Company. The Options vest over a three (3) year term, are exercisable at $0.50 per share, being the higher of the closing share price on the day preceding the award and the price of the latest fundraise and are valid for a ten-year period.

MagIron – Increased Equity Interest

On May 1, 2023, the Company announced that it has invested a further USD101,014 into MagIron. The investment was part of a larger USD400,000 fundraise that was supported by existing shareholders and was done at a pre-money valuation of USD35 million. The funds will be used to further progress the restart of Plant 4 and for general corporate purposes.

CoTec contributed $200,000 to an earlier fund raise in February 2023. These two investments have increased CoTec's equity interest in MagIron from 15.8% to 16.9% on a fully diluted basis.

Ceibo Equity Investment

On May 11, 2023, the Company announced that it has invested USD1.5 million into Ceibo, a Delaware corporation, for a small equity interest. Ceibo, through its wholly-owned Chilean subsidiary has developed a revolutionary process to leach low-grade primary copper sulphides, such as chalcopyrite, and copper waste material using a proprietary high throughput inorganic leaching technology.

On May 4, 2023, the Company entered into a further loan note of USD1.5 million with Kings Chapel to fund its investment into Ceibo. 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 $3.2 million and May 3, 2025.

CoTec participated in Ceibo's completed Series B financing round with funding secured from a group of leading international investors. Ceibo will use the proceeds from the financing to scale its technology through continued small- and large-scale column testing and the building of a demonstration plant.

Mkango Acquired HyProMag

On May 16, 2023, Mkango announced that it has entered into definitive agreements for the HyProMag Acquisition for a cash and share consideration (the "Transaction"). The Transaction is conditional upon the approval of the TSX Venture Exchange and approval pursuant to the UK's National Security and Investment (NSI) Act. Approval of the latter is expected no later than the third quarter of 2023.

Mkango Loan Note Conversion

On May 17, 2023, the Company announced that it has notified Mkango and Maginito of its intention to increase its equity position in Maginito from 10% to approximately 20.6%.

CoTec intends to convert its GBP2 million convertible loan note in Mkango into Maginito stock on completion of the HyProMag Acquisition.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing the interim condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements for the year ended December 31, 2022.

BALANCE SHEET ARRANGEMENTS

At March 31, 2023, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

CONFLICTS OF INTEREST

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

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

OUTSTANDING SHARE DATA AS AT MAY 29, 2023

a) Authorized and issued Share Capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	54,627,430

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

b) Summary of Options Outstanding:

Date of Issue	Expiry Date	Exercise Price	Number of Options
September 24, 2021	September 24, 2031	$0.30	1,152,916
October 8, 2021	October 8, 2031	$0.45	288,229
April 19, 2022	April 19, 2032	$0.55	711,912
April 19, 2022	April 19, 2023	$0.55	100,000[1]
September 7, 2022	September 7, 2032	$0.46	202,020
April 25, 2023	April 25, 2033	$0.50	1,631,905

c) Summary of Warrants Outstanding:

Date of Issue	Expiry Date	Exercise Price	Number of Warrants
April 14, 2022	April 14, 2023	$0.75	11,390,593[2]
April 14, 2022	April 14, 2025	$0.55	250,020
December 28, 2022	December 28, 2023	$0.75	1,264,108
January 10, 2023	January 10, 2024	$0.75	2,651,000
February 9, 2023	February 9, 2024	$0.75	5,069,796
March 9, 2023	March 9, 2024	$0.75	7,153,210

1) These stock options had expired at the time of filing the MD&A
2) These warrants had expired at the time of filing the MD&A

INTERNAL CONTROL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

Controls and Procedures

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

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

Disclosure Controls and Procedures

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

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

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

OTHER INFORMATION

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