COTEC HOLDINGS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED – SEPTEMBER 30, 2023

INTRODUCTION

This Management Discussion and Analysis ("MD&A") of CoTec Holdings Corp (the "Company" or "CoTec") has been prepared by management as of November 10, 2023. Information herein is provided as of November 10, 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 and nine months ended September 30, 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 September 29, 2023 ("Annual Information Form") can be found on SEDAR at www.sedarplus.ca.

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

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 five 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

- Net income for the quarter and nine months ended September 30, 2023 of $3.2 million and $13.1 million respectively
- Further US$120,000 investment in MagIron LLC ("MagIron") to fund working capital and to maintain the Company's interest at ~16.94% on a fully diluted basis
- CoTec's investee, Maginito Limited ("Maginito"), completed its purchase of the remaining 58% equity interest in HyProMag Limited ("HyProMag") bringing its interest to 100% ("HyProMag Acquisition")
- Converted its GBP2 million convertible loan to Mkango Resources Ltd. ("Mkango") into Maginito stock on September 30, 2023, increasing its ownership stake from 10% to 20.6% and funded a Maginito cash call proportionate to CoTec's ownership stake of $216
- CoTec's investee, Binding Solutions Limited ("BSL"), secured a US$17.5 million equity investment from Mineral Resources Limited ("MinRes") at an increased valuation
- Entered an option agreement for the acquisition of Lac Jeannine mining claims for application of BSL technology and made the first payment of US$40,000 to the vendors pursuant to the option agreement
- Engaged a drilling contractor for Lac Jeannine and completed bulk sample and maiden resource drilling program early October 2023
- CoTec's investee, Ceibo Inc. ("Ceibo"), secures investment from BHP Group Limited to support its early-stage revolutionary copper leaching technology

Corporate

- Engaged Hybrid Financial Ltd ("Hybrid") to assist CoTec in creating awareness of the Company with financial professionals
- Entered a Memorandum of Understanding for a collaboration with the University of Birmingham to identify and commercialize disruptive technologies related to critical mineral extraction

Recent Developments and Outlook

The third quarter was another positive quarter for CoTec during which it recorded net income of $3,249, bringing its net income for the year to date to $13,103. The profit was driven by an upward revaluation of the Company's investments in BSL and Maginito as discussed in detail below.

CoTec made significant progress towards the operational roll-out of two of its technologies. Maginito completed the HyProMag Acquisition, followed by CoTec and Mkango entering into a binding letter agreement pursuant to which they have agreed a 50:50 joint venture for the roll-out of the HyProMag technology in the US. Shortly before quarter-end, CoTec also converted its GBP2 million convertible loan in Mkango into Maginito stock to increase its holding into Maginito to 20.6 per cent.

Additionally, CoTec entered into a binding option agreement during the quarter for the purchase of 31 mining claims forming the Lac Jeannine Property located in the Côte-Nord region of Quebec, Canada. CoTec completed a maiden resource estimate and extracted a bulk sample from the Property tailings material.

Mkango and Maginito

During May 2023, Maginito announced that it signed definitive agreements for the HyProMag Acquisition. The transaction was conditional upon the approval of the TSX Venture Exchange and approval pursuant to the UK's National Security and Investment (NSI) Act. The transaction was completed in early August 2023 and the purchase price comprised a combination of cash consideration of £1 million and Mkango shares. On September 30, 2023, CoTec converted its £2 million convertible loan note in Mkango into Maginito stock, increasing its equity holding in Maginito to 20.6%.

Maginito is targeting first production of Rare Earth Element ("REE") carbonate from the Tyseley plant, UK in 2023 and from its German operations in 2024.

Maginito and CoTec entered into a co-operation agreement during the first quarter of 2023 in relation to REE opportunities in the US. Following the signing of the agreement, the parties launched the roll-out of the HyProMag technology in the US for REE recycling. 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.

During the current quarter, Mkango and CoTec entered into a binding letter agreement pursuant to which they have agreed a 50:50 joint venture for the roll-out of the HyProMag technology in the US. The parties are in the process of forming a company to be incorporated in the US ("HyProMag US") to be owned 50:50 by the joint venture partners. HyProMag will provide a sub license for the technology and technical assistance to HyProMag US, whilst CoTec will be responsible for funding initial costs, including the feasibility study, and project development costs. CoTec and Mkango will be jointly responsible for the management of HyProMag US.

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.

During the first quarter, Maginito extended a EUR2.5 million convertible loan to HyProMag GmbH ("HyProMag Germany"). With the completion of the HyProMag Acquisition, the conversion of the EUR2.5 million convertible loan increases Maginito's interest in HyProMag Germany on a net basis from 80% to 90%, valuing HyProMag Germany at EUR25 million. The total $3.4 million gain on the Maginito investment and Mkango convertible note reflected in the quarterly results is based on the increased valuation of HyProMag Germany as reflected by the conversion value of the EUR2.5 million for a net 10% increase in Maginito's interest in HyProMag Germany. CoTec has applied an overall success factor of 70% to this gain, to reflect the execution risk of deploying the business in Germany.

On September 30, 2023, the Company converted its GBP2 million, or $3,411 convertible loan to Mkango for equity into Maginito, increasing its ownership in Maginito from 10% to 20.6%. Moving forward the Company will account for its ownership of Maginito utilizing the equity-method, as significant influence was realized through the conversion of the Mkango convertible loan into Maginito equity. Prior to quarter-end, the Company also funded a cash call proportionate to its ownership stake of 20.6% in Maginito of GBP 130,970, or $216.

BSL and Lac Jeannine Property

Following a detailed due diligence the Company signed an option agreement on August 7, 2023, to acquire 31 mining claims forming the Lac Jeannine Property (the "Property") located in the Côte-Nord region of Quebec, Canada. The Property contains historical tailings of the previous Lac Jeannine iron ore mine operated by the Québec Cartier Mining Company between 1959 and 1985.

During the quarter the Company engaged Sonic Drilling Corp. to perform a drilling and bulk sampling program. The drilling program will form the basis of the maiden resource estimate whilst the bulk sample will be used for independent metallurgy testing and further testing with BSL of its cold agglomeration technology. The drilling and bulk sampling program was completed in early October 2023. If the results are positive, the Company intends to complete a feasibility study regarding the recovery and production of low cost and low carbon iron ore pellets from the Property applying the BSL technology.

Operationally, during the quarter, BSL commissioned and commenced commercial testing at their pilot plant in Teesside, UK. It also secured further equity funding of US$17.5 million from Australian based Mineral Resources Limited ("MinRes") at an increased valuation. BSL will use the funds to progress the feasibility study, design and construction of a demonstration plant capable of producing approximately 50 tonnes per hour of cold-bonded iron ore pellets applying its technology. The location of the demonstration plant is yet to be decided.

The increased valuation reflected by the MinRes investment resulted in a $1.5 million gain on investment in the Company's quarterly results.

MagIron

During the quarter, the Company contributed USD120,000 to a USD549,000 fundraise to maintain its equity interest in MagIron to 16.94% on a fully diluted basis. In early October, the Company provided MagIron with a further USD72,500 equity investment for working capital purposes, at a price of $4.5569 per share, which includes ten non-transferable purchase warrants at the same price for a period of 24 months.

During the prior quarter MagIron successfully completed an extensive campaign of independent laboratory metallurgical test work ("Test Work") for its 100% owned Plant 4 iron ore project. The initial results have confirmed a new process flowsheet which has demonstrated the potential to double the historical iron recovery achieved at Plant 4 and to produce Direct Reduction grade iron concentrate. As a next step, MagIron will follow the Test Work with further feasibility studies for a large scale testing through a limited restart of Plant 4. MagIron is targeting, subject to the availability of finance, a restart of its operations during late 2024.

During the quarter MagIron continued its funding discussions with potential investors and performed certain technical work pursuant to its target to restart Plant 4. Furthermore, it is now in advance discussions to potentially acquire a pelletizing facility which may be of strategic interest to unlock the value of Plant 4.

Ceibo

On May 11, 2023, the Company invested USD1.5 million into Ceibo Inc., a Delaware private corporation for an equity interest of 3%. 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.

CoTec's investment was part of a larger funding round supported by a group of international investors including BHP Group Limited. 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

The Company's $300 loan note to International Zeolite Corp ("IZ") remains outstanding as at quarter-end. The loan note 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.

Loan Notes from Kings Chapel

On May 3, 2023, the Company entered a 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 in aggregate gross proceeds from one or more equity financing transactions of at least $3.2 million and May 3, 2025 (see Other Related Party Transactions below).

On June 15, 2023, the Company entered a loan note of USD120,000 with Kings Chapel to fund its contribution to the MagIron's June Fundraise. 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 in aggregate gross proceeds from one or more equity financing transactions of at least $3.5 million and June 14, 2025 (see Other Related Party Transactions below).

On July 20, 2023, the Company entered a loan note of USD1.2 million with Kings Chapel 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 in aggregate gross proceeds from one or more equity financing transactions of at least $5 million and July 20, 2025. The loan was drawn down in several tranches with the final draw down of US$200,000 on October 18, 2023.

Corporate

On July 24, 2023, CoTec engaged Hybrid to assist in creating awareness of the Company with financial professionals. Hybrid provides its database, technology, and call center services to enable CoTec to disseminate its information to Financial Professionals only. Hybrid provides its services directly to the Company.

On September 1, 2023, CoTec entered a Memorandum of Understanding for a collaboration with the University of Birmingham, UK to identify and commercialize disruptive technologies related to critical mineral extraction.

The collaboration will focus on potential opportunities to commercialize the University's low carbon, disruptive technologies in the mineral extraction industry. The University of Birmingham will contribute its depth of research knowledge while CoTec will provide its extensive industry experience, network and access to potential operating assets.

Finally, on October 4, 2023, the Company's common shares became eligible for electronic clearing and settlement in the United States through the Depository Trust Company.

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-weekly basis and reviews all proposals on investments and capital decisions and recommends matters for approval to the Board, where appropriate.

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 bankable feasibility study of the HyProMag technology in the US, the feasibility work on the Lac Jeannine Property and in progressing the various other 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.

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

RESULTS OF OPERATIONS

For the nine months ended September 30 ***($'000 unless otherwise stated)***	**2023**	**2022**
Income		
FV gain on equity securities	15,000	4,041
FV gain on convertible notes	1,806	(214)
Expenses		
Professional consulting fees	(530)	(374)
General and administrative expenses	(1,896)	(919)
Stock-based compensation	(1,275)	(219)
Operating income (loss)	**13,105**	**2,315**
Net finance expense	(2)	27
Income tax expense	-	(571)
Comprehensive income (loss) for the period	**13,103**	**1,771**

The fair value gain is mostly driven by MagIron announcing on June 19, 2023, that it had completed a fundraise of USD500,000 that was supported by existing shareholders and was completed at a pre-money valuation of USD150 million. The Company's initial investment was completed at a valuation of USD13.3 million, which was subsequently restated following an investment by a third party for a MagIron convertible loan note at a conversion value of USD30 million. Management has considered the uncertainties around project milestones and applied an overall success factor of 50% to this latest gain, to reflect its expectation of the project being successful as well as the likelihood of a liquidity event. This gain and any related changes in foreign exchange ("FX") have been recorded through the statement of income as Fair Value Through the Statement of Profit or Loss ("FVTPL") in the amount of $11.1 million.

Subsequent to the Company's initial equity investment in 2022 into BSL, BSL had received an equity investment from an Asian-based corporate group at a valuation of USD130 million on a fully diluted basis, or USD1,101.25 per share, or $1.4 million gain as of June 30, 2022. During the current quarter, BSL had received an equity investment from Australian-based MinRes at a valuation of USD158 million, or USD1,412.64 per share. This valuation represents a 126% increase over the $70 million valuation which the Company has agreed for its initial USD2 million investment in BSL. This gain and any related changes in foreign exchange have been recorded through the statement of income as FVTPL in the amount of $1.5 million for the nine months ended September 30, 2023.

The remaining change in equity securities is the result of FX gains and losses recorded through FVTPL.

On September 30, 2023, the Company increased its equity interest in Maginito from 10% to 20.6% through the conversion of its GBP2.066 million, or $3,411 convertible loan to Mkango into Maginito equity. Significant control was realized through this conversion. Moving forward the Company will account for its ownership of Maginito utilizing the equity-method.

For the nine months ended September 30, 2023, a $46 loss due to changes in FX was recorded through FVTPL with a $1,634 gain related to changes in the equity value, and a $1,732 gain related to changes in the convertible note as the underlying equity value in Maginito increased prior to conversion of the Mkango convertible loan.

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 five employees of the Company, website and marketing development fees, travelling costs, etc. The prior period's costs include salaries only from re-listing of the Company during April 2022, whilst the nine months ending September 30, 3023 include salaries for the full nine-month period. Additionally, the team has expanded from four to five members. Other increases relate to the higher level of activity in the Company compared to the prior nine-month period, including increased travelling expenses.

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, the management team and other employees of the Company, as well as the deferred share units ("DSUs") granted to non-executive Directors. 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 nine most recently completed quarters are as follows:

$000's except per share	2023			2022				2021	
Amounts	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Income (loss) and comprehensive loss for the period	3,249	10,376	(521)	(282)	(113)	2,262	(350)	(240)	(348)
Net income (loss) per common share									
Basic	$0.06	$0.19	($0.01)	($0.01)	($0.00)	$0.07	($0.02)	($0.01)	($0.02)
Diluted	$0.06	$0.19	($0.01)	($0.00)	$0.06	($0.02)	($0.01)	($0.02)	($0.00)

In Q3 2023, the company recognized a significant gain on its Maginito equity investments, convertible loan, together with related changes in FX of $4,977 which has been recorded in the statement of income as FVTPL. The Company converted its Mkango convertible loan and recorded the gain on the conversion.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company has experienced recurring operating losses and has an accumulated deficit of $86,690 as at September 30, 2023 (December 31, 2022: ($99,793)). For the nine months ended September 30, 2023, the Company used cash in operating activities totalling $2,449 (September 30, 2022: ($921)). The Company had cash and cash equivalents of $223 (December 31, 2022: $239) and a working capital (current assets less current liabilities) deficit of $$1,420 as at September 30, 2023 (December 31, 2022: ($1,155)). As at September 30, 2023, current liabilities included $960 in accrued salaries to the CEO, CFO, and Chairman, which will only be repaid following a successful fundraise by the Company.

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

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 funds as required, there are no assurances that the Company will be successful in achieving this goal. As a result, there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes the Company will 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.

As at September 30, 2023 the Company had investments with a total carrying value of $35,508, current assets of $378, offset by current liabilities of $1,798 and non-current liabilities of $4,632.

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 nine months ended September 30, 2023, and 2022:

	Sept. 30, 2023 **$**	**Sept. 30, 2022** **$**
Short-term salaries and benefits	(1,043)	(670)
Share-based compensation	(378)	(155)
Total	**(1,421)**	**(824)**

There is $960 of accrued salaries in accrued liabilities for the CEO, CFO and Board Chairman.

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 September 30, 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 September 30, 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 September 30, 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 4"). 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, except that the Kings Chapel Loan 4 matures on March 1, 2025. For the nine months ended September 30, 2023, $14 was incurred for accrued interest.

On May 3, 2023, the Company entered into a fifth unsecured loan agreement with Kings Chapel for an amount of USD1,500,000 or $2,026 ("Kings Chapel Loan 5"). The purpose of the Kings Chapel Loan 5 was to fund the Ceibo investment. The Kings Chapel Loan 5 bears interest of 10% per year compounded annually, and has a maturity date of May 4, 2025. For the nine months ended September 30, 2023, $82 was incurred for accrued interest.

On June 15, 2023, the Company entered into a sixth unsecured loan agreement with Kings Chapel for an amount of USD120,000 or $159 ("Kings Chapel Loan 6"). The purpose of the Kings Chapel Loan 6 was to fund the additional investment in MagIron. The Kings Chapel Loan 6 bears interest of 10% per year compounded annually, and has a maturity date of June 15, 2025. For the nine months ended September 30, 2023, $5 was incurred for accrued interest.

On July 20, 2023, the Company entered into a loan note of USD1.2 million with Kings Chapel ("Kings Chapel Loan Facility") 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 July 20, 2025. The loan will be drawn down in tranches.

On July 24, 2023, the Company drew down on its Kings Chapel Loan Facility in the amount of USD300,000 or $395. On August 31, 2023, the Company drew down on its Kings Chapel Loan Facility in the amount of USD300,000 or $395. On September 15, 2023, the Company drew down on its Kings Chapel Loan Facility in the amount of USD200,000 or $271. For the nine months ended September 30, 2023, $12 was incurred for accrued interest for the Kings Chapel Loan Facility.

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 nine months ended September 30, 2023, an expense in the amount of $37 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.

Pursuant to the compensation agreements with the CEO, the Company has awarded 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 the day the Company was listed on the TSX-V until March 31, 2023. The Company has also awarded to the CEO additional stock options equal to 5% of the common shares issued or issuable pursuant to financing transactions on each closing date of such transactions from the day the Company was listed on the TSX-V until March 31, 2023.

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 $637 as at September 30, 2023. The fair value of the EIUs was calculated using Monte Carlo simulation with an expected volatility of approximately 86% 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 September 30, 2023. For the nine months ended September 30, 2023, $266 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.

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, 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 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, 806,905 stock options have been granted to the CEO of the Company on April 24, 2023 pursuant to the Company's 10% rolling stock option plan 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 are exercisable for a period of 10 years, at a share price of $0.55 per common share, with 1/3 of the options vesting every 12 months, over a 3-year period. $91 was recorded as an expense during the nine months ended September 30, 2023.

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. As at September 30, 2023, the fair value of the EIUs was calculated using Monte Carlo simulation using an expected volatility of approximately 79% 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 nine months ended September 30, 2023,

$77 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 were awarded to the CEO of the Company. The fair value of the 1,129,668 EIUs awarded to the CEO was determined to be $721 as at September 30, 2023 using an expected volatility of approximately 79% based on historical volatility over 10,000 simulations. For the nine months ended September 30, 2023, $251 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.

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.

On April 24, 2023, the Company granted an aggregate 550,000 deferred share units ("DSUs") to the non-executive Directors of the Company. Each DSU granted shall vest on April 24, 2024, provided that the participant continues to qualify as a participant for the purposes of the Plan as of that date, and be settled, subject to and in accordance with Section 9.1 of the Plan. $268 was recorded as an expense during the nine months ended September 30, 2023.

On April 24, 2023, the Company granted an aggregate of 825,000 stock options to the COO, CFO, and other management of the Company pursuant to the Company's 10% rolling stock option plan. The options are exercisable for a period of 10 years, at a share price of $0.55 per common share, with 1/3 of the options vesting every 12 months, over a 3-year period. $93 was recorded as an expense during the nine months ended September 30, 2023.

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 September 30, 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 September 30, 2023.

SUBSEQUENT EVENTS

On October 10, 2023, the Company drew down on its Kings Chapel Loan Facility in the amount of USD200,000 or $272. On October 18, 2023, the Company drew down its remaining balance on its Kings Chapel Loan Facility in the amount of USD200,000 or $275.

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.

During the period ended September 30, 2022, the Company determined that there was sufficient evidence from external transactions in the investees' equity which are indicators that initial cost might no longer be representative of fair value. The Company used these external transactions to support the valuation of the Company's investments into Maginito, and also applied a success factor in order to reflect management's expectation of the project being successful as well as the likelihood of a liquidity event.

BALANCE SHEET ARRANGEMENTS

At September 30, 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 and Kings Chapel Loan Facility. 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 NOVEMBER 10, 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
September 7, 2022	September 7, 2032	$0.46	202,020
April 24, 2023	April 24, 2033	$0.50	1,631,906

c) Summary of Warrants Outstanding:

Date of Issue	Expiry Date	Exercise Price	Number of Warrants
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

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.sedarplus.ca.