COTEC

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2023

The accompanying notes are an integral part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
AS AT MARCH 31, 2023, AND DECEMBER 31, 2022

	Mar. 31, 2023	Dec. 31, 2022
ASSETS		
Current		
Cash and cash equivalents	$ 951	$ 239
GST receivable	79	52
Prepaid expenses	29	51
Total current assets	1,059	341
Non-Current		
BSL investment (Note 5)	4,894	4,078
MagIron investment (Note 5)	5,480	5,156
Maginito investment (Note 5)	2,510	-
Mkango convertible notes (Note 6)	3,372	2,525
IZ note receivable (Note 6)	307	302
TOTAL ASSETS	**$ 17,622**	**$ 12,403**
LIABILITIES		
Current		
Trade and other payables	$ 225	$ 360
Accrued liabilities	618	1,137
Total current liabilities	843	1,497
Non-Current		
Note payable (Note 6)	$ 523	$ 1,554
Deferred tax liabilities	-	-
Stock-based compensation liability	144	132
TOTAL LIABILITIES	1,510	3,182
EQUITY		
Share capital (Note 4)	102,414	96,619
Contributed surplus	14,011	12,395
Deficit	(100,313)	(99,793)
TOTAL EQUITY	16,112	9,221
TOTAL LIABILITIES AND EQUITY	**$ 17,622**	**$ 12,403**

Corporate information and going concern (Note 1)

On behalf of the Board:

(signed) Julian Treger Director

(signed) Lucio Genovese Director

COTEC

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE PERIODS ENDED MARCH 31, 2023, AND 2022

	For the three months ended	
	Mar. 31, 2023	**Mar. 31, 2022**
INCOME		
Gain on equity investment (Note 5)	202	-
Gain on convertible notes receivable (Note 6)	118	-
EXPENSES		
Professional consulting fees	(147)	(150)
G&A expenses	(610)	(131)
Share-based compensation (Note 4)	(118)	(69)
Operating loss	**(555)**	**(350)**
Finance expense (Note 7)	(7)	-
Finance income	42	-
Foreign exchange (loss) gain	-	-
Net finance expense	35	-
Income tax expense	-	-
Comprehensive loss for the period	**$ (520)**	**$ (350)**
Net loss per common share (Note 9)		
Basic	($0.01)	($0.02)
Diluted	($0.01)	($0.02)

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INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE PERIODS ENDED MARCH 31, 2023, AND YEAR ENDED DECEMBER 31, 2022

	Share Capital		**Commitment to Issue Shares**	**Contributed Surplus**		**Deficit**	**Total Equity**
	Number	**Amount**	**Amount**	**Options**	**Warrants**	**Amount**	**Amount**
Balance – Jan. 1, 2022	**23,058,319**	**$ 90,996**	**$ -**	**$ 10,058**	**$ 149**	**$(101,282)**	**$ (79)**
Net income for the year	-	-	-	-	-	1,489	**1,489**
Shares issued for cash	12,654,701	6,892	-	-	-	-	**6,892**
Share issue costs	-	(172)	-	-	-	-	**(172)**
Commitment to issue shares	-	-	124	-	-	-	**124**
Issuance of warrants	-	(2,036)	-	-	2,036	-	**-**
Exercise of warrants	4,040,404	816	-	-	(149)	-	**667**
Equity-settled share-based compensation	-	-	-	302	-	-	**302**
Balance – Dec. 31, 2022	**39,753,424**	**$ 96,495**	**$ 124**	**$ 10,360**	**$ 2,035**	**$ (99,793)**	**$ 9,221**
Balance – Jan. 1, 2023	**39,753,424**	**$ 96,495**	**$ 124**	**$ 10,360**	**$ 2,035**	**$ (99,793)**	**$ 9,221**
Net loss for the period	-	-	-	-	-	(520)	**(520)**
Shares issued for cash	14,874,006	7,306	-	-	-	-	**7,306**
Share issue costs	-	-	-	-	-	-	**-**
Commitment to issue shares	-	124	(124)	-	-	-	**-**
Issuance of warrants	-	(1,511)	-	-	1,511	-	**-**
Exercise of warrants	-	-	-	-	-	-	**-**
Equity-settled share-based compensation	-	-	-	105	-	-	**105**
Balance – Mar. 31, 2023	**54,627,430**	**$ 102,414**	**$ -**	**$ 10,465**	**$ 3,546**	**$ (100,313)**	**$ 16,112**

COTEC

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE PERIODS ENDED MARCH 31, 2023, AND 2022

	For the three months ended	
	Mar. 30, 2023	**Mar. 30, 2022**
OPERATING ACTIVITIES		
Net Income (loss) for the year	$ (520)	$ (350)
Add items not affecting cash		
Gain on equity investment (Note 6)	(202)	-
Loss on convertible note receivable	(118)	-
Share-based compensation	118	69
Income tax expense	-	-
Non-cash finance expense & foreign exchange	(36)	-
Changes in non-cash working capital balances related to operations		
GST receivable	(27)	(8)
Prepaid expenses	22	(11)
Trade and other payables and accrued liabilities	(654)	184
Cash used by operating activities	**(1,417)**	**(117)**
INVESTING ACTIVITIES		
Maginito investment (Note 6)	(2,496)	(154)
BSL investment (Note 6)	(684)	-
Mkango convertible note (Note 7)	(691)	
MagIron Investment (Note 6)	(268)	-
Cash used by investing activities	(4,139)	(154)
FINANCING ACTIVITIES		
Shares and warrants issued for cash	7,306	-
Note payable	(1,038)	-
Cash from financing activities	6,268	-
Net decrease in cash and cash equivalents for the period	**712**	**(271)**
Cash and cash equivalents, beginning of period	239	400
Cash and cash equivalents, end of period	**$ 951**	**$ 129**

The accompanying 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 $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.

2 Basis of Presentation

(a) Statement of Compliance with International Financial Reporting Standards

These condensed consolidated interim financial statements (the "interim financial statements"), which are presented in Canadian dollars, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, "Interim Financial Reporting". They do not include all information required for a complete set of IFRS financial statements. However, selected notes are included to explain events and transactions that are significant to an understanding of the changes and performance since the Company's last annual financial statements as at and for the year ended December 31, 2022.

(b) Basis of Consolidation

The interim 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. All intercompany balances and transactions have been eliminated upon consolidation.

These condensed consolidated interim 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.

The US and Canadian subsidiaries' functional currency is the Canadian dollar.

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.

(c) Accounting Policies

The accounting policies, estimates and judgements, methods of computation and presentation followed in these interim financial statements are the same as those applied in the Company's annual financial statements for the year ended December 31, 2022. Accordingly, these interim financial statements should be read in conjunction with the Company's most recent annual financial statements.

(d) Approval of Financial Statements

The Board of Directors approved these consolidated financial statements for issue on May 29, 2023.

3 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.

4 Share Capital

Equity

The Company has unlimited authorized common shares with no par value. Total common shares issued and outstanding as at March 31, 2023, numbered 54,627,430.

Private Placement

On January 10, 2023, the Company completed a second tranche of a non-brokered private placement that was announced on December 20, 2022 ("December Private Placement"). Pursuant to this closing, the Company issued a total of 2,651,000 Units at a price of $0.50 per subscription receipt for gross proceeds of $1,326. 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 $0.75 for a period of 12 months following the issuance of the Units.

On February 2, 2023, the Company completed a third tranche of a non-brokered private placement that was announced on December 20, 2022 ("December Private Placement"). Pursuant to this closing, the Company issued a total of 5,069,796 Units at a price of $0.50 per subscription receipt for gross proceeds of $2,535. 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 $0.75 for a period of 12 months following the issuance of the Units.

On March 1, 2023, the Company announced a non-brokered private placement of up to 7,150,00 Units ("March Private Placement"). On March 9, 2023, the Company closed the March Private Placement, and issued a total of 7,153,210 Units at a price of $0.50 per subscription receipt for gross proceeds of $3,577. 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 $0.75 for a period of 12 months following the issuance of the Units.

When the placements are combined, the Corporation issued an aggregate of 14,874,006 Units pursuant to the private placements for gross proceeds of $7,437.

Using the relative fair value method, $1,511 was allocated to Contributed Surplus for the Warrants. $5,926 was allocated to share capital.

Stock Options

Share-based compensation expenses recognized in the Consolidated Statement of Income and Comprehensive Income for the three months ended March 31, 2023, and March 31, 2022, is as follows:

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

	Mar. 31, 2023	**Mar. 31, 2022**
Stock options	(94)	(38)
Equity incentive units	(24)	(31)
Total	**(118)**	**(69)**

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 December and March Private Placements, and pursuant to existing agreements with the CEO (refer to Note 8 Related Party Transactions) additional stock options and equity incentive units ("EIUs") are owed but have not been issued prior to March 31, 2023. In total, 806,905 stock options will be granted post quarter-end, at an exercise price equal to the higher of $0.50 and the closing share price of the Company's shares the day prior to the grant. The options will be valid for 10 years and will vest 1/3 annually over a 3-year period. The Company has accrued an expense related to these stock options in the amount of $14. In addition, 1,129,668 EIUs will also be awarded during the second quarter. The Company has accrued an expense of $12 in this regard.

The weighted average fair value per option granted during the three months ended March 31, 2023, was nil (March 31, 2022: nil). As at March 31, 2023, there was $297 of share-based compensation expense (March 31, 2022: $1,363) relating to the Company's unvested stock options to be recognized in future periods.

For the three months ended March 31, 2023, stock-based compensation expense relating to the vesting of stock options, was $94. A summary of option activity under the Plan during the three months ended March 31, 2023, and December 31, 2022, is as follows:

	Number of options #	**Weighted average exercise price $**
Balance – December 31, 2022	2,455,077	0.41
Granted	-	-
Exercised	-	-
Expired	-	-
Balance – March 31, 2023	**2,455,077**	**0.41**

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

The number of options outstanding as at March 31, 2023, 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	8.48	Nil
October 8, 2021	October 8, 2031	288,229	0.45	8.52	Nil
April 19, 2022	April 19, 2032	711,912	0.55	9.05	Nil
April 19, 2022	April 19, 2023	100,000	0.55	0.05	100,000[1]
September 7, 2022	September 7, 2032	202,020	0.46	9.44	Nil
		2,455,077	**0.41**	**8.39**	**Nil**

1) These stock options expired on April 19, 2023

Warrants

Pursuant to the December Private Placement, the Company issued 7,720,796 warrants. Each warrant entitles the holder to acquire one common share in the Company at a price of $0.75 per share, for a period of twelve months following the date of issuance. The fair value of the warrants was determined as $277 for the second tranche, and $521 for the third tranche. The fair value of the warrants for the second tranche was calculated using the Black-Scholes options pricing model based on a risk-free annual interest rate of 3.95%, an expected life of 1 year, and expected volatility of approximately 91% based on historical volatility, and a dividend yield of nil. The fair value of the warrants for the third tranche was calculated using the Black-Scholes options pricing model based on a risk-free annual interest rate of 3.79%, an expected life of 1 year, and expected volatility of approximately 93% based on historical volatility, and a dividend yield of nil.

Pursuant to the March Private Placement, the Company issued 7,153,210 warrants. Each warrant entitles the holder to acquire one common share in the Company at a price of $0.75 per share, for a period of twelve months following the date of issuance. The fair value of the warrants was determined as $1,114. The fair value of the warrants was calculated using the Black-Scholes options pricing model based on a risk-free annual interest rate of 4.12%, an expected life of 1 year, and expected volatility of approximately 95% based on historical volatility, and a dividend yield of nil.

Using the relative fair value method, $1,511 was recognized in contributed surplus for all of the warrants.

A summary of warrant activity during the three months ended March 31, 2023, and December 31, 2022, is as follows:

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

	Number of warrants #	Weighted average exercise price $
Balance – December 31, 2022	12,904,721	0.75
Issued	14,874,006	0.75
Exercised	-	-
Expired	-	-
Balance – March 31, 2023	**27,778,727**	**0.75**

The warrants outstanding as at March 31, 2023, 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, 2023	11,390,593	0.75	0.04	11,390,593[1]
April 14, 2022	April 14, 2025	250,020	0.55	2.04	250,020
December 28, 2022	December 28, 2023	1,264,108	0.75	0.74	1,264,108
January 10, 2023	January 10, 2024	2,651,000	0.75	0.78	2,651,000
February 2, 2023	February 2, 2024	5,069,796	0.75	0.84	5,069,796
March 9, 2023	March 9, 2024	7,153,210	0.75	0.94	7,153,210
		27,778,727	**0.75**	**0.54**	**27,778,727**

1) These warrants expired on April 14, 2023

5 Equity Investments

	Mar. 31, 2023 $	Mar. 31, 2022 $
Balance, beginning of period	9,234	-
Additions	3,448	154
Disposals	-	-
Fair value adjustment	196	-
Foreign exchange	6	-
Balance, end of period	**12,884**	**154**

MagIron LLC ("MagIron")

The Company entered into an exclusivity agreement with US based MagIron LLC ("MagIron") on January 27, 2022 ("Exclusivity Agreement"). Under the Exclusivity Agreement, CoTec received the exclusive right to negotiate a potential investment in MagIron for a specified period ending on March 31, 2022, subject to an exclusivity payment of USD120,000 ("Exclusivity Payment"). CoTec paid the Exclusivity Payment on January 28, 2022, at an exchange rate of 1.2842, resulting in $154 being capitalized to the balance sheet.

On May 15, 2022, CoTec entered into an agreement to acquire a 15.8% equity interest in MagIron LLC ("MagIron") for USD2.12 million, comprising USD2 million cash contribution ($2.6 million) and the Exclusivity Payment. The transaction completed on May 16, 2022. MagIron is a U.S. based private company that acquired an iron ore project that it intends to refurbish and bring back into production. The investment includes terms customary for an investment of this nature, including Board representation subject to CoTec maintaining a 10% equity interest.

MagIron announced on June 24, 2022, that it had completed a private placement of a USD5 million secured convertible note on June 15, 2022. The convertible note has the right to convert into shares of MagIron for a period of 18 months at a conversion price that reflects a pre-money valuation of USD30 million, which represents a 126% increase in the Company's initial investment which was at a post-money valuation of USD13.3 million. Given the uncertainties around several project milestones which in turn affect the probability of conversion to equity for the convertible note, CoTec opted to discount this gain by the interest rate agreed between MagIron and the arm's length third party for the convertible note, which is the 12-month LIBOR rate as at March 31, 2023 of 5.3%, plus 5%, or 10.3%, over the 9-month remaining period. Furthermore, CoTec has applied an overall success factor of 70% to this gain, to reflect management's expectation of the project being successful as well as the likelihood of a liquidity event. Discounting the gain and applying the success factor yields an overall gain of 81.7%. This gain and any related changes in foreign exchange have been recorded through the statement of income as FVTPL in the amount of $56. For the three months ended March 31, 2023, the change in fair value due to the reduction of discount period as well as increased LIBOR rate was $60 gain, and changes due to FX resulted in a loss of $4. No changes or events subsequent to the relevant transaction that would imply a change in the investment's fair value were identified.

On February 2, 2023, the Company invested an additional USD200,000, or $268 into MagIron which increased its interest to 16.3% on an undiluted basis.

Subsequent to period end, on May 1, 2023, the Company increased its interest in MagIron from 16.3% to 16.4% undiluted for USD101,014, or $138.

Binding Solutions Limited ("BSL") Initial Investment

BSL is a UK based private company governed by the laws of England and Wales that has developed a proprietary cold agglomeration technology for the production of high-quality clean pellets from primary materials, waste dumps, and stockpiles.

Pursuant to the terms of a subscription agreement between the Company and BSL dated December 10, 2021, as amended (the "BSL Subscription Agreement"), the Company agreed to subscribe for a minimum of USD3.0 million and a maximum of USD4.0 million, to be funded in two tranches as follows:

- an initial investment of USD2.0 million; and
- a subsequent investment of between USD1.0 million and USD2.0 million, with the amount determined by the Company, to be completed within six months of the date of the initial investment (or such later date as BSL and the Company may agree). On February 28, 2023, the Company and BSL agreed that the Company could invest a further USD1.5 million at a 20% discount to any subsequent fundraise up to June 30, 2023.

On April 13, 2022, the Company completed its initial investment of USD2 million, at USD731.50 per share, for approximately 2% of the outstanding shares of BSL.

On February 28, 2023, the Company completed its subsequent investment in BSL in the amount of USD500,000 at USD881.00 per share, which brings total ownership to approximately 3% of the outstanding shares of BSL.

In addition, 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. This exclusive right has since been extended to 48 months, with the option to extend by a further 48 months by written notice from the Company to BSL in respect of any designated jurisdiction in which a JV company has been established pursuant to the terms of the agreement dated February 27, 2023 and at least one historical waste dump has been acquired by the JV company or a waste project has been developed in the initial 48 months, or such other date as the parties may agree in writing.

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. This valuation represents a 51% increase over the $70 million valuation which the Company has agreed for its initial USD2 million 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 $1.549 million for the year ended December 31, 2022.

Given the Company's prior agreement with BSL to invest at a 20% discount to any recent fundraise, the Company has recorded a fair value gain on its additional investment made on February 28, 2023 of USD500,000 in the amount of $132 including changes in FX for the three months ended March 31, 2023. No changes or events subsequent to the relevant transaction that would imply a change in the investment's fair value were identified.

Maginito Limited ("Maginito")

On March 16, 2023, the Company completed a GBP1.5 million equity investment into Maginito, or $2,496 for 10% of Maginito's equity at a GBP15 million post-money valuation. The Company also has an option to increase its equity interest in Maginito to 20.6% through the conversion of its Mkango Convertible Loan into Maginito common shares (see Notes Receivable below). Maginito was established by Mkango Resources Limited ("Mkango") (Note 6), which holds a 90% interest in Maginito, 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, underpinned by access to sustainably sourced primary and secondary rare earth raw materials.

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 subsidiary of Maginito. Maginito and CoTec are evaluating development of recycling, chemical processing, alloy and magnet manufacturing in the United States, with scoping studies and site selection underway in advance of detailed feasibility studies, and ongoing discussions with potential customers and recycling partners.

Maginito holds a 42% interest in UK rare earth neodymium (NdFeB) magnet recycler, HyProMag Limited ("HyProMag") with an option to increase its interest to 49%. Hypromag has licensed the patented technology called HPMS (Hydrogen Processing of Magnet Scrap) developed in the Magnetic Materials Group (MMG) at the University of Birmingham.

For the three months ended March 31, 2023, $14 gain due to changes in FX was recorded through FVTPL with no changes to the equity value. No changes or events subsequent to the relevant transaction that would imply a change in the investment's fair value were identified.

6 Notes Receivable

On June 19, 2022 the Company entered into a convertible loan agreement with Mkango, for an amount of U.K Pound Sterling ("GBP") GBP500,000 or $781 ("Mkango Loan 1"). Mkango is a public company that trades on the TSX-V under MKA, and also trades on the LSE under MKA.L. Mkango's principal business is rare earth element and associated minerals exploration and development. The loan carries an interest rate of 5% per annum compounded annually, and the full amount of the principal and interest is due and payable on June 30, 2024. At any time prior to the maturity date, the Company has the right to convert all or any part of the principal sum and accrued interest ("Mkango Conversion Amount") into Mkango common shares ("Mkango Conversion Shares"). The conversion price in respect of the Mkango Loan is GBP0.27 per Mkango common share ("Mkango Principal Conversion Price"). The conversion price in respect of the accrued interest, is the higher of the Mkango Principal Conversion Price, and the closing price of Mkango shares on the TSX-V on the date immediately preceding the date of the conversion notice.

On September 6, 2022, the Company entered into a second convertible loan agreement with Mkango, for an amount of GBP500,000 or $766 ("Mkango Loan 2"). The loan carries the same terms and conditions as the Mkango Loan 1.

On October 27, 2022, the Company entered in a third convertible loan agreement with Mkango, for an amount of GBP222,500, or $354 (“Mkango Loan 3”). The loan carries the same terms and conditions as the Mkango Loan 1 and 2.

On December 28, 2022, the Company entered into a fourth convertible loan agreement with Mkango, for an amount of GBP325,000, or $537 (“Mkango Loan 4”). The loan carries the same terms and conditions as the Mkango Loan 1, 2, and 3 (together with Mkango Loan 4, “Mkango Loans”).

On February 1, 2023, the Company completed the remaining investment into Mkango by investing GBP452,500 to complete the GBP2 million convertible loan into Mkango (“Mkango Convertible Loan”). The Mkango Loans 1, 2, 3, and 4 were immediately retired upon the final payment and contributed towards the GBP2 million convertible loan less any applicable interest earned to-date. The Mkango Convertible Loan is a 2-year convertible loan, bearing 5% interest compounded annually, and is secured over the shares held by Mkango in Maginito and the terms supersede all previous convertible notes issued by Mkango to the Company.

The Convertible Loan is convertible (both principal and interest) by the Company ("Mkango Conversion Right") at any time prior to the maturity date of the Mkango Convertible Loan, which is 60 days following the earliest of:

1. two years following the date of the Mkango Convertible Loan, February 1, 2023;
2. the execution of definitive documentation providing for the financing, in whole or substantial part, of the development of the Songwe Hill Rare Earths Project ("Songwe Hill") in Malawi;
3. the sale of all or any material portion of Songwe Hill;
4. the execution of any agreement with a party pursuant to which such party is entitled to acquire greater than 50% of Songwe Hill; or
5. the date on which any party acquires greater than 50% of the shares of Mkango (the "Longstop Date").

The principal amount of GBP2 million (the "Principal Amount") may be converted at GBP0.27 per Mkango share with interest to be converted at the higher of GBP0.27 per Mkango Share and the price of the Mkango Shares at the time of conversion. The conversion price is subject to customary anti-dilution adjustments.

CoTec has the option to convert the Principal Amount and interest into Maginito Shares giving it an effective interest, post conversion, of 20.6% of Maginito ("CoTec Maginito Conversion Right").

In the event that Maginito increases its interest in HyProMag from 42% to 100%, CoTec is required to exercise either the CoTec Maginito Conversion Right or the Mkango Conversion Right within 120 days following such acquisition, if any.

If the Convertible Loan is not converted prior to the Longstop Date, the Company will be required to repay the loan within 60 days following the Longstop Date.

The option for the conversion into common shares in the agreement causes the instrument to fail the Solely Payments of the Principal and Interest (SPPI) criterion, as the contractual terms are not only payments of principal and interest on the principal amounts outstanding, it also reflects the value of the issuer's equity. Therefore, the convertible note, as a whole, is classified as FVTPL. Subsequent to initial recognition, the convertible loan receivable is revalued with the changes in fair value recorded in profit or loss.

Given that the Mkango Loans' principal were credited towards the Mkango Convertible Loan of GBP2 million, mark-to-mark gains and losses for the fair value of the convertible note and any applicable movements in FX have been recorded upon retiring the Mkango Loans for the three months ended March 31, 2023 as follows:

- The Mkango Loan 1 had a fair value revaluation gain of $105 and accrued interest of $23.
- The Mkango Loan 2 had a fair value revaluation loss of $16 and accrued interest of $16.
- The Mkango Loan 3 had a fair value revaluation loss of $21 and accrued interest of $5.
- The Mkango Loan 4 had a fair value revaluation loss of $15 and accrued interest of $3.

For the three months ended March 31, 2023, the Mkango Convertible Loan had a fair value gain of $65, which is due to movements in FX. Interest accrued was $26.

On November 22, 2022, the Company entered into a $300 bridge loan ("Bridge Loan") to International Zeolite Corp. ("IZ"). The Bridge Loan is secured by a first ranking charge in favour of CoTec over all of IZ's assets. 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 Bridge Loan bears interest at 7% per annum as is repayable on the earlier of November 21, 2024, or change of control of IZ. For the three months ended March 31, 2023, the Bridge Loan has accrued interest of $5.

7 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 three months ended March 31, 2023, and March 31, 2022:

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

	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, 806,905 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.

8 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

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

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

The levels in the fair value hierarchy into which our financial assets and liabilities that are measured and recognized in the consolidated statements of financial position at fair value on a recurring basis were categorized as follows:

	Fair value at March 31, 2023			
	Level 1	**Level 2**	**Level 3(1)**	**Total**
Equity securities	-	-	12,884	12,884
Convertible notes receivable	-	3,372	-	3,372
Balance, end of period	-	**3,372**	**12,884**	**16,256**

(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. Equity securities of Maginito are included in Level 3 as the basis of valuation do not have a regular market pricing, but whose fair value can be determined based on evidence from external transactions in the investee's equity.

The carrying value of cash, receivables, and accounts payable approximates fair value due to the short-term nature of the financial instruments. During the three months ended March 31, 2023, no amounts were transferred between Levels.

Sensitivity Analysis for Recurring Fair Value Measurements Categorized within Level 3

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

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

	Favourable changes ($)		**Unfavourable changes ($)**	
	Profit or loss	Equity	Profit or loss	Equity
Financial assets at FVTPL	1,288	1,288	(1,288)	(1,288)

For equity investments, changes in their fair value are calculated by considering changes of discount rate (1% increase/decrease), changes in equity revaluation (10% increase/decrease), and changes in the MagIron success factor (10% increase/decrease).

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

9 Income Per Share

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

		Mar. 31, 2023		**Mar. 31, 2022**
Net loss attributable to equity holders of CoTec	**$**	**(520)**	**$**	**(350)**
Weighted average number of common shares issued		47,069		23,058
Adjustments for dilutive instruments:				
Stock options		462		-
Warrants		-		-
EIUs		-		-
Diluted weighted average number of shares outstanding		47,069		23,058
Basic net loss per share		**($0.01)**		($0.02)
Diluted net loss per share		**($0.01)**		($0.02)

10 Commitments

Stock Options and EIUs

In connection with the non-brokered December Private Placement and March Private Placement, 16,138,114 shares were issued. As part of the existing agreements with the CEO, there is a commitment to issue 7% of the new common shares issued as EIUs, or 1,129,668 EIUs, and 5% of the new common shares issued as stock options, or 806,905 stock options. These EIUs and stock options will be issued once the private placements are closed and the Company is no longer in a share blackout period. Refer to ‘Related Party Transactions’ and ‘Subsequent Events’ for further details.

11 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 liquid financial assets including cash and receivables and the Company’s investments in convertible notes. 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”).

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 at March 31, 2023, the Company held cash in Canadian and US Dollars, therefore would incur some currency risk in its position. If the CADUSD FX rate increased/decreased by +/-10%, then the resulting change in USD cash balance would increase/decrease by $49/($49). Sensitivities that create notable step-changes in fair value are shown in Note 9. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings, and short-term debt to satisfy its capital requirements and will continue to depend heavily upon these financing activities. All of the Company’s accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company is exposed to risk that it will encounter difficulty in satisfying liabilities on maturity. 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 $12,884 are subject to fair value fluctuations. As at March 31, 2023, 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 $1,288 higher/lower.

12 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 US$101,014 into MagIron. The investment was part of a larger US$400,000 fundraise that was supported by existing shareholders and was done at a pre-money valuation of US$35 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 US$1.5 million into Ceibo Inc. ("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 Resources Ltd. (AIM/TSX-V: MKA) ("Mkango") announced that it has entered into an agreement to increase its ownership in HyProMag Limited ("HyProMag") from 42% to 100% 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 had 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 Maginito's recently announced acquisition of the 58% equity interest in HyProMag it does not already own.