



**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS OF COTEC
HOLDINGS CORP.**

For the three and six months ended June 30, 2025

The accompanying notes are an integral part of these Interim Financial Statements.



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

AS AT JUNE 30, 2025, AND DECEMBER 31, 2024

	Jun. 30, 2025	Dec. 31, 2024
ASSETS		
Current		
Cash and cash equivalents	\$ 1,361	\$ 755
Receivable from equity financing (Note 14)	1,494	-
GST and other receivables	62	83
IZ Note Receivable (Note 8)	358	346
Other receivables and prepaids	<u>5</u>	<u>14</u>
Total current assets	3,280	1,198
Non-Current		
Due from HyProMag USA (Note 7)	4,265	2,668
Investments in equity instruments (Note 5)	28,998	29,970
Investments in associates and joint ventures (Note 6)	11,247	10,572
Exploration & evaluation (Note 9)	<u>1,180</u>	<u>1,069</u>
TOTAL ASSETS	\$ 48,970	\$ 45,477
LIABILITIES		
Current		
Trade and other payables	\$ 87	\$ 390
Accrued liabilities	1,154	1,526
Stock-based compensation liability	<u>1,219</u>	<u>-</u>
Total current liabilities	2,460	1,916
Non-Current		
Stock-based compensation liability	237	1,306
Embedded Derivative	2,009	752
Convertible loan (Note 11)	5,758	3,214
Deferred share unit liability	<u>819</u>	<u>573</u>
TOTAL LIABILITIES	11,283	7,761
EQUITY		
Share capital (Note 4)	116,520	112,670
Contributed surplus	16,748	15,319
Deficit	(96,738)	(91,008)
Cumulative translation adjustment (Note 6)	<u>1,156</u>	<u>735</u>
TOTAL EQUITY	37,686	37,716
TOTAL LIABILITIES AND EQUITY	\$ 48,970	\$ 45,477

Corporate information and going concern (Note 1)

On behalf of the Board:

<u>(signed) Julian Treger</u>	Director	<u>(signed) Lucio Genovese</u>	Director
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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND
COMPREHENSIVE INCOME (LOSS) OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

FOR THE PERIODS ENDED JUNE 30, 2025, AND 2024

	For the three months ended		For the six months ended	
	Jun. 30, 2025	Jun. 30, 2024	Jun. 30, 2025	Jun. 30, 2024
INCOME/EXPENSES FROM INVESTMENTS				
(Loss) gain on equity investment (Note 5)	(1,846)	2,397	(2,044)	3,488
(Loss) on embedded derivative (Note 11)	(474)	-	(516)	-
Share of (loss) associate and joint venture accounted for using the equity method (Note 6)	(67)	(73)	(197)	(200)
EXPENSES				
Professional consulting fees	(207)	(238)	(377)	(331)
General & administrative expenses	(749)	(644)	(1,458)	(1,321)
Share-based compensation (Note 4)	<u>(435)</u>	<u>81</u>	<u>(704)</u>	<u>(54)</u>
Operating (loss) income	(3,778)	1,522	(5,295)	1,582
Finance expense (Note 11)	(238)	(59)	(428)	(114)
Finance income	6	6	13	12
Foreign exchange (loss) gain	<u>(10)</u>	<u>(15)</u>	<u>(20)</u>	<u>(63)</u>
Net finance expense	(241)	(68)	(435)	(165)
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (loss) income	\$ (4,019)	\$ 1,454	\$ (5,730)	\$ 1,418
OTHER COMPREHENSIVE INCOME				
Foreign currency translation (Note 6)	<u>86</u>	<u>-</u>	<u>421</u>	<u>-</u>
Comprehensive (loss) income	\$ (3,933)	\$ 1,454	\$ (5,309)	\$ 1,418
Net income per common share (Note 12)				
Basic	(\$0.06)	\$0.02	(\$0.08)	\$0.02
Diluted	(\$0.06)	\$0.02	(\$0.08)	\$0.02



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

FOR THE PERIODS ENDED JUNE 30, 2025, AND JUNE 30, 2024

	Share Capital		Commitment to Issue Shares	Contributed Surplus		Cumulative Translation Adjustment	Deficit	Total Equity
	Number	Amount	Amount	Options	Warrants	Amount	Amount	Amount
Balance – Jan. 1, 2024	60,226,506	\$106,777	\$ -	10,940	\$3,382	-	\$(90,030)	\$31,069
Net income for the period	-	-	-	-	-	-	1,418	1,418
Shares issued for cash	5,146,024	2,404	-	-	-	-	-	2,404
Share buyback	(625,000)	(391)	-	-	-	-	-	(391)
Issuance of warrants	-	-	-	-	169	-	-	169
Exercise of warrants	1,300,000	1,130	-	-	(155)	-	-	975
Equity-settled share-based compensation	-	-	-	553	-	-	-	553
Balance – Jun. 30, 2024	66,047,530	\$109,920	\$ -	\$11,493	\$3,396	-	\$(88,612)	\$36,197
Balance – Jan. 1, 2025	71,547,530	\$112,670	\$ -	\$11,923	\$3,396	735	\$(91,008)	\$37,716
Net loss for the period	-	-	-	-	-	-	(5,730)	(5,730)
Foreign currency translation	-	-	-	-	-	421	-	421
Shares issued for cash	6,679,443	5,210	-	-	-	-	-	5,210
Share issue costs	-	(266)	-	-	-	-	-	(266)
Issuance of warrants	-	(1,144)	-	-	1,144	-	-	-
Exercise of warrants	51,161	50	-	-	(23)	-	-	27
Equity-settled share-based compensation	-	-	-	308	-	-	-	308
Balance – Jun. 30, 2025	78,278,134	\$116,520	\$-	\$12,231	\$4,517	1,156	\$(96,738)	\$37,686

The accompanying notes are an integral part of these Interim Financial Statements.



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

FOR THE PERIODS ENDED JUNE 30, 2025, AND 2024

	For the six months ended	
	June 30, 2025	June 30, 2024
OPERATING ACTIVITIES		
Net (loss) income for the period	\$ (5,730)	\$ 1,418
Add items not affecting cash		
Loss on embedded derivative	516	-
Director fees paid in shares (Note 5)	(56)	(143)
Loss (gain) on equity investments (Note 5)	2,044	(3,488)
Share of loss in associate and joint venture accounted for using the equity method (Note 6)	197	200
Share-based compensation expense	704	54
Non-cash finance expense & foreign exchange	295	188
Changes in non-cash working capital balances related to operations		
Sales tax receivables	21	64
Other receivables and prepaids	9	49
Trade and other payables and accrued liabilities	(676)	525
Cash used by operating activities	(2,676)	(1,134)
INVESTING ACTIVITIES		
Purchase of private securities - Equity investments (Note 5)	(1,019)	(598)
Investments in associate and joint venture (Note 6)	(448)	(282)
Cash advanced to HyProMag USA (Note 7)	(1,596)	(912)
Exploration & evaluation assets (Note 9)	(112)	(415)
Cash used by investing activities	(3,175)	(2,207)
FINANCING ACTIVITIES		
Shares and warrants issued for cash (Note 4)	3,450	2,573
Share buyback	-	(391)
Convertible loan (Note 11)	3,000	-
Warrant exercise	28	975
Cash from financing activities	6,478	3,157
Net increase (decrease) in cash and cash equivalents for the period	627	(184)
Cash and cash equivalents, beginning of period	755	1,282
Exchange (losses) on cash and cash equivalents	(21)	-
Cash and cash equivalents, end of period	\$ 1,361	\$ 1,098



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

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 investments 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 \$96,738 as at June 30, 2025 (December 31, 2024: \$(91,008)). For the six months ended June 30, 2025, the Company used cash in operating activities totalling \$2,676 (June 30, 2024: \$(1,134)). The Company had cash and cash equivalents of \$1,361 (December 31, 2024: \$755) and working capital of \$820 as at June 30, 2025 (December 31, 2024: \$718 deficit). 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.

During the three months ended June 30, 2025, the Company raised approximately \$5.2 million through equity financing (see Note 4 Share Capital). Subsequent to period end, the Company completed an additional equity financing of approximately \$8.3 million and secured \$6.6 million in convertible loan facilities (see Note 17 Subsequent Events). Management estimates that these financings, along with carefully managed discretionary spending may provide sufficient liquidity to fund operations for approximately the next 12 months.

The Company’s continued operation beyond this estimated period is dependent upon its ability to raise additional funding and/or generate cash through other business activities. Although the directors believe that the Company should be able to secure future funding 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 for at least twelve months from June 30, 2025, 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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) 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, 2024.

(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, whereas 1450518 B.C. Ltd holds the interest in HyProMag USA LLC. 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 or equity accounted within the Company is determined by the currency of the primary economic environment in which it operates.

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

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

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

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

The principal subsidiaries and joint arrangements to which the Company is a party, as well as their geographic locations, were as follows as at June 30, 2025:

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

(c) Segment Reporting

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

(d) 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, 2024. Accordingly, these Interim Financial Statements should be read in conjunction with the Company’s most recent annual financial statements.

(e) Approval of Financial Statements

The Board of Directors approved these Interim Financial Statements for issue on August 12, 2025

3 Critical Accounting Estimates and Judgements

The preparation of these Interim 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, 2024.

4 Share Capital

Equity

The Company has unlimited authorized common shares with no par value. Total common shares issued and outstanding as at June 30, 2025, numbered 78,278,134.

Private Placement

On June 18, 2025, the Company completed an initial closing of a Listed Issuer Financing Exemption and concurrent private placement that was announced on May 20, 2025 (“Life Offering and Concurrent Private



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

Placement"). Pursuant to this closing, the Company issued a total of 6,679,443 Units at a price of \$0.78 per subscription receipt for gross proceeds of \$5,210. 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 \$1.20 for a period of 18 months following the issuance of the Units and is subject to an accelerated expiry provision whereby, if the Company's common shares close at or above \$1.35 for 15 consecutive trading days, the expiry date will be accelerated to 30 days following a press release announcing the acceleration.

The fair value of the Warrants was estimated using Black-Scholes option pricing model. Key assumptions included an expected annual volatility of 66%, a risk-free interest rate of 2.69%, no expected dividends, and an expected life of approximately 1.3 years. The expected life was estimated using Monte Carlo simulation to incorporate the impact of accelerated expiry provision.

Using the relative fair value method, \$994 was allocated to paid-in capital surplus for the Warrants, and \$3,950 was allocated to share capital.

In connection with the June 18, 2025 financing, the Company paid cash commission of \$266, and issued 341,112 broker warrants as part of the compensation to the agents. Each broker warrant is exercisable into one common share at an exercise price of \$0.78 for a period of three years from the date of issuance. The broker warrants were valued using the Black-Scholes option pricing model, with the following assumptions: stock price of \$0.89, exercise price of \$0.78, expected life of 3.0 years, expected annual volatility of 66%, risk-free interest rate of 2.71%, and no expected dividends. The fair value of the broker warrants was estimated at \$0.44 per warrant, for a total of \$150. This amount has been recorded as a share issuance cost, with a corresponding credit to paid-in capital.

Warrant Exercises

During the six months ended June 30, 2025, a total of 51,161 warrants were exercised for gross proceeds of \$27. Each warrant was exercised at a price of \$0.55 per share. The corresponding amount of \$50 previously recognized in contributed surplus was reclassified to share capital.

Stock Options

Share-based compensation expenses recognized in the Consolidated Statement of Income and Comprehensive Income for the three and six months ended June 30, 2025, and June 30, 2024, is as follows:



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Stock options	(129)	(225)	(308)	(442)
Equity incentive units	(123)	267	(150)	349
Deferred share units	(181)	45	(239)	46
Restricted share units	(2)	(5)	(7)	(7)
Total	(435)	81	(704)	(54)

The Company's amended and restated equity incentive plan (the "Plan") was approved by the Company's shareholders at its annual general and special meeting held June 27, 2025.

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. In addition, the Plan includes a fixed pool equal to 10% of the issued and outstanding common shares as of May 20, 2025, available for awards other than options. 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 June 18, 2025 initial closing of the listed financing issuer exemption ("LIFE") and concurrent private placement and pursuant to existing agreements with the CEO (refer to Note 10 Related Party Transactions, and Note 14 Receivable from Equity Financing, and Note 17 Subsequent Events) additional stock options were granted and equity incentive units were awarded. In total, 119,309 were granted to the CEO for the second quarter at an exercise price equal to \$0.89. The options are valid for 10 years and will vest 1/3 annually over a 3-year period. In addition, 167,032 EIUs were awarded for the second quarter.

The weighted average fair value per option granted during the six months ended June 30, 2025, was \$0.67 (June 30, 2024: \$0.57). As at June 30, 2025, there was \$465 of share-based compensation expense (June 30, 2024: \$902) relating to the Company's unvested stock options to be recognized in future periods.

For the three and six months ended June 30, 2025, stock-based compensation expense relating to the vesting of stock options, was \$129, and \$308 respectively (June 30, 2024: \$225, and \$442 respectively). A summary of option activity under the Plan during the six months ended June 30, 2025, is as follows:



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

	Number of options #	Weighted average exercise price \$
Balance – December 31, 2024	6,094,238	0.52
Granted	119,309	0.89
Balance – June 30, 2025	6,213,547	0.52

The options outstanding as at June 30, 2025, is shown in the following table:

Options Outstanding					Options Exercisable
Date of Grant	Expiry Date	Number Outstanding #	Exercise Price \$	Remaining life (years)	Number outstanding #
September 24, 2021	September 24, 2031	1,152,916	0.30	6.23	1,152,916
October 8, 2021	October 8, 2031	288,229	0.45	6.27	288,229
April 19, 2022	April 19, 2032	711,912	0.55	6.80	711,912
September 7, 2022	September 7, 2032	202,020	0.46	7.19	134,680
April 24, 2023	April 24, 2033	1,631,906	0.50	7.82	1,087,937
January 25, 2024	January 25, 2034	279,954	0.75	8.57	93,318
February 15, 2024	February 15, 2034	65,000	0.75	8.63	21,667
February 20, 2024	February 20, 2034	730,000	0.75	8.64	243,333
April 25, 2024	April 25, 2034	207,051	0.75	8.82	69,017
May 15, 2024	May 15, 2034	50,250	0.75	8.87	16,750
July 11, 2024	July 11, 2034	425,000	0.50	9.03	-
July 11, 2024	July 11, 2034	200,000	0.75	9.03	-
July 15, 2024	July 15, 2034	150,000	0.50	9.04	-
June 18, 2025	June 18, 2035	119,309	0.89	9.99	-
		6,213,547	0.52	7.69	3,819,759

Warrants

A summary of warrant activity during the six months ended June 30, 2025, is as follows:

	Number of warrants #	Weighted average exercise price \$
Balance – December 31, 2024	5,396,044	1.03
Issued	7,020,555	1.18
Exercised	(51,161)	0.55
Expired	(5,344,883)	0.90
Balance – June 30, 2025	7,020,555	1.18



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
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(Expressed in Thousands of Canadian Dollars)

The warrants outstanding as at June 30, 2025, are shown in the following table:

Warrants Outstanding				
Date of Grant	Expiry Date	Number Outstanding #	Exercise Price \$	Remaining life (years)
June 18, 2025	December 19, 2026	6,679,443	1.20	1.47
June 18, 2025	Jun 19, 2028	341,112	0.78	2.97
		7,020,555	1.18	1.54

5 Equity Investments

Summary:

	Six months ended June 30, 2025	Twelve months ended Dec. 31, 2024
	\$	\$
Balance, beginning of period	29,970	24,080
Additions	1,074	1,078
Fair value adjustment	(476)	2,493
Foreign exchange	(1,570)	2,319
Balance, end of period	28,998	29,970

Represented by the following investments:

	June 30, 2025	Dec. 31, 2024
	\$	\$
MagIron Common Shares	19,954	20,491
MagIron Warrants	636	611
Binding Solutions Ltd.	6,362	6,710
Ceibo Inc.	2,046	2,158
Total Balance, end of period	28,998	29,970

MagIron LLC ("MagIron")

As at June 30, 2025, CoTec had a 16.6% undiluted equity interest in MagIron LLC ("MagIron"). MagIron is a U.S. based private company that acquired an iron ore project that it intends to refurbish and bring back into production.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
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During the six months ended June 30, 2025, through a series of continuous investments amounting to USD730,446, or \$1,019, as well as shares issued for board advisory fees which amounted to USD39,375, or \$55, CoTec maintained its undiluted equity ownership of 16.6% in MagIron, as at June 30, 2025. The Company owns 5,406,433 A-1 Shares, 70,040 A-2 Shares, 235,227 A-3 Shares each class at an estimate fair value of \$2.60 per share as of June 30, 2025.

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

The most recent financing round valuation price of USD5.21 per MagIron share represented an increase in the Company's initial investment valuation price. CoTec management also considered the uncertainties around the project milestones, and has applied an overall success factor of 50% to this valuation, to reflect management's expectation of the project being successful as well as the likelihood of a liquidity event. For the six months ended June 30, 2025, there has been a decrease of \$537 in equity value for its equity contributions, and a loss of \$1,075 related to changes in foreign exchange have been recorded through the statement of loss as FVTPL in the amount of (\$1,612).

As of June 30, 2025, CoTec owned 853,384 warrants to purchase MagIron shares. For the six months ended June 30, 2025, the change in fair value of the warrants held was a \$26 gain. The fair value of the warrants was calculated using the Black-Scholes options pricing model based on the inputs noted in the table below, using a relative fair value approach such that the total fair value assigned to the warrants and the equity investment in MagIron would not exceed the total consideration paid for each equity subscription.

MagIron Warrant Summary

Date of Purchase	Warrants Owned	Exercise Price USD\$	Expected Life	Annualized Volatility % ¹	Risk-Free rate %	Warrant Fair Value USD\$ ²
February 2, 2023	120,773	0.66	0.42 years	121%	2.59%	1.97
April 26, 2023	92,878	1.09	0.79 years	121%	2.59%	1.73
June 16, 2023	26,383	4.56	0.94 years	121%	2.59%	0.78
October 26, 2023	159,100	4.56	1.30 years	121%	2.59%	1.00
November 14, 2023	384,025	4.56	8.37 years	121%	3.28%	2.37
February 8, 2024	70,225	4.56	8.41 years	121%	3.28%	2.37
Total	853,384					

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

Binding Solutions Limited (“BSL”) Initial Investment

BSL is a UK based private company that has developed a proprietary cold agglomeration technology for the production of high-quality clean pellets from primary materials, waste dumps, and stockpiles. As of June 30, 2025, CoTec holds approximately 3% of the outstanding shares of BSL.

Subsequent to the Company’s equity investment into BSL on April 14, 2022, BSL received an equity investment from an Asian based corporate group at a valuation of USD1,101.25 per share. On August 4, 2023, BSL received a subsequent equity investment by Australian-based Mineral Resources Limited (“MinRes”) at a higher valuation of USD1,412.64 per share. The latest price as paid by the MinRes was considered a reliable indicator of fair value and therefore used as a basis to write up the investment value at the time. This valuation represents an 87% increase over the valuation which the Company recorded its initial USD2.5 million investment in BSL. Since then, no changes or events subsequent to the relevant transactions that would imply a change in the investment’s fair value were identified, except for the impact of foreign exchange.

Changes in foreign exchange have been recorded through the consolidated statement of income and comprehensive income as FVTPL in the amount of \$342 and \$348 for the three and six months ended June 30, 2025, respectively.

Ceibo Investment

On May 9, 2023, the Company completed a USD1.5 million, or \$2,007 equity investment into Ceibo Inc. (“Ceibo”), a Delaware private corporation. Ceibo, through its wholly-owned Chilean subsidiary, has developed a process to leach low-grade primary copper sulphides, such as chalcopyrite, and copper waste material using a proprietary high throughput inorganic leaching technology.

For the three and six months ended June 30, 2025, there was a \$110 and \$112 loss respectively, due to changes in foreign exchange recorded through FVTPL with no changes to the equity value. No changes or events subsequent to the initial transaction that would imply a change in the investment’s fair value were identified.

6 Investment in Associates – Maginito Investment

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



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Maginito is a private company that was established by Mkango Resources Limited (“Mkango”), which currently holds a 79.4% interest in Maginito as of June 30, 2025, to pursue downstream green technology opportunities in the rare earths supply chain, encompassing NdFeB magnet recycling and innovative rare earth alloy, magnet and separation technologies.

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

On January 27, 2025, the Company funded a cash call in Maginito of GBP25,341, or \$46. On June 19, 2025, the Company funded a cash call in Maginito of GBP216,467, or \$401.

For the six months ended June 30, 2025, the Company recognized, based on its 20.6% ownership in Maginito, an equity pick-up equivalent to its pro rata share of Maginito’s operating loss of \$221. For the three months ended June 30, 2025, the Company recognized a \$67 loss for its pro rata share. The carrying value of the Company’s investment in Maginito as June 30, 2025 is \$11,247.

Operating and financial results of Maginito for the six months ended June 30, 2025, and year ended December 31, 2024:

In GBP000s	June 30, 2025		Dec. 31, 2024	
TOTAL ASSETS	£	8,717	£	7,126
TOTAL LIABILITIES		5,526		3,604
TOTAL EQUITY		3,191		3,523
TOTAL LIABILITIES AND EQUITY	£	8,717	£	7,126

In GBP000s	For the six months ended June 30, 2025	
EXPENSES		
Operating loss		(608)
Income tax expense		-
Foreign exchange		8
Comprehensive loss for the period	£	(600)



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The functional currency of Maginito is the British Pound Sterling (GBP). The results and financial position of the equity investment are translated into CAD as follows:

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

Due to the decline in value of the CAD against the GBP during Q2 2025, the Company recognized an unrealized foreign exchange translation gain of \$421 (2024 – \$735) in Accumulated Other Comprehensive Income, representing the cumulative translation adjustment of the net investment in the associate. The translation adjustment will remain in equity until disposal of the investment, at which point it will be reclassified to profit or loss.

7 HyProMag USA Joint Venture

On January 3, 2024, the Company created a joint venture entity, HyProMag USA LLC (“HyProMag USA JV”), with Maginito Limited where each party owns a 50% equity interest (refer to Note 6 Investment in Associates – Maginito Investment regarding collaboration and commercialization of downstream rare earth technologies in the United States).

The investment in the joint venture is accounted for using the equity method. As of June 30, 2024, the carrying amount of the investment in HyProMag USA JV was nil.

For the three and six months ended June 30, 2025, HyProMag USA JV incurred losses amounting to USD1,093,457 and USD1,494,749. The Company’s share of the losses are USD546,728 and USD747,374 for the three and six months ended June 30, 2025. However, due to the carrying amount of the investment being nil, the Company has not recognized its share of losses in accordance with IAS 28.38. The Company will resume recognizing its share of profits only after the unrecognized losses have been offset by future profits and the receivable has been fully repaid.

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

The Company is owed a total receivable from the HyProMag USA JV of \$4,975. The Company has discounted the receivable amount at a rate of 8% and calculated the present value (“PV”) based on planned repayment in approximately 2 years whereas no interest is charged on the amount owed. The Company has therefore recognized a PV receivable of \$4,265 as at June 30, 2025, and recorded a \$77 loss through finance expense for the three months ended June 30, 2025 (\$566 loss recognized during 2024).



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8 Notes Receivable

As of June 30, 2025, the Company has an outstanding secured loan receivable of \$300 from International Zeolite Corp. (“IZ”) which was issued under a Bridge Loan Note dated November 21, 2022. IZ is a public company that engages in the exploration, development, production and distribution of the natural industrial mineral zeolite, and trades on the TSX-V under IZ. The loan matured on November 21, 2024, and is currently past due.

The loan accrues interest at 7% per annum, compounded annually, and is secured by a General Security Agreement (“GSA”), granting the Company a first ranking charge over all of IZ’s assets.

Although the loan has matured and remains unpaid as of June 30, 2025, CoTec does not consider the loan to be impaired. The following factors support this assessment:

- The Company holds a GSA over IZ’s assets, which management believes provides sufficient collateral coverage for full repayment
- Active repayment discussions are ongoing with IZ’s management, with a structure repayment plan being negotiated
- Market capitalization of IZ as of June 30, 2025, was approximately CA\$424k, and the Company continues to assess IZ’s financial position and available liquidity
- As of the reporting date, no provision for ECL has been recorded, as management believes the loan is fully recoverable

Collateral and Security

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

Repayment Discussions

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

9 Exploration and Evaluation

Lac Jeannine Project

On August 9, 2023, the Company entered into an option agreement to acquire 31 mining claims forming the Lac Jeannine Property located in the Cote-Nord region of Quebec, Canada. On September 5, 2023, the company engaged Sonic-Drilling Corp. to conduct the drilling work at the Lac Jeannine property for the



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completion of a maiden resource estimate on the Project. The Company has also made the first payment of US\$40,000 to the vendors of the property as per the option agreement announced on August 9, 2023.

As of June 30, 2025, the Company has incurred and capitalized a total of \$1,180 in expenditures on the Lac Jeannine Project.

10 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 and six months ended June 30, 2025, and June 30, 2024:

	For the three months ended		For the six months ended	
	June. 30,	June. 30,	June. 30,	June 30,
	2025	2024	2025	2024
Short-term salaries and benefits	(365)	(365)	(730)	(724)
Share-based compensation expense	(369)	127	(626)	(8)
Total	(734)	(238)	(1,356)	(732)

There is \$771 of accrued salaries in accrued liabilities for the CEO, CFO and Board Chairman which remain to be paid, of which \$521 related to the CEO and CFO.

Other Related Party Transactions

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

Pursuant to the compensation agreement with the CEO, the Company has awarded and will continue to award to the CEO additional EIUs equal to 7% of the common shares issued or issuable pursuant to financing transactions on each closing date of such transactions from November 27, 2023 until December 31, 2025 (“December 2025 Compensation Agreement”) excluding certain common shares issued on which broker fees are payable. Each EIU is equivalent in value to one common share of the Company, and will vest on the earlier of i) December 31, 2026, provided that the 30-day volume weighted average trading price (“VWAP”) of the common shares as on the principal stock exchange on which they are then traded is



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at least \$1.10 per share (adjusted as required to give effect to any stock splits, consolidations or other reorganizations of the common shares after the date hereof), and ii) the date on which the Company completes a change of control (the “Vesting Date”), provided in either case that the Director is engaged with the Company as Executive Chair or CEO and remain so engaged as of the respective Vesting Dates. If the EIUs vest in accordance with the aforementioned conditions, then no later than 10 days after the respective Vesting Dates, the Company will deliver in respect of every Unit, at its discretion, either i) one common share or ii) a cash payment equal to the VWAP of the common shares on the primary stock exchange for the five trading days immediately preceding the Vesting Date.

In connection with the December 2025 Compensation Agreement, the Company has also awarded and will continue to award to the CEO additional stock options equal to 5% of the common shares issued pursuant to financing transactions on each closing date of such transactions until December 31, 2025, excluding certain common shares issued on which broker fees are payable. Each award under this agreement will have an exercise price equal to the most recent closing price of the common shares as of the date of the grant, a term of 10 years and will be subject to vesting over three years, with 1/3 of each option grant vesting each year.

As at June 30, 2025, 2,409,173 vested EIUs remain unpaid resulting in a liability of \$1,219 to the CEO and Board Chairman.

As at June 30, 2025, the fair value of the unvested EIUs were calculated using Monte Carlo simulation using an expected annual volatility of approximately 63% based on historical annual volatility to estimate the expected value by averaging the ending stock prices as at the vesting dates over 10,000 simulations.

Should the common shares trade at \$1.10 per share as of the Vesting Date for the December 2025 Compensation Agreement, the estimate liability for these EIUs would be \$1,535. At \$1.15 per share, the estimated liability would be \$1,604; at \$1.20 per share, the estimated liability would be \$1,674, and at \$1.25 per share the estimated liability would be \$1,744. As at June 30, 2025, the closing share price for the Company on the TSX-V, was \$0.84 per share, which if traded at these levels and up to \$1.10 per share as of the Vesting Date, would result in a liability of nil for these EIUs.

EIU’s granted to the CEO pursuant to the above-noted arrangement as of June 30, 2025 are presented below:

EIUs Granted during six months ended June 30, 2025					
Date of Grant	Vesting Date	Owner	Number Awarded #	Grant Value \$	Value as at June 30, 2025 \$
June 18, 2025	December 31, 2026	CEO	167,032	77	75
			167,032	\$77	\$75



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Balance of Unvested EIUs as of June 30, 2025			
Owner	Number Awarded #	Grant Value \$	Value as at June 30, 2025 \$
CEO	1,395,189	306	237
	1,395,189	306	237

Stock Options granted to the CEO pursuant to the above-noted arrangement as of June 30, 2025 are presented below:

Stock Option's Granted during six months ended June 30, 2025						
Date of Grant	Expiry Date	Owner	Number Awarded #	Grant Value \$	Exercise Price \$	Term Years
June 18, 2025	June 18, 2035	CEO	119,309	0.67	0.89	10
			119,309			

Balance of Stock Options as of June 30, 2025	
Owner	Number Awarded #
CEO	3,727,935
Board Chairman	430,611
	4,158,546

11 Convertible Loan

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

In addition, Kings Chapel agreed to provide an additional \$1,500 through three separate tranches: \$500 on November 7, 2024, \$500 on December 9, 2024, and \$500 on January 7, 2025. The First and Second Tranche each had an embedded derivative of \$89 respectively which was determined using Monte Carlo simulation, based on a daily share price volatility of 4.9% and 4.7%, a term of 3.2 and 3.1 years, and risk-free rates of

3.0% and 2.9%, respectively for the First and Second Tranche. During Q1 2025, there were four additional tranches: Third Tranche of \$500 on January 6, 2025, Fourth Tranche of \$500 on February 6, 2025, Fifth Tranche of \$500 on March 5, 2025, and Sixth Tranche of \$500 on March 19, 2025. The tranches had an embedded derivative of \$124, \$128, \$88, and \$103 respectively which was determined using Monte Carlo Simulation based on a daily share price volatility of 4.8%, 4.9%, 4.5%, and 4.6%, a term of 3.0, 2.9, and 2.8 years, and risk-free rates of 2.9%, 2.6%, and 2.5%. During Q2 2025, there were three additional tranches: Seventh Tranche of \$250 on April 16, 2025, Eighth Tranche of \$250 on April 28, and Ninth Tranche of \$500. The tranches had an embedded derivative of \$63, \$71, and \$164 respectively which was determined by using a Monte Carlo simulation based on daily share price volatility of 4.7%, 4.5%, and 4.5%, a term of 2.71, 2.68, and 2.63, and risk-free rates of 2.5%, 2.59% and 2.6%.

As at June 30, 2025, the embedded derivative was valued at \$2,009 using Monte Carlo simulation to forecast the Company's share price throughout the remaining term of the note. The basis of the Monte Carlo simulation used a daily share price volatility of 4.2%, a term of 2.50 years, and a risk-free rate of 2.62%. For the six months ended June 30, 2025, the Company recorded a FV loss on the embedded derivative of \$516. The principal component plus accrued interest of the convertible loan was \$7,073 as at June 30, 2025.

12 Fair Value Measurements of Financial Instruments

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

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

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

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

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

Fair value at June 30, 2025				
	Level 1	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾	Total
Equity securities	-	-	28,362	28,362
MagIron Warrants	-	-	636	636
EIUs	-	240	-	240
Embedded Derivatives	-	(2,009)	-	(2,009)
Balance, end of year	-	(1,769)	28,998	27,229

(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,



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

The carrying value of cash, receivables, and accounts payable approximates fair value due to the short-term nature of the financial instruments. During the six months ended June 30, 2025, 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	2,890	2,890	(2,890)	(2,890)

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).

13 Earnings (loss) Per Share

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



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	For the three months ended		For the six months ended	
	Jun. 30, 2025	Jun. 30, 2024	Jun. 30, 2025	Jun. 30, 2024
Net (loss) income attributable to equity holders of CoTec	\$ (4,019)	\$ 1,454	\$ (5,730)	\$ 1,418
Weighted average number of common shares issued	72,476	64,490	72,019	62,521
Adjustments for dilutive instruments:				
Stock options	1,509	371	1,353	567
Warrants	-	-	-	19
Equity incentive units	-	113	-	576
Diluted weighted average number of shares outstanding	72,476	64,974	72,019	63,684
Basic net income per share	(\$0.06)	\$0.02	(\$0.08)	\$0.02
Diluted net income per share	(\$0.06)	\$0.02	(\$0.08)	\$0.02

14 Receivable from Equity Financing

On June 18, 2025, the Company completed the first closing of an equity financing for gross proceeds of \$5,210 (also see Note 17). As at June 30, 2025, \$3,450 of the funds had been received from the legal trust account. The remaining \$1,494 was subject to an EFT processing hold and was received shortly after the period ended June 30, 2025. The outstanding balance of \$1,494 has been recorded as a subscription receivable in current assets at June 30, 2025. This first closing of the equity financing was part of a larger offering that included multiple closings completed in July 2025, and raised aggregate gross proceeds of approximately \$13.5 million (see Note 17 – Subsequent Events for additional details).

15 Segment Information

The Company operates in one reportable segment, operating as an investment issuer focused on the extraction of resources through environmentally sustainable technologies and strategic asset acquisitions. The Chief Operating Decision Maker reviews all operations and monitors investments at a corporate level. Discrete financial information is therefore not prepared for individual business units, and the Company does not have separately reportable segments as defined under IFRS 8.



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16 Risk Management

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, currency risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables and the Company's IZ note receivable. 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 June 30, 2025, the Company held cash in Canadian and US Dollars ("CADUSD"), 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 \$4/(\$4). Sensitivities that create notable step-changes in fair value are shown in Note 12. 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 convertible 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. Although the Company did close a private placement financing round in June and July 2025 (see Note 17, Subsequent Events), for gross proceeds of \$13.5 million, 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.



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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 equity investments amounting to \$28,998 are subject to fair value fluctuations. As at June 30, 2025, if the fair value of the Company's marketable securities had decreased/increased by 10% with all other variables held constant, income and comprehensive income for the period would have been approximately \$2,890 higher/lower.

17 Subsequent Events

Equity Financing

Subsequent to June 30, 2025, the Company completed additional closings under its previously announced equity financing, consisting of a combination of a private placement and a LIFE offering (together, the "Offering").

On July 3, 16, and 22, 2025, the Company completed the second and third closings of the Offering, issuing a total of 10,659,893 units at a price of \$0.78 per unit for aggregate gross proceeds of approximately \$8.3 million. Each unit consisted of one common share and one common share purchase warrant exercisable at \$1.20 per share for a period of 18 months from the date of issuance. These closings followed the initial closing of the Offering completed on June 18, 2025, under which the Company raised approximately \$5.2 million. In total, the Offering raised gross proceeds of approximately \$13.5 million through the issuance of 17,339,336 units.

Partial Conversion of Convertible Loan



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On August 4, 2025, Kings Chapel, exercised its right under the terms of the Convertible Loan Agreement, to convert \$2,000 of the outstanding principal of its loan into equity. Pursuant to this partial conversion, the Company issued 2,666,667 common shares to Kings Chapel in satisfaction of the converted amount. Following the conversion, the outstanding principal balance of the convertible loan was reduced to \$4,351.

Convertible Loan Conversion and New Convertible Loan Facilities

On August 11, 2025, the Company repaid the full outstanding principal balance under the Kings Chapel Convertible Loan Agreement through the automatic conversion of \$4,851 inclusive of an additional drawdown of \$500 on the same date, into 6,468,515 common shares at a conversion price of \$0.75 per share, pursuant to the terms of the convertible loan agreement dated November 19, 2024, as amended. In addition, the Company also repaid \$500 of accrued interest.

On the same date, the Company entered into new convertible loan agreements with Kings Chapel and Epic Capital Management Inc. ("Epic Capital"), providing for the availability of new unsecured convertible loan facilities in the principal amounts of up to \$5,000 and \$1,600, respectively. The new loans bear interest at 10% per annum, are repayable on December 31, 2028, and include a 2.5% standby fee on undrawn amounts. No amounts have been drawn under the new facilities as of the date the financial statements were authorized for issue.

The loans are convertible into common shares at \$1.15 per share, subject to certain conversion conditions and regulatory approvals.