UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.

For the six months ended June 30, 2024

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, 2024, AND DECEMBER 31, 2023

	Jun. 30, 2024	Dec. 31, 2023
ASSETS		
Current		
Cash and cash equivalents	$ 1,098	$ 1,282
GST and other receivables	74	138
IZ Note Receivable (Note 8)	335	323
Other receivable	-	15
Prepaid expenses	9	43
Total current assets	1,516	1,801
Non-Current		
Investments in equity instruments (Note 5)	28,310	24,080
Investments in associates and joint ventures (Note 6)	9,705	9,623
Due from HyProMag USA (Note 7)	912	-
Exploration & evaluation asset (Note 9)	804	389
TOTAL ASSETS	**$ 41,247**	**$ 35,893**
LIABILITIES		
Current		
Trade and other payables	$ 209	$ 252
Accrued liabilities	1,540	972
Total current liabilities	1,749	1,224
Non-Current		
Note payable (Note 10)	$ 2,626	$ 2,426
Stock-based compensation liability	416	875
Deferred share unit liability	259	299
TOTAL LIABILITIES	5,050	4,824
EQUITY		
Share capital (Note 4)	109,920	106,777
Contributed surplus	14,889	14,322
Deficit	(88,612)	(90,030)
TOTAL EQUITY	36,197	31,069
TOTAL LIABILITIES AND EQUITY	**$ 41,247**	**$ 35,893**

Corporate information and going concern (Note 1)

On behalf of the Board:

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE PERIODS ENDED JUNE 30, 2024, AND 2023

	For the three months ended		For the six months ended	
	Jun. 30, 2024	**Jun. 30, 2023**	**Jun. 30, 2024**	**Jun. 30, 2023**
INCOME/EXPENSES FROM INVESTMENTS				
Gain on equity investment (Note 5)	2,397	11,492	3,488	11,693
Share of loss associates and joint ventures accounted for using the equity method (Note 6)	(73)	-	(200)	-
Gain on convertible notes receivable	-	19	-	136
EXPENSES				
Professional consulting fees	(238)	(203)	(331)	(350)
G&A expenses	(644)	(599)	(1,321)	(1,210)
Share-based compensation (Note 4)	81	(382)	(54)	(499)
Operating income	**1,522**	**10,327**	**1,582**	**9,770**
Finance expense (Note 10)	(59)	(38)	(114)	(45)
Finance income (Note 8)	6	47	12	90
Foreign exchange (loss) gain	(15)	40	(63)	39
Net finance expense	(68)	49	(165)	84
Income tax expense	-	-	-	-
Comprehensive income for the period	**$ 1,454**	**$ 10,376**	**$ 1,418**	**$ 9,854**
Net income per common share (Note 12)				
Basic	$0.02	$0.19	$0.02	$0.19
Diluted	$0.02	$0.19	$0.02	$0.19

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE PERIODS ENDED JUNE 30, 2024, AND YEAR ENDED DECEMBER 31, 2023

	Share Capital		Commitment to Issue Shares	Contributed Surplus		Deficit	Total Equity
	Number	Amount	Amount	Options	Warrants	Amount	Amount
Balance – Jan. 1, 2023	**39,753,424**	**96,496**	**124**	**10,360**	**2,036**	**(99,793)**	**9,221**
Comprehensive income for the year	-	-	-	-	-	9,854	**9,854**
Shares issued for cash	14,874,006	7,306	-	-	-	-	**7,306**
Commitment to issue shares	-	124	(124)	-	-	-	-
Issuance of warrants	-	(1,511)	-	-	1,511	-	-
Exercise of warrants	-	-	-	-	-	-	-
Equity-settled share-based compensation	-	-	-	238		-	**238**
Balance – Jun. 30, 2023	**54,627,430**	**$102,415**	**$ -**	**$10,598**	**$3,546**	**$(89,939)**	**$26,620**
Balance – Jan. 1, 2024	**60,226,506**	**$106,777**	**$ -**	**$10,940**	**$3,382**	**$(90,030)**	**$31,069**
Comprehensive 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**

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE PERIODS ENDED JUNE 30, 2024, AND 2023

	For the six months ended	
	June 30, 2024	**June 30, 2023**
OPERATING ACTIVITIES		
Net income for the period	$ 1,418	$ 9,854
Add items not affecting cash		
Director fees paid in shares (Note 5)	(143)	-
Gain on equity investments (Note 5)	(3,488)	(11,693)
Share of loss of associates and joint ventures accounted for using the equity method (Note 6)	200	-
Loss on convertible note receivable	-	(136)
Share-based compensation expense	54	499
Non-cash finance expense & foreign exchange	188	(83)
Changes in non-cash working capital balances related to operations		
GST and other receivables	64	(41)
Prepaid expenses	34	33
Other receivable	15	-
Trade and other payables and accrued liabilities	525	(400)
Cash used by operating activities	**(1,134)**	**(1,967)**
INVESTING ACTIVITIES		
Equity investments (Note 5)	(598)	(3,256)
Investments in associates and JV (Note 6)	(282)	(3,186)
Due from HyProMag USA (Note 7)	(912)	-
Exploration & Evaluation (Note 9)	(415)	-
Cash used by investing activities	(2,207)	(6,442)
FINANCING ACTIVITIES		
Shares and warrants issued for cash	2,573	7,306
Share buyback	(391)	-
Warrant exercise	975	-
Loan notes payable	-	1,145
Cash from financing activities	3,157	8,451
Net increase (decrease) in cash and cash equivalents for the period	**(184)**	**42**
Cash and cash equivalents, beginning of period	1,282	239
Cash and cash equivalents, end of period	**$ 1,098**	**$ 281**

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 $88,612 as at June 30, 2024 (December 31, 2023: ($90,030)). For the six months ended June 30, 2024, the Company used cash in operating activities totalling $1,134 (June 30, 2023: ($1,967)). The Company had cash and cash equivalents of $1,098 (December 31, 2023 $1,282) and a working capital deficit of $233 as at June 30, 2024 (December 31, 2023: $278). 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 interim condensed consolidated financial statements (the "Interim Financial Statements"), which are presented in Canadian dollars, have been prepared in accordance with IFRS Accounting Standards as issued by the International Standards Board applicable to preparation of interim financial statements under 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, 2023.

(b) Basis of Consolidation

The Interim Financial Statements include the accounts for the Company and its wholly owned subsidiaries listed below. All intercompany balances and transactions have been eliminated upon consolidation.

(Expressed in Thousands of Canadian Dollars)

These 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.

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, 2024:

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

(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, 2023, and period ended March 31, 2024. Accordingly, these Interim Financial Statements should be read in conjunction with the Company's most recent annual and quarterly financial statements.

Approval of Financial Statements

The Board of Directors approved these Interim Financial Statements for issue on August 7, 2024.

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 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, 2023.

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, 2024, numbered 66,047,530.

April 2024 Private Placements

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

Share Buy Back

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

Stock Options

Share-based compensation expenses recognized in the Consolidated Statement of Income and Comprehensive Income for the six months ended June 30, 2024, and June 30, 2023, is as follows:

(Expressed in Thousands of Canadian Dollars)

	For the three months ended		For the six months ended	
	June 30, 2024	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
Stock options	(225)	(120)	(442)	(214)
Equity incentive units	267	(188)	349	(212)
Deferred share units	45	(73)	46	(73)
Restricted share units	(5)	-	(7)	-
Total	**81**	**(382)**	**(54)**	**(499)**

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

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

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

In connection with the April Private Placements, and pursuant to existing agreements with the CEO (refer to Note 10 Related Party Transactions) additional stock options were granted and EIUs were awarded. In total, 257,301 stock options were granted to the CEO for the second quarter, at an exercise price equal to $0.75 per share. The options are valid for 10 years will vest 1/3 annually over a 3-year period. In addition, 360,222 EIUs were awarded for the second quarter.

The weighted average fair value per option granted during the six months ended June 30, 2024, was $0.57 (June 30, 2023: $0.35). As at June 30, 2024, there was $902 of share-based compensation expense (June 30, 2023: $813) relating to the Company's unvested stock options to be recognized in future periods.

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

(Expressed in Thousands of Canadian Dollars)

	Number of options #	Weighted average exercise price $
Balance – December 31, 2023	3,986,983	0.45
Granted	1,332,255	0.75
Balance – June 30, 2024	**5,319,238**	**0.52**

The options outstanding as at June 30, 2024, is shown in the following table:

Options Outstanding					Options Exercisable
Date of Grant	**Expiry Date**	**Number Outstanding #**	**Exercise Price $**	**Remaining life (years)**	**Number outstanding #**
September 24, 2021	September 24, 2031	1,152,916	0.30	7.23	768,611
October 8, 2021	October 8, 2031	288,229	0.45	7.27	192,153
April 19, 2022	April 19, 2032	711,912	0.55	7.80	474,608
September 7, 2022	September 7, 2032	202,020	0.46	8.19	67,340
April 24, 2023	April 24, 2033	1,631,906	0.50	8.82	543,968
January 25, 2024	January 25, 2034	279,954	0.75	9.57	-
February 15, 2024	February 15, 2034	65,000	0.75	9.63	-
February 20, 2024	February 20, 2034	730,000	0.75	9.64	-
April 25, 2024	April 25, 2034	207,051	0.75	9.82	-
May 15, 2024	May 15, 2034	50,250	0.75	9.87	-
		5,319,238	**0.52**	**8.44**	**2,046,680**

Warrants

A summary of warrant activity during the six months ended June 30, 2024, is as follows:

	Number of warrants #	Weighted average exercise price $
Balance – December 31, 2023	15,131,210	0.85
Issued	5,146,024	1.05
Exercised	(1,300,000)	0.75
Expired	(10,982,114)	0.75
Balance – June 30, 2024	**7,995,120**	**1.10**

The warrants outstanding as at June 30, 2024, are shown in the following table:

(Expressed in Thousands of Canadian Dollars)

		Warrants Outstanding			Warrants Exercisable
Date of Grant	**Expiry Date**	**Number Outstanding #**	**Exercise Price $**	**Remaining life (years)**	**Number outstanding #**
April 14, 2022	April 14, 2025	250,020	0.55	0.79	250,020
December 1, 2023	December 1, 2024	1,991,800	1.25	0.42	1,991,800
December 19, 2023	December 19, 2024	607,276	1.25	0.47	607,276
April 25, 2024	April 25, 2025	4,141,024	1.05	0.82	4,141,024
May 15, 2024	May 15, 2025	1,005,000	1.05	0.87	1,005,000
		7,995,120	**1.10**	**0.70**	**7,995,120**

5 Equity Investments

Summary:

	Six months ended June 30, 2024 $	Twelve months ended Dec. 31, 2023 $
Balance, beginning of period	24,080	9,234
Additions	741	3,038
Fair value adjustment	2,628	10,860
Foreign exchange	861	(948)
Balance, end of period	**28,310**	**24,080**

Represented by the following investments:

	June 30, 2024 $	Dec. 31, 2023 $
MagIron Common Shares	18,920	14,927
MagIron Pref Shares	404	-
MagIron Warrants	551	1,002
Binding Solutions Ltd.	6,382	6,167
Ceibo Inc.	2,053	1,984
Total Balance, end of period	**28,310**	**24,080**

MagIron LLC ("MagIron")

As at December 31, 2023, 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.

(Expressed in Thousands of Canadian Dollars)

During 2024, through a series of continuous investments amounting to USD437,800, or $598, as well as shares issued for board advisory fees which amounted to US105,000, or $143, CoTec maintained its undiluted equity ownership of 16.6% in MagIron, as at June 30, 2024.

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

The most recent valuation of USD5.21 per MagIron share represented an increase in the Company's initial investment. Management also considered the uncertainties around the project milestones, and has applied an overall success factor of 50% to this gain, to reflect management's expectation of the project being successful as well as the likelihood of a liquidity event. This gain and any related changes in foreign exchange have been recorded through the statement of income as FVTPL in the amount of $2,648 for the six months ended June 30, 2024 and $2,105 for the three months ended June 30, 2024.

The increase in the share price was driven by the valuation determined by MagIron management based on several factors which included a discounted cash flow model of the business, de-risking of the project, production of first pellets at laboratory scale, finalized mineral leases over enough feedstock material to support a 25-year business plan, and continued progress on permits. The transaction was deemed to represent the imputed fair value of CoTec's investment in MagIron.

As of June 30, 2024, CoTec owned 853,384 warrants to purchase MagIron equity. For the three and six months ended June 30, 2024, the change in fair value of the warrant investments was a $55 gain and $45 gain respectively. The fair value of the warrants were calculated using the Black-Scholes options pricing model based 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	0.59 years	84%	3.99%	1.96
April 26, 2023	92,878	1.09	0.82 years	84%	3.99%	1.62
June 16, 2023	26,383	4.56	0.96 years	84%	3.99%	0.43
October 26, 2023	159,100	4.56	1.31 years	84%	3.99%	0.58
November 14, 2023	384,025	4.56	9.37 years	84%	3.50%	2.03
February 8, 2024	70,225	4.56	9.63 years	84%	3.50%	2.05
Total	**853,384**					

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

Binding Solutions Limited ("BSL") 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, 2024, CoTec holds approximately 3% of the outstanding shares of BSL.

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

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

Changes in foreign exchange have been recorded through the consolidated statement of income and comprehensive income as FVTPL in the amount of $64 and $215 for the three and six months ended June 30, 2024, respectively. No changes or events subsequent to the relevant transaction that would imply a change in the investment's fair value were identified.

Ceibo Investment

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

For the three and six months ended June 30, 2024, there was a $21 and $69 gain 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

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. Starting September 30, 2023, the Company accounts for its ownership of Maginito using the equity-method of accounting.

(Expressed in Thousands of Canadian Dollars)

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, 2024, to pursue downstream green technology opportunities in the rare earths supply chain, encompassing NdFeB magnet recycling and innovative rare earth alloy, magnet and separation technologies.

In connection with the investment, Maginito and CoTec agreed to collaborate on the commercialization of downstream rare earth technologies in the United States and Mkango Rare Earths UK Ltd was transferred to become a 100% subsidiary of Maginito. Maginito and CoTec are evaluating the development of recycling, chemical processing, alloy and magnet manufacturing in the United States, with scoping studies and site selection underway in advance of detailed feasibility studies, and ongoing discussions with potential customers and recycling partners.

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

For the six months ended June 30, 2024, the Company recognized, based on its 20.6% ownership in Maginito, an equity pick-up equivalent to its pro rata share of Maginito's operating loss of $200. For the three months ended June 30, 2024, the Company recognized a $73 loss for its pro rata share. The carrying value of the Company's investment in Maginito as June 30,2024 is $9,705.

Operating and financial results of Maginito for the six months ended June 30, 2024, June 30, 2023, and year ended December 31, 2023:

In GBP000s	**June 30, 2024**	**Dec. 31, 2023**
TOTAL ASSETS	**£ 6,128**	**£ 6,106**
TOTAL LIABILITIES	4,756	4,182
TOTAL EQUITY	1,372	1,924
TOTAL LIABILITIES AND EQUITY	**£ 6,128**	**£ 6,106**

In GBP000s	**For the six months ended June 30, 2024**
EXPENSES	

Operating loss		**(658)**
Income tax expense		56
Foreign exchange		(10)
Comprehensive loss for the period	**£**	**(612)**

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, 2024, HyProMag USA JV incurred losses amounting to USD579,292 and USD941,026. The Company's share of the losses are USD289,646 and USD470,513 for the three and six months ended June 30, 2024. However, due to the carrying amount of the investment being nil, the Company has not recognized its share of losses in accordance with IAS 28.38. The Company will resume recognizing its share of profits 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.

During the period, the Company made payments amounting to USD668,000 or $912 on behalf of HyProMag USA JV to cover specific expenses. The Company recorded a receivable from the HyProMag USA JV of USD668,000, or $912.

8 Notes Receivable

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 and six months ended June 30, 2024, the Bridge Loan has accrued interest of $6 and $12.

(Expressed in Thousands of Canadian Dollars)

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. The Company has made the first payment of US$40,000 as per the option agreement. On May 8, 2024, the Company has made the second payment of USD60,000, or $82 as per the option agreement.

As of June 30, 2024, the Company has incurred and capitalized a total of $804 in expenditures on the Lac Jeannine Project, including option payments with no indicators of impairment.

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 ("CEO", "COO", and "CFO") 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, 2024, and June 30, 2023:

	For the three months ended		**For the six months ended**	
	June. 30, 2024	**June. 30, 2023**	**June. 30, 2024**	**June 30, 2023**
Short-term salaries and benefits	(365)	(348)	(724)	(695)
Share-based compensation expense	127	(90)	(8)	(208)
Total	**(238)**	**(438)**	**(732)**	**(903)**

Short-term salaries and benefits include salaries for the CEO, COO and CFO.

Other Related Party Transactions

As at June 30, 2024, a total of $2 was payable to a Director and an Officer for expenses paid on behalf of the Company which is included in trade and other payables. $1,049 was accrued for salaries for both the CEO and CFO which is included in accrued liabilities which remain to be paid.

The Company has entered into a series of loans with Kings Chapel International Limited ("Kings Chapel") to facilitate timely investments and general working capital purposes. Kings Chapel is owned by an irrevocable discretionary trust associated with Julian Treger, the Corporation's Chief Executive Officer and a director of the Company. As of June 30, 2024, USD1,918,407, or $2,626 of principal and accrued interest remains outstanding.

Insiders of the Company participated in the April Private Placement in the amount of 4,050,000 Units for gross proceeds of $2,025, out of the 4,141,025 total Units issued upon the second and final closing. Kings Chapel participated in the amount of 4,000,000 Units, and a Director participated in the amount of 50,000 Units.

Pursuant to the compensation agreements with the CEO, the Company has awarded to the CEO additional EIUs equal to 7% of the common shares issued or issuable pursuant to financing transactions on each closing date of such transactions from August 11, 2021 until April 30, 2023 ("April 2023 Compensation Agreement"), as well as for financing transactions on each closing date of such transactions from November 27, 2023 until December 31, 2025 ("December 2025 Compensation Agreement"). Each EIU is equivalent in value to one common share of the Company, and will vest on the earlier of i) September 30, 2024 for the April 2023 Compensation Agreement and December 31, 2026 for the December 2025 Compensation Agreement, provided that the 30-day volume weighted average trading price ("VWAP") of the common shares as of the respective vesting dates on the principal stock exchange on which they are then traded is at least $0.50 per share for the April 2023 Compensation Agreement, and $1.10 per share for the December 2025 Compensation Agreement (adjusted as required to give effect to any stock splits, consolidations or other reorganizations of the common shares after the date hereof), and ii) the date on which the Company completes a change of control (the "Vesting Date"), provided in either case that the Director becomes engaged with the Company as Executive Chair or CEO and remain so engaged as of the respective Vesting Dates. If the EIUs vest in accordance with the aforementioned conditions, then no later than 10 days after the respective Vesting Dates, the Company will deliver in respect of every Unit, at its discretion, either i) one common share or ii) a cash payment equal to the VWAP of the common shares on the primary stock exchange for the five trading days immediately preceding the Vesting Date. 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.

The Company has also awarded 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 from August 11, 2021, until April 30, 2023, as well as for November 27, 2023 to June 30, 2024 and will continue to issue stock options to the CEO equal to 5% of the common shares issuable pursuant to future financing transactions until December 31, 2025.

As at June 30, 2024, the fair value of the EIUs were calculated using Monte Carlo simulation using an expected volatility of approximately 66% based on historical volatility to estimate the expected value by averaging the ending stock prices as at the vesting dates over 10,000 simulations.

Should the common shares trade at $0.50 per share as of the Vesting Date for the April 2023 Compensation Agreement, the estimate liability for these EIUs would be $2,463. At $0.55 per share, the estimated liability would be $2,709; at $0.60 per share, the estimated liability would be $2,955, and at $0.65 per share the estimated liability would be $3,201.

(Expressed in Thousands of Canadian Dollars)

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 $696. At $1.15 per share, the estimated liability would be $728; at $1.20 per share, the estimated liability would be $760, and at $1.25 per share the estimated liability would be $791.

EIU's granted to the CEO and Board Chairman pursuant to the above-noted arrangement as of June 30, 2024 are presented below:

EIUs Granted during six months ended June 30 2024

Date of Grant	Vesting Date	Owner	Number Awarded #	Grant Value $	Value as at June 30, 2024 $
February 15, 2024	December 31, 2026	CEO	91,000	25	26
April 25, 2024	December 31, 2026	CEO	289,872	88	82
May 15, 2024	December 31, 2026	CEO	70,350	21	20
			451,222	**$134**	**$128**

Balance of EIUs as of June 30, 2024

Owner	Number Awarded #	Grant Value $	Value as at June 30, 2024 $
CEO	5,358,826	981	1,085
Chairman	199,335	64	37
	5,558,161	**1,045**	**1,122**

Stock Options granted to the CEO and Board Chairman pursuant to the above-noted arrangement as of June 30, 2024 are presented below:

Stock Option's Granted during six months ended June 30 2024

Date of Grant	Expiry Date	Owner	Number Awarded #	Grant Value $	Exercise Price $	Term Years
January 25, 2024	January 25, 2034	CEO	279,954	0.56	0.75	10
February 15, 2024	February 15, 2034	CEO	65,000	0.57	0.75	10
April 25, 2024	April 25, 2034	CEO	207,051	0.58	0.75	10
May 15, 2024	May 15, 2034	CEO	50,250	0.56	0.75	10
			602,255			

(Expressed in Thousands of Canadian Dollars)

Balance of Stock Options as of June 30, 2024	
Owner	**Number Awarded #**
CEO	3,333,626
Chairman	430,611
	3,764,237

11 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, 2024			
	Level 1	**Level 2**	**Level 3(1)**	**Total**
Equity securities	-	-	27,759	27,759
Magiron Warrants	-	-	551	551
Balance, end of period	**-**	**-**	**28,310**	**28,310**

(1) Equity securities of MagIron are included in Level 3 as the basis of valuation do not have regular market pricing, but 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 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 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 six months ended June 30, 2024, no amounts were transferred between Levels.

Sensitivity Analysis for Recurring Fair Value Measurements Categorized within Level 3

(Expressed in Thousands of Canadian Dollars)

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	2,831	2,831	(2,831)	(2,831)

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).

12 Income Per Share

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

	For the three months ended		**For the six months ended**	
	Jun. 30, 2024	**Jun. 30, 2023**	**Jun. 30, 2024**	**Jun. 30, 2023**
Net Income attributable to equity holders of CoTec	**$ 1,454**	$ 10,376	**$ 1,418**	**$ 9,854**
Weighted average number of common shares issued	64,490	54,627	62,521	50,869
Adjustments for dilutive instruments:				
Stock options	371	493	567	493
Warrants	-	-	19	-
Equity Incentive Units	113	-	576	-
Diluted weighted average number of shares outstanding	64,974	55,120	63,684	51,362
Basic net income per share	**$0.02**	$0.19	**$0.02**	$0.19
Diluted net income per share	**$0.02**	$0.19	**$0.02**	$0.19

13 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, 2024, 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 $2/($2). Sensitivities that create notable step-changes in fair value are shown in Note 11. 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 equity investments amounting to $28,310 are subject to fair value fluctuations. As at June 30, 2024, if the fair value of the Company's marketable securities had decreased/increased by 10% with all other variables held constant, income and comprehensive income for the period would have been approximately $2,831 higher/lower.

14 Subsequent Events

Private Placement

On July 11, 2024, the Company completed the closing of a non-brokered private placement of up to 5,500,000 Units ("July Private Placement") and issued a total of 5,500,000 common shares to Kings Chapel (see related party note) at a price of C$0.50 per common share for gross proceeds of $2,750.

Stock Options

On July 15, 2024, the Company granted a total of 532,301 stock options to an officer and director of the Company and a further aggregate 350,000 stock options (together the "Options") to officers of the Company.

The Options have an effective grant date of July 15, 2024, vest over a three (3) year term, are valid for a ten-year period and 682,301 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 the remaining 200,000 are exercisable at $0.75. The Options have been granted under and are governed by the terms of the Company's Omnibus Equity Incentive Plan and are subject to the policies of the TSX Venture Exchange.

Kings Chapel Loan Repayment

On July 18, 2024, the Company repaid $500 of the outstanding loans to Kings Chapel.

Torrey Hills

On August 1, 2024, the Company engaged San Diego Torrey Hills Capital, Inc. ("Torrey Hills"), a Rancho Santa Fe, California based investor relations firm, to provide market awareness and investor relations services to the Company, subject to acceptance by the TSX Venture Exchange ("TSX-V").

Torrey Hills has been engaged at a rate of US$5,000 per month for an initial term of six months. After the initial term, the agreement will be automatically extended, subject to a 30-day termination notice by either party. The Corporation has also agreed to a one-time grant of 150,000 incentive stock options (the "Options") exercisable at a price of C$0.50 per share for a period of three years. The Options will be subject to the terms of the Company's stock option plan and will vest in accordance with the provisions therein and the policies of the TSX Venture Exchange.