UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.

For the three and nine months ended September 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 SEPTEMBER 30, 2025, AND DECEMBER 31, 2024

	Sep. 30, 2025	Dec. 31, 2024 (Revised Note 2f)
ASSETS		
Current		
Cash and cash equivalents	$ 5,849	$ 755
GST and other receivables	100	83
IZ Note Receivable (Note 8)	364	346
Other receivables and prepaids	1	14
Total current assets	6,314	1,198
Non-Current		
Due from HyProMag USA (Note 7)	6,373	2,668
Investments in equity instruments (Note 5)	29,026	29,970
Investments in associates and joint ventures (Note 6, Note 7)	12,223	11,262
Exploration & evaluation (Note 9)	1,457	1,069
TOTAL ASSETS	**$ 55,393**	**$ 46,167**
LIABILITIES		
Current		
Trade and other payables	$ 369	$ 390
Accrued liabilities	839	1,526
Stock-based compensation liability	1,219	-
Convertible Loan Interest	236	-
Total current liabilities	2,663	1,916
Non-Current		
Stock-based compensation liability	523	1,306
Convertible loans (Note 11)	24	3,489
Deferred share unit liability	1,142	573
TOTAL LIABILITIES	4,352	7,285
EQUITY		
Share capital (Note 4)	129,158	112,670
Contributed surplus	18,959	15,319
Equity component of convertible loan	-	299
Cumulative translation adjustment (Note 6)	1,112	690
Deficit	(98,187)	(90,095)
TOTAL EQUITY	51,042	38,883
TOTAL LIABILITIES AND EQUITY	**$ 55,393**	**$ 46,167**

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 (LOSS) AND COMPREHENSIVE INCOME (LOSS) OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE PERIODS ENDED SEPTEMBER 30, 2025, AND 2024

	For the three months ended		**For the nine months ended**	
	Sep. 30, 2025	**Sep. 30, 2024**	**Sep. 30, 2025**	**Sep. 30, 2024**
INCOME/EXPENSES FROM INVESTMENTS				
Gain (loss) on equity investment (Note 5)	(426)	(501)	(2,470)	2,987
Share of (loss) associate and joint venture accounted for using the equity method (Note 6)	(160)	(77)	(356)	(277)
EXPENSES				
Professional consulting fees	(231)	(51)	(608)	(381)
General & administrative expenses	(902)	(355)	(2,359)	(1,676)
Share-based compensation (Note 4)	(908)	(1,192)	(1,612)	(1,246)
Operating (loss)	**(2,627)**	**(2,175)**	**(7,405)**	**(593)**
Finance expense (Note 7, 11)	(247)	(48)	(676)	(162)
Finance income	7	6	19	19
Foreign exchange (loss) gain	(10)	24	(31)	(40)
Net finance expense	(251)	(18)	(687)	(183)
Income tax expense	-	-	-	-
Net (loss)	**$ (2,878)**	**$ (2,193)**	**$ (8,092)**	**$ (775)**
OTHER COMPREHENSIVE INCOME				
Foreign currency translation (Note 6)	-	-	422	-
Comprehensive (loss)	**$ (2,878)**	**$ (2,193)**	**$ (7,670)**	**$ (775)**
Net (loss) per common share (Note 13)				
Basic	($0.03)	($0.03)	($0.10)	($0.01)
Diluted	($0.03)	($0.03)	($0.10)	($0.01)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF COTEC HOLDINGS CORP.
(Expressed in Thousands of Canadian Dollars)
FOR THE PERIODS ENDED SEPTEMBER 30, 2025, AND SEPTEMBER 30, 2024

	Share Capital			Contributed Surplus		Cumulative Translation Adjustment	Deficit	Total Equity
	Number	**Amount**	**Convertible loan**	**Options**	**Warrants**	**Amount**	**Amount**	**Amount**
Balance – Jan. 1, 2024	**60,226,506**	**$106,777**	**$ -**	**10,940**	**$3,382**	**-**	**$(90,030)**	**$31,069**
Net (loss) for the period	-	-	-	-	-	-	(775)	**(775)**
Shares issued for cash	10,646,024	5,155	-	-	-	-	-	**5,155**
Share buyback	(625,000)	(391)	-	-	-	-	-	**(391)**
Issuance of warrants	-	-	-	-	169	-	-	**169**
Exercise of warrants	1,300,000	1,129	-	-	(155)	-	-	**974**
Equity-settled share-based compensation	-	-	-	769	-	-	-	**769**
Balance – Sep. 30, 2024	**71,547,530**	**$112,670**	**$ -**	**$11,709**	**$3,396**	**-**	**$(90,805)**	**$36,970**
Balance – Jan. 1, 2025 (Revised Note 2f)	**71,547,530**	**$112,670**	**299**	**$11,923**	**$3,396**	**690**	**$(90,095)**	**$38,883**
Net (loss) for the period	-	-	-	-	-	-	(8,092)	**(8,092)**
Foreign currency translation	-	-	-	-	-	422	-	**422**
Shares issued for cash	17,339,339	13,524	-	-	-	-	-	**13,524**
Share issue costs	-	(882)	-	-	-	-	-	**(882)**
Convertible loan	9,135,183	6,851	(299)	-	-	-	-	**6,553**
Issuance of warrants	-	(3,055)	-	-	3,055	-	-	**-**
Exercise of warrants	51,161	50	-	-	(22)	-	-	**28**
Equity-settled share-based compensation	-	-	-	606	-	-	-	**606**
Balance – Sep. 30, 2025	**98,073,213**	**$129,158**	**$-**	**$12,529**	**$6,429**	**1,112**	**$(98,187)**	**$51,042**

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 SEPTEMBER 30, 2025, AND 2024

	For the nine months ended	
	Sept. 30, 2025	**Sept. 30, 2024**
OPERATING ACTIVITIES		
Net (loss) for the period	$ (8,092)	$ (775)
Add items not affecting cash		
Director fees paid in shares (Note 5)	(55)	(183)
Loss (gain) on equity investments (Note 5)	2,470	(2,987)
Share of loss in associate and joint venture accounted for using the equity method (Note 6)	356	277
Share-based compensation expense	1,612	1,246
Non-cash finance expense & foreign exchange	755	202
Changes in non-cash working capital balances related to operations		
Sales tax receivables	(18)	69
Other receivables and prepaids	13	40
Trade and other payables and accrued liabilities	(706)	275
Cash used by operating activities	**(3,666)**	**(1,837)**
INVESTING ACTIVITIES		
Purchase of private securities - Equity investments (Note 5)	(1,473)	(729)
Investments in associate and joint venture (Note 6)	(894)	(407)
Cash advanced to HyProMag USA (Note 7)	(4,123)	(2,052)
PPE assets	(3)	-
Exploration & evaluation assets (Note 9)	(387)	(495)
Cash used by investing activities	(6,879)	(3,683)
FINANCING ACTIVITIES		
Shares and warrants issued for cash (Note 4)	13,524	5,323
Share issuance costs	(882)	-
Share buyback	-	(391)
Convertible loan (Note 11)	3,000	-
Notes payable	-	(500)
Warrant exercise	28	974
Cash from financing activities	15,670	5,406
Net increase (decrease) in cash and cash equivalents for the period	**5,125**	**(115)**
Cash and cash equivalents, beginning of period	755	1,282
Exchange (losses) on cash and cash equivalents	(30)	**-**
Cash and cash equivalents, end of period	**$ 5,849**	**$ 1,168**

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 $98,187 as of September 30, 2025 (December 31, 2024: ($90,095) - Revised Note 2f). For the nine months ended September 30, 2025, the Company used cash in operating activities totalling $3,666 (September 30, 2024: ($1,837)). The Company had cash and cash equivalents of $5,849 (December 31, 2024 $755) and working capital of $3,651 as at September 30, 2025 (December 31, 2024: $719 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 nine months ended September 30, 2025, the Company raised approximately $13.5 million through equity financing (see Note 4 Share Capital) and secured $6.6 million in convertible loan facilities (see Note 11 Convertible Loan).

The Company's continued operation 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 September 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 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.

(Expressed in Thousands of Canadian Dollars)

(b) Basis of Consolidation

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

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 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 obtaining control up to the effective date of disposition or loss of control.

The principal subsidiaries and joint arrangements to which the Company is a party, as well as their geographic locations, were as follows as at September 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
HyProMag USA Trading	USA	50%	Joint venture; equity method
Maginito Ltd.	BVI	20.6%	Associate; equity method

(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, only segmented information presented by geographical location is presented in these Interim Financial Statements.

(Expressed in Thousands of Canadian Dollars)

(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 November 18, 2025.

(f) Revision of Previously Issued Financial Statements

During Q3 2025, management identified a misclassification in the accounting for the Company's convertible notes issued on November 1, 2024. The instruments had been treated as a debt host and derivative liability measured at fair value through profit or loss. Upon further review, management has determined that the notes meet the definition of compound financial instruments under IAS 32 as the notes are convertible into a fixed number of shares at a fixed conversion price. Accordingly, the conversion feature has been reclassified as a component of equity and the fair value changes have been reversed. There was also a prior-period error in the presentation of the cumulative translation adjustment, which had previously been recorded through retained earnings instead of being recorded in the carrying value of the related equity accounted associated with an additional mathematical error overstating comprehensive loss. Comparative information for the year ended December 31, 2024 has been revised, and opening balances at January 1, 2025, have been adjusted accordingly. Earnings per share was impacted in two periods.

A summary of the requisite adjustments on the financial statements for the 12-month period ending December 31, 2024, is set forth in the table below:

Summary:

	Twelve months ended Dec. 31, 2024 (As Previously Reported)	Cumulative translation adjustment	Convertible loan adjustment	Twelve months ended Dec. 31, 2024 (As Revised)
	$	$	$	$
Net (loss)	(243)	-	178	(65)
Loss on embedded derivative	(178)	-	178	-
Finance expense	(806)	-	-	(806)
Net loss per common share	($0.00)	-	($0.00)	($0.00)
Comprehensive (loss) income	(978)	1,425	178	625

(Expressed in Thousands of Canadian Dollars)

Summary:

	As at Dec. 31, 2024 (As Previously Reported)	**Cumulative translation adjustment**	**Convertible loan adjustment**	**As at Dec. 31, 2024 (As Revised)**
	$	**$**	**$**	**$**
Investments in associate and joint venture	10,572	690	-	11,262
Convertible loan	3,966	-	(477)	3,489
Equity component of convertible loan	-	-	299	299
Cumulative translation adjustment	735	(45)	-	690
Deficit	(91,008)	735	178	(90,095)

A summary of the requisite adjustments on the financial statements for the 3-month period ending March 31, 2025, is set forth in the table below:

Summary:

	Three months ended Mar. 31, 2025 (As Previously Reported)	**Cumulative translation adjustment**	**Convertible loan adjustment**	**Three months ended Mar. 31, 2025 (As Revised)**
	$	**$**	**$**	**$**
Net (loss)	(1,712)	-	41	(1,671)
Loss on embedded derivative	(42)	-	42	-
Finance expense	(190)	-	(1)	(191)
Net loss per common share	($0.02)	-	($0.00)	($0.02)
Comprehensive (loss) income	(1,376)	-	41	(1,335)

(Expressed in Thousands of Canadian Dollars)

Summary:

	As at Mar. 31, 2025 (As Previously Reported)	Cumulative translation adjustment	Convertible loan adjustment	As at Mar. 31, 2025 (As Revised)
	$	$	$	$
Investments in associate and joint venture	10,827	690	-	11,517
Embedded derivative	1,237		(1,237)	-
Convertible loan	4,895	-	618	5,513
Equity component of convertible loan	-	-	400	400
Cumulative translation adjustment	1,071	(45)	-	1,026
Deficit	(92,720)	735	219	(91,766)

A summary of the requisite adjustments on the financial statements for the 6- and 3-months period ending June 30, 2025, is set forth in the table below:

Summary:

	Six months ended Jun. 30, 2025 (As Previously Reported)	Cumulative translation adjustment	Convertible loan adjustment	Six months ended Jun. 30, 2025 (As Revised)
	$	$	$	$
Net (loss)	(5,730)	-	500	(5,230)
Loss on embedded derivative	(516)	-	516	-
Finance expense	(428)	-	(16)	(444)
Net loss per common share	($0.08)	-	$0.01	($0.07)
Comprehensive (loss) income	(5,309)	-	500	(4,809)

(Expressed in Thousands of Canadian Dollars)

Summary:

	Three months ended Jun. 30, 2025 (As Previously Reported)	Cumulative translation adjustment	Convertible loan adjustment	Three months ended Jun. 30, 2025 (As Revised)
	$	$	$	$
Net (loss)	(4,019)	-	460	(3,559)
Loss on embedded derivative	(474)	-	474	-
Finance expense	(238)	-	(14)	(252)
Net loss per common share	($0.06)	-	$0.01	($0.05)
Comprehensive (loss) income	(3,933)	-	460	(3,473)

Summary:

	As at Jun. 30, 2025 (As Previously Reported)	Cumulative translation adjustment	Convertible loan adjustment	As at Jun. 30, 2025 (As Revised)
	$	$	$	$
Investments in associate and joint venture	11,247	690	-	11,937
Embedded derivative	2,009	-	(2,009)	-
Convertible loan	5,758	-	884	6,642
Equity component of convertible loan	-	-	447	447
Cumulative translation adjustment	1,156	(45)	-	1,112
Deficit	(96,738)	735	678	(95,325)

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 September 30, 2025, numbered 98,073,213.

Private Placement

On June 18, 2025, the Company completed an initial closing under its Listed Issuer Financing Exemption ("LIFE Offering") and concurrent private placement that was announced on May 20, 2025 ("Concurrent Private Placement") (together the "Offering"). 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 may, at the discretion of the Company, 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.

On July 3, 2025, the Company completed a second closing of the Offering. Pursuant to this closing, the Company issued a total of 3,387,476 Units at a price of $0.78 per subscription receipt for gross proceeds of $2,642. Each Unit consists of one common share in the capital of the Company, and one Common Share purchase warrant ("Warrant") under the same terms as the initial closing.

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 2.67%, 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, $465 was allocated to paid-in capital surplus for the Warrants, and $2,048 was allocated to share capital.

In connection with the July 3, 2025 financing, the Company paid cash commission of $130, and issued 166,124 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 $0.86, exercise price of $0.78, expected life of 3.0 years, expected annual volatility of 66%, risk-free interest rate of 2.69%, and no expected dividends. The fair value of the broker warrants was estimated at $0.42 per warrant, for a total of $70. This amount has been recorded as a share issuance cost.

On July 16, 2025, the Company completed a third and final closing of the LIFE Offering. Pursuant to this closing, the Company issued a total of 5,864,803 Units at a price of $0.78 per subscription receipt for gross proceeds of $4,575. Each Unit consists of one common share in the capital of the Company, and one Common Share purchase warrant ("Warrant") under the same terms as the initial closing.

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 2.83%, 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, $885 was allocated to paid-in capital surplus for the Warrants, and $3,423 was allocated to share capital.

In connection with the July 16, 2025 financing, the Company paid cash commission of $267, and issued 342,056 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 $0.90, exercise price of $0.78, expected life of 3.0 years, expected annual volatility of 66%, risk-free interest rate of 2.84%, and no expected dividends. The fair value of the broker warrants was estimated at $0.45 per warrant, for a total of $152. This amount has been recorded as a share issuance cost.

On July 22, 2025, the Company completed a third and final closing of the Concurrent Private Placement. Pursuant to this closing, the Company issued a total of 1,407,617 Units at a price of $0.78 per subscription receipt for gross proceeds of $1,098. Each Unit consists of one common share in the capital of the Company, and one Common Share purchase warrant ("Warrant") under the same terms as the initial closing.

The fair value of the Warrants was estimated using Black-Scholes option pricing model. Key assumptions included an expected annual volatility of 67%, a risk-free interest rate of 2.78%, 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, $302 was allocated to paid-in capital surplus for the Warrants, and $576 was allocated to share capital.

(Expressed in Thousands of Canadian Dollars)

In connection with the July 22, 2025 financing, the Company paid cash commission of $50, and issued 63,780 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 $1.08, exercise price of $0.78, expected life of 3.0 years, expected annual volatility of 67%, risk-free interest rate of 2.79%, and no expected dividends. The fair value of the broker warrants was estimated at $0.60 per warrant, for a total of $38. This amount has been recorded as a share issuance cost.

Partial Conversion of Convertible Loan

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 settled 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.

Warrant Exercises

During the nine months ended September 30, 2025, a total of 51,161 warrants were exercised for gross proceeds of $28. 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.

Share-Based Compensation

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

	For the three months ended		**For the nine months ended**	
	Sept. 30, 2025	**Sept. 30, 2024**	**Sept. 30, 2025**	**Sept. 30, 2024**
Stock options	(219)	(192)	(527)	(635)
Equity incentive units	(287)	(857)	(437)	(509)
Deferred share units	(320)	(137)	(559)	(90)
Restricted share units	(82)	(5)	(89)	(12)
Total	**(908)**	**(1,191)**	**(1,612)**	**(1,246)**

(Expressed in Thousands of Canadian Dollars)

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.

During the three months ended September 30, 2025, the Company awarded 1,100,758 Restricted Share Units ("RSUs") to Officers and a consultant of the Company. The RSUs vest over three years of service and were granted at a price of $0.91 per RSU.

During the three months ended September 30, 2025, the Company awarded 329,670 Director Share Units ("DSUs") to the Directors of the Company. The DSUs vest over one year of service and were granted at a price of $0.91 per DSU.

The weighted average fair value per option granted during the nine months ended September 30, 2025, was $0.71 (September 30, 2024: $0.40). As at September 30, 2025, there was $1,884 of share-based compensation expense (September 30, 2024: $1,059) relating to the Company's unvested stock options to be recognized in future periods.

A summary of option activity under the Plan during the nine months ended September 30, 2025, is as follows:

	Number of options #	**Weighted average exercise price $**
Balance – December 31, 2024	6,094,238	0.52
Granted	2,433,104	0.93
Balance – September 30, 2025	**8,527,342**	**0.64**

(Expressed in Thousands of Canadian Dollars)

The options outstanding as at September 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	5.98	1,152,916
October 8, 2021	October 8, 2031	288,229	0.45	6.02	288,229
April 19, 2022	April 19, 2032	711,912	0.55	6.55	711,912
September 7, 2022	September 7, 2032	202,020	0.46	6.94	202,020
April 24, 2023	April 24, 2033	1,631,906	0.50	7.56	1,087,937
January 25, 2024	January 25, 2034	279,954	0.75	8.32	93,318
February 15, 2024	February 15, 2034	65,000	0.75	8.38	21,667
February 20, 2024	February 20, 2034	730,000	0.75	8.39	243,333
April 25, 2024	April 25, 2034	207,051	0.75	8.57	69,017
May 15, 2024	May 15, 2034	50,250	0.50	8.62	16,750
July 11, 2024	July 11, 2034	425,000	0.50	8.78	141,667
July 11, 2024	July 11, 2034	200,000	0.75	8.78	66,667
July 15, 2024	July 15, 2034	150,000	0.50	8.79	50,000
August 13, 2025	August 13, 2035	1,487,104	0.91	9.87	-
August 17, 2025	August 17, 2035	420,000	0.95	9.88	-
August 25, 2025	August 25, 2035	426,000	0.97	9.90	-
September 8, 2025	September 8, 2035	100,000	1.04	9.94	-
		8,527,342	**0.64**	**8.10**	**4,145,432**

Warrants

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

	Number of warrants #	**Weighted average exercise price $**
Balance – December 31, 2024	5,396,044	1.03
Issued	18,252,412	1.18
Exercised	(51,161)	0.55
Expired	(5,344,883)	0.90
Balance – September 30, 2025	**18,252,412**	**1.18**

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

(Expressed in Thousands of Canadian Dollars)

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	1.22
June 18, 2025	June 19, 2028	341,112	0.78	2.72
July 3, 2025	January 4, 2027	3,387,476	1.20	1.26
July 3, 2025	July 4, 2028	166,124	0.78	2.76
July 16, 2025	January 17, 2027	5,864,803	1.20	1.30
July 16, 2025	July 17, 2028	342,056	0.78	2.80
July 22, 2025	January 23, 2027	1,407,617	1.20	1.31
July 22, 2025	July 23, 2028	63,780	0.78	2.81
		18,252,412	**1.18**	**1.34**

5 Equity Investments

Summary:

	Nine months ended Sept. 30, 2025	**Twelve months ended Dec. 31, 2024**
	$	**$**
Balance, beginning of period	29,970	24,080
Additions	1,528	1,078
Fair value adjustment	(1,496)	2,493
Foreign exchange	(976)	2,319
Balance, end of period	**29,026**	**29,970**

Represented by the following investments:

	Sept. 30, 2025	**Dec. 31, 2024**
	$	**$**
MagIron Common Shares	20,590	20,491
MagIron Warrants	631	611
Binding Solutions Ltd.	5,717	6,710
Ceibo Inc.	2,088	2,158
Total Balance, end of period	**29,026**	**29,970**

(Expressed in Thousands of Canadian Dollars)

MagIron LLC ("MagIron")

As at September 30, 2025, CoTec had a 16.5% 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.

During the nine months ended September 30, 2025, through a series of continuous investments amounting to USD1,060,625, or $1,473, as well as shares issued for board advisory fees which amounted to USD39,375, or $55, CoTec maintained its undiluted equity ownership of 16.5% in MagIron, as at September 30, 2025. The Company owns 5,406,433 A-1 Shares, 70,040 A-2 Shares, 298,608 A-3 Shares each class at an estimate fair value of USD2.60 per share as of September 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 liquidity discount of 50% to this valuation, to reflect management's view on the operational and financing risk. For the nine months ended September 30, 2025, there has been a decrease of $764 in equity value for its equity contributions, and a loss of $665 related to changes in foreign exchange have been recorded through the statement of loss as FVTPL in the amount of ($1,429).

As of September 30, 2025, CoTec owned 853,384 warrants to purchase MagIron shares. For the nine months ended September 30, 2025, the change in fair value of the warrants held was a $20 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	0.17 years	129%	2.47%	1.95
April 26, 2023	92,878	1.09	0.53 years	129%	2.47%	1.67
June 16, 2023	26,383	4.56	0.69 years	129%	2.47%	0.66
October 26, 2023	159,100	4.56	1.05 years	129%	2.47%	0.93
November 14, 2023	384,025	4.56	8.12 years	129%	3.17%	2.40
February 8, 2024	70,225	4.56	8.15 years	129%	3.17%	2.40

(Expressed in Thousands of Canadian Dollars)

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 September 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 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.

Subsequent to September 30, 2025, BSL completed a $5 million financing round with existing shareholders at a pre-money valuation of approximately $95 million ($738 per share) which was determined to be an adjusting subsequent event under IAS 10.

Fair value was determined using observable inputs from the most recent third-party financing round ($1,412 per share) adjusted for the subsequent insider financing ($738 per share) and market conditions as at period-end.

The resulting fair value of $1,244 per share represents management's best estimate of fair value at the reporting date.

Changes in equity value of $775 loss, and $775 loss, and foreign exchange loss of $130, and $218 loss, have been recorded through the consolidated statement of income and comprehensive income as FVTPL in for the three and nine months ended September 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.

(Expressed in Thousands of Canadian Dollars)

For the three and nine months ended September 30, 2025, there was a $42 gain and $70 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

Summary:

	Nine months ended Sept. 30, 2025	Twelve months ended Dec. 31, 2024 (Revised Note 2f)
	$	**$**
Balance, beginning of period	11,262	9,623
Additions	895	406
Equity (loss) income	(356)	544
Currency Translation Adjustment	422	690
Balance, end of period	**12,223**	**11,262**

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.

Maginito is a private company that was established by Mkango Resources Limited ("Mkango"), which currently holds a 79.4% interest in Maginito as of September 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 in April 2025 PegasusTSI and BBA were engaged as the engineering, procurement, construction and management ("EPCM") services supplier for HyProMag USA. Discussions with potential customers and recycling partners are ongoing.

(Expressed in Thousands of Canadian Dollars)

The Company funded cash calls in Maginito totaling GBP239,210, or $446 for the three months ended and GBP481,592, or $894 for the nine months ended.

For the nine months ended September 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 $356. For the three months ended September 30, 2025, the Company recognized a $160 loss for its pro rata share. The carrying value of the Company's investment in Maginito as September 30,2025 is $12,223.

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

In GBP000s		**Sept. 30, 2025**		**Dec. 31, 2024**
TOTAL ASSETS	**£**	**8,410**	**£**	**7,126**
TOTAL LIABILITIES		5,407		3,604
TOTAL EQUITY		3,003		3,523
TOTAL LIABILITIES AND EQUITY	**£**	**8,410**	**£**	**7,126**

In GBP000s		**For the nine months ended Sept. 30, 2025**
EXPENSES		
Operating loss		**(1,121)**
Income tax expense		84
Exchange difference on intercompany translating		6
Comprehensive loss for the period	**£**	**(1,031)**

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 the nine months ended September 30, 2025, the Company recognized an unrealized foreign exchange translation gain of $422 (2024 – $690, Revised Note 2f) 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 September 30, 2025, the carrying amount of the investment in HyProMag USA JV was nil.

For the three and nine months ended September 30, 2025, HyProMag USA JV incurred losses amounting to USD1,536,582 and USD3,031,320. The Company's share of the losses are USD768,291 and USD1,515,660 for the three and nine months ended September 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 from HyProMag USA 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 for the first three years after the decision to proceed. 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 $7,292 which has increased in the nine months ended September 30, 2025 due to the project entering the detailed design and engineering phase. The Company has discounted the receivable amount at a rate of 8% and calculated the present value ("PV") based on planned repayment in approximately 1.75 years whereas no interest is charged on the amount owed. The Company has therefore recognized a PV receivable of $6,373 as at September 30, 2025, and recorded a $209 loss through finance expense for the three months ended September 30, 2025 ($566 loss recognized during 2024).

8 Notes Receivable

As of September 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 September 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 September 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 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 September 30, 2025, the Company has incurred and capitalized a total of $1,457 in expenditures on the Lac Jeannine Project.

(Expressed in Thousands of Canadian Dollars)

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 nine months ended September 30, 2025, and September 30, 2024:

	For the three months ended		For the nine months ended	
	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept 30, 2024
Short-term salaries and benefits	(436)	(367)	(1,166)	(1,100)
Share-based compensation expense	(751)	(1,075)	(1,407)	(1,095)
Total	**(1,187)**	**(1,442)**	**(2,573)**	**(2,195)**

There is $387 of accrued salaries included in accrued liabilities for the CEO, CFO and Board Chairman.

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 equity incentive units (“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 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.

(Expressed in Thousands of Canadian Dollars)

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

As at September 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 $1,729. At $1.15 per share, the estimated liability would be $1,807; at $1.20 per share, the estimated liability would be $1,886, and at $1.25 per share the estimated liability would be $1,964. As at September 30, 2025, the closing share price for the Company on the TSX-V, was $1.12 per share, which if traded at these levels and up to $1.15 per share as of the Vesting Date, would result in a liability of between $1,729 and $1,807.

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

EIUs Granted during nine months ended September 30, 2025

Date of Grant	Vesting Date	Owner	Number Awarded #	Grant Value $	Value as at Sept. 30, 2025 $
June 18, 2025	December 31, 2026	CEO	167,032	75	121
July 22, 2025	December 31, 2026	CEO	176,451	128	128
			343,483	**$203**	**$249**

Balance of Unvested EIUs as of September 30, 2025

Owner	Number Awarded #	Grant Value $	Value as at Sept. 30, 2025 $
CEO	1,571,640	434	1,142
	1,571,640	**434**	**1,142**

(Expressed in Thousands of Canadian Dollars)

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

Stock Option's Granted during nine months ended September 30, 2025						
Date of Grant	**Expiry Date**	**Owner**	**Number Awarded #**	**Grant Value $**	**Exercise Price $**	**Term Years**
August 13, 2025	August 13, 2035	CEO	702,104	0.69	0.91	10
			702,104			

Balance of Stock Options as of September 30, 2025	
Owner	**Number Awarded #**
CEO	4,310,730
Board Chairman	430,611
	4,741,341

11 Convertible Loan

On November 19, 2024, the Company entered into a convertible loan agreement (the "Convertible Loan") with Kings Chapel LLC. The arrangement consolidated and replaced all prior loans owing to Kings Chapel, totalling $2,351, into a single convertible-loan facility.

The loan bears interest at 10 % per annum, calculated daily, compounded annually, and payable in cash upon the earlier of repayment or conversion of the principal. Interest is not convertible into common shares. The Convertible Loan matures on December 31, 2026, unless converted earlier.

The principal amount is convertible at the option of the holder into common shares of the Company at a fixed conversion price of $0.75 per share. The agreement also includes a forced-conversion feature of the outstanding principal at the same fixed price if, any time after January 1, 2025, the Company's share price exceeds $1.00 for 15 consecutive trading days. Conversion will only occur to the extent that it does not result in Kings Chapel and its related parties holding more than a 49 % equity interest in the Company. The conversion terms therefore satisfy the fixed-for-fixed condition under IAS 32.

In accordance with IAS 32, the Convertible Loan is classified as a compound financial instrument, comprising:

- a financial-liability component, representing the contractual obligation to repay the principal and accrued interest in cash; and

- an equity component, representing the holder's option to convert the principal into a fixed number of common shares at a fixed price.

On initial recognition, the liability component was measured at the present value of future cash flows discounted using the market rate for comparable non-convertible debt instruments, resulting in a liability of $2,485. The residual amount of $245 was recognised in equity as the conversion option. The liability component is subsequently measured at amortised cost using the effective-interest method, with interest expense recognised in profit or loss.

Each subsequent drawdown was similarly allocated between liability and equity components. During 2024, an additional $1,000 was drawn, of which $946 was allocated to liability and $54 to equity. Between January and May 2025, further drawdowns of $3,000 were made, with $2,852. allocated to liability and $148 to equity.

On August 4, 2025, Kings Chapel elected to convert $2,000 of the Convertible Loan into 2,666,667 common shares of the Company at the fixed conversion price of $0.75 per share. On August 11, 2025, the Company's common shares traded above $1.00 per share for 15 consecutive trading days, triggering the forced-conversion provision. In connection with the conversion, an additional $500 was drawn on August 11, 2025 to settle accrued interest, resulting in $4,851 of principal being converted on this date by delivering 6,468,515 shares. As at September 30, 2025, the remaining unpaid interest totalled $236. Following these conversions, the Convertible Loan was fully settled, with no principal outstanding at September 30, 2025.

On August 11, 2025, the Company also entered into a new convertible loan facility with Kings Chapel and Epic Capital Management Inc. ("Epic Capital"), providing for new unsecured convertible-loan facilities of up to CAD 5,000,000 and CAD 1,600,000, respectively. These loans bear interest at 10 % per annum, are repayable on December 31, 2028, and carry a 2.5 % standby fee on undrawn amounts. No amounts had been drawn under these facilities as of the date the financial statements were authorised for issue. As at September 30, 2025, the Company recorded $24 thousand of standby-fee interest.

The new loans are convertible into common shares at CAD 1.15 per share, subject to specified conversion conditions and applicable regulatory approvals.

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

(Expressed in Thousands of Canadian Dollars)

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 September 30, 2025			
	Level 1	**Level 2[(1)]**	**Level 3[(1)]**	**Total**
Equity securities	**-**	**-**	**28,395**	**28,395**
MagIron Warrants	**-**	**-**	**631**	**631**
EIUs	**-**	**523**	**-**	**523**
Balance, end of year	**-**	**523**	**29,026**	**29,549**

(1) Equity securities of MagIron are included in Level 3 as the basis of valuation do not have regular market pricing, but whose fair value can be determined based on a combination of evidence from an external arm's length transaction associated with the investee's equity, as well as certain assumptions used in the calculation of the fair value are not based on observable market data. Equity securities of BSL are included in Level 3 as the basis of valuation do not have a regular market pricing, but whose fair value can be determined based on evidence from external transactions in the investee's equity. 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 nine months ended September 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	2,840	2,840	(2,840)	(2,840)

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

(Expressed in Thousands of Canadian Dollars)

13 Earnings (loss) Per Share

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

	For the three months ended		For the nine months ended	
	Sep. 30, 2025	**Sep. 30, 2024**	**Sep. 30, 2025**	**Sep. 30, 2024**
Net (loss) income attributable to equity holders of CoTec	**$ (2,878)**	**$ (2,193)**	**$ (8,092)**	**$ (775)**
Weighted average number of common shares issued	92,639	70,943	78,993	65,342
Adjustments for dilutive instruments:				
Stock options	2,141	539	1,939	774
Warrants	185	-	112	19
RSUs	-	-	-	-
Diluted weighted average number of shares outstanding	92,639	70,943	78,993	65,342
Basic net income per share	**($0.03)**	**($0.03)**	**($0.10)**	**($0.01)**
Diluted net income per share	**($0.03)**	**($0.03)**	**($0.10)**	**($0.01)**

14 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.

A summary of segment activity during the nine months ended September 30, 2025, and 12 months ended December 31, 2024 is as follows:

September 30, 2025				
	UK	US	CAD	Total
Total Assets	17,940	24,080	13,374	55,393
Total Liabilities	-	-	4,352	4,352
Net Loss	(1,347)	(1,832)	(4,913)	(8,092)

(Expressed in Thousands of Canadian Dollars)

December 31, 2024, Revised Note 2f	UK	US	CAD	Total
Total Assets	17,972	25,929	2,266	46,167
Total Liabilities	-	-	7,005	7,005
Net Loss	1,086	3,703	(4,856)	(67)

15 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 US dollars and 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 September 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 $2/($2). 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. 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 for gross proceeds of $13.5 million, as well as secured $6.6 million in convertible loan facilities (see Note 11 Convertible Loan), 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. The Company closely monitors the commodity prices of iron ore, copper, rare earth magnets, 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 $28,395 are subject to fair value fluctuations. As at September 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 $2,839 higher/lower.

16 Subsequent Events

Warrant Exercises

Subsequent to September 30 2025, holders exercised a total of 556,157 Warrants, generating gross proceeds of $666,947 for the Company.

These Warrants were originally issued as part of the Offering completed early in the third quarter of 2025.