



# **CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.**

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*For the years ended December 31, 2025 and 2024. Expressed in Thousands of Canadian Dollars Unless Otherwise Stated*

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



# Independent auditor's report

To the Shareholders of CoTec Holdings Corp.

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## Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of CoTec Holdings Corp. and its subsidiaries (together, the Company) as at December 31, 2025 and 2024 and January 1, 2024, and its financial performance and its cash flows for the years ended December 31, 2025 and 2024 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

## What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024 and January 1, 2024;
- the consolidated statements of income (loss) and comprehensive income (loss) for the years ended December 31, 2025 and 2024;
- the consolidated statements of changes in equity for the years ended December 31, 2025 and 2024;
- the consolidated statements of cash flows for the years ended December 31, 2025 and 2024; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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## **Basis for opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Independence**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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## **Material uncertainty related to going concern**

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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## **Emphasis of matter – restated comparative information**

We draw attention to note 2(e) to the consolidated financial statements, which explains that certain comparative information presented as at and for the year ended December 31, 2024 and as at January 1, 2024 has been restated. Our opinion is not modified in respect of this matter.

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## **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

## Key audit matter

### Fair value of equity investments in private companies

Refer to note 3 – Summary of material accounting policies, note 4 – Critical accounting estimates and judgments and note 6 – Equity investments to the consolidated financial statements.

As at December 31, 2025, equity investments in private companies amounted to \$7.7 million. These investments are measured at fair value through profit or loss (FVTPL).

Management exercises significant judgment when determining the fair values of the equity investments in private companies at the end of each reporting period.

Management applies “the price of recent investment valuation” technique where it uses the initial cost of the investment, or, where there has been subsequent investments, the price at which a significant amount of new investment into the investee was made, to estimate the enterprise value, and on that basis determine the fair value that is applicable for a limited period following the date of the relevant transaction.

Investee-specific information is also considered when determining whether the fair value of an equity investment should be adjusted upward or downward at the end of each reporting period. In this context, management gives consideration to the business’ key performance indicators at the measurement date compared to previous measurement dates. In addition to investee-specific information, the Company also takes into account trends in general market conditions and the commercial viability of the businesses when fair valuing equity investments.

We considered this a key audit matter due to the significant judgment applied by management in determining the fair values of the equity investments in private companies, particularly the use of subsequent investments to support the valuation of the investee, and investee-specific information, and account trends in general market conditions and the

## How our audit addressed the key audit matter

Our approach to addressing the matter included the following procedures, among others:

- Tested how management assessed the reasonableness of the fair values of the equity investments in private companies in particularly the use of subsequent investments to support the valuation of the investee, investee-specific information, and trends in general market conditions and the commercial viability that would imply a change in the equity investments fair values by:
  - inspecting supporting documentation for recent financing equity transactions entered into by the investees;
  - evaluating other third party evidence supporting the fair value assessment;
  - considering external market data, as applicable; and
  - considering the financial information of the investees and external information with respect to economic conditions and events that could affect the investees.
- Tested the underlying data used by management.
- Professionals with specialized skill and knowledge assisted with evaluating the appropriateness of the valuation technique applied by management.

**Key audit matter****How our audit addressed the key audit matter**

commercial viability that would imply a change in the equity investments fair value. This led to a high degree of auditor judgment in performing procedures relating to the valuation of the equity investments in private companies. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.

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**Other information**

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leonard Wadsworth.

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Vancouver, British Columbia

April 29, 2026



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

	Dec. 31, 2025	Dec. 31, 2024 (Restated Note 2e)	Jan. 1, 2024 (Restated Note 2e)
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 2,330	\$ 755	\$ 1,282
GST receivables	147	83	138
Prepaid expenses	20	13	43
IZ Note receivable (Note 9)	370	346	323
Other receivables and prepaids	<u>16</u>	<u>1</u>	<u>15</u>
Total current assets	2,883	1,198	1,801
<b>Non-Current</b>			
Net due from HyProMag USA (Note 8)	4,586	955	-
Investments in equity instruments (Note 6)	8,259	9,479	9,154
Investments in associates and joint ventures (Note 7, Note 8)	12,858	12,063	10,977
Exploration & evaluation (Note 10)	<u>1,803</u>	<u>1,069</u>	<u>389</u>
<b>TOTAL ASSETS</b>	<b>\$ 30,389</b>	<b>\$ 24,764</b>	<b>\$ 22,321</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	\$ 360	\$ 391	\$ 253
Accrued liabilities	2,457	1,526	973
Stock-based compensation liability (Note 11)	1,219	-	-
Convertible loan interest (Note 12)	<u>236</u>	<u>-</u>	<u>-</u>
Total current liabilities	4,272	1,917	1,226
<b>Non-Current</b>			
Stock-based compensation liability (Note 5, Note 11)	1,497	1,306	875
Note payable	-	-	2,425
Convertible loans (Note 12)	2,161	3,489	-
Deferred share unit liability	<u>2,196</u>	<u>573</u>	<u>299</u>
<b>TOTAL LIABILITIES</b>	<b>10,126</b>	<b>7,285</b>	<b>4,825</b>
<b>EQUITY</b>			
Share capital (Note 5)	130,489	112,670	106,777
Contributed surplus	19,421	15,319	14,322
Equity component of convertible loan	109	299	-
Cumulative translation adjustment (Note 7)	1,074	864	86
Deficit	<u>(130,830)</u>	<u>(111,673)</u>	<u>(103,689)</u>
<b>TOTAL EQUITY</b>	<b>20,263</b>	<b>17,479</b>	<b>17,496</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 30,389</b>	<b>\$ 24,764</b>	<b>\$ 22,321</b>

Corporate information and going concern (Note 1)

On behalf of the Board:

*(signed) Julian Treger*

Director

*(signed) Lucio Genovese*

Director



CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)  
OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

	For the twelve months ended	
	Dec. 31, 2025	Dec. 31, 2024 (Restated Note 2e)
<b>INCOME/(LOSS) FROM INVESTMENTS</b>		
(Loss) gain on equity investment (Note 6)	(1,220)	309
Share of (loss) of associates and joint ventures accounted for using the equity method (Note 7, 8)	(5,453)	(2,872)
<b>EXPENSES</b>		
Professional consulting fees	(836)	(580)
General & administrative expenses	(4,924)	(2,250)
Share-based compensation (Note 5)	<u>(4,232)</u>	<u>(1,688)</u>
<b>Operating (loss)</b>	<b>(16,665)</b>	<b>(7,081)</b>
Finance expense (Note 8, 12)	(2,685)	(806)
Finance income	245	25
Foreign exchange (loss)	<u>(52)</u>	<u>(122)</u>
Net finance expense	(2,492)	(903)
<b>Net (loss)</b>	<b>\$ (19,157)</b>	<b>(7,984)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Foreign currency translation (Note 7)	<u>210</u>	<u>778</u>
<b>Comprehensive (loss)</b>	<b>\$ (18,947)</b>	<b>(7,206)</b>
<b>Net (loss) per common share (Note 14)</b>		
<b>Basic</b>	(\$0.23)	(\$0.12)
<b>Diluted</b>	(\$0.23)	(\$0.12)



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2025, AND DECEMBER 31, 2024

	Share Capital			Contributed Surplus		Cumulative Translation Adjustment	Deficit	Total Equity
	Number	Amount	Convertible Loan	Options	Warrants	Amount	Amount	Amount
<b>Balance – Jan. 1, 2024 (Restated Note 2e)</b>	<b>60,226,506</b>	<b>\$106,777</b>	<b>\$ -</b>	<b>10,940</b>	<b>\$3,382</b>	<b>86</b>	<b>\$(103,689)</b>	<b>\$17,496</b>
Net (loss) for the year	-	-	-	-	-	-	(7,984)	(7,984)
Foreign currency translation	-	-	-	-	-	778	-	778
Shares issued for cash	10,646,024	5,155	-	-	-	-	-	5,155
Share buyback	(625,000)	(391)	-	-	-	-	-	(391)
Convertible loan	-	-	299	-	-	-	-	299
Issuance of warrants	-	-	-	-	169	-	-	169
Exercise of warrants	1,300,000	1,129	-	-	(155)	-	-	974
Equity-settled share-based compensation	-	-	-	983	-	-	-	983
<b>Balance – Dec. 31, 2024 (Restated Note 2e)</b>	<b>71,547,530</b>	<b>\$112,670</b>	<b>\$ 299</b>	<b>\$11,923</b>	<b>\$3,396</b>	<b>864</b>	<b>\$(111,673)</b>	<b>\$17,479</b>
<b>Balance – Jan. 1, 2025 (Restated Note 2e)</b>	<b>71,547,530</b>	<b>\$112,670</b>	<b>299</b>	<b>\$11,923</b>	<b>\$3,396</b>	<b>864</b>	<b>\$(111,673)</b>	<b>\$17,479</b>
Net (loss) for the year	-	-	-	-	-	-	(19,157)	(19,157)
Foreign currency translation	-	-	-	-	-	210	-	210
Shares issued for cash (Note 5)	17,339,336	13,525	-	-	-	-	-	13,525
Share issue costs	-	(882)	-	-	-	-	-	(882)
Convertible loan (Note 12)	9,135,183	6,851	(190)	-	-	-	-	6,661
Issuance of warrants (Note 5)	-	(3,055)	-	-	3,055	-	-	-
Exercise of warrants (Note 5)	1,052,007	1,380	-	-	(153)	-	-	1,227
Equity-settled share-based compensation	-	-	-	1,200	-	-	-	1,200
<b>Balance – Dec. 31, 2025</b>	<b>99,074,056</b>	<b>\$130,489</b>	<b>\$109</b>	<b>\$13,123</b>	<b>\$6,298</b>	<b>1,074</b>	<b>\$(130,830)</b>	<b>\$20,263</b>

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



CONSOLIDATED STATEMENTS OF CASH FLOWS OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

	For the twelve months ended	
	Dec. 31, 2025	Dec. 31, 2024 (Restated Note 2e)
<b>OPERATING ACTIVITIES</b>		
Net (loss) for the year	\$ (19,157)	\$ (7,984)
Add items not affecting cash		
Director fees received in shares (Note 7)	(85)	(214)
Loss (gain) on equity investments (Note 6)	1,220	(309)
Share of loss of associates and joint ventures accounted for using the equity method (Note 7, 8)	5,453	2,872
Share-based compensation expense	4,232	1,688
Finance income	(219)	-
Non-cash finance expense & foreign exchange	2,715	905
Changes in non-cash working capital balances related to operations		
Sales tax receivables	(64)	73
Prepaid expenses	(7)	30
Other receivables and prepaids	(14)	14
Trade and other payables and accrued liabilities	<u>902</u>	<u>675</u>
<b>Cash used by operating activities</b>	<b>(5,024)</b>	<b>(2,250)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of private securities – Equity Investments (Note 6)	-	(17)
Investments in associates (Note 7)	(2,367)	(1,252)
Cash advanced to HyProMag USA (Note 8)	(9,315)	(3,235)
Exploration & evaluation assets (Note 10)	<u>(735)</u>	<u>(680)</u>
<b>Cash used by investing activities</b>	<b>(12,417)</b>	<b>(5,184)</b>
<b>FINANCING ACTIVITIES</b>		
Shares and warrants issued for cash (Note 5)	13,525	5,324
Share issuance costs	(882)	-
Share buyback	-	(391)
Convertible loan (Note 12)	5,200	1,000
Warrant exercise	<u>1,227</u>	<u>974</u>
<b>Cash from financing activities</b>	<b>19,070</b>	<b>6,907</b>
<b>Net increase (decrease) in cash and cash equivalents for the period</b>	<b>1,629</b>	<b>(527)</b>
<b>Cash and cash equivalents, beginning of year</b>	<u>755</u>	<u>1,282</u>
<b>Exchange (losses) on cash and cash equivalents</b>	(54)	-
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,330</b>	<b>\$ 755</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.  
(Expressed in Thousands of Canadian Dollars)

## 1 Corporate Information and Going Concern

CoTec Holdings Corp. (the “Company”) was incorporated on December 15, 1986, under the laws of the Province of British Columbia, Canada. Its registered address is Suite 428, 755 Burrard Street, Vancouver, BC, V6Z 1X6, Canada.

The Company focuses on investments in disruptive and scalable technology in the mineral extraction industry and in parallel acquiring assets to which the technology could be applied.

The Company has experienced recurring operating losses and has an accumulated deficit of \$130,830 as of December 31, 2025 (December 31, 2024: (\$111,673) - Restated Note 2e). For the twelve months ended December 31, 2025, the Company used cash in operating activities totalling \$5,024 (December 31, 2024: (\$2,250)). The Company had cash and cash equivalents of \$2,330 (December 31, 2024 \$755) and working capital deficit (current assets less current liabilities) of \$1,389 as of December 31, 2025 (December 31, 2024: \$719 deficit).

During the year ended December 31, 2025, the Company raised approximately \$13,500 through equity financings (see Note 5 Share Capital), secured and converted \$6,851 of convertible loan facilities into common shares of the Company (see Note 12 Convertible Loan), and secured \$6,600 in convertible loan facilities, of which \$2,200 was drawn prior to December 31, 2025, and a further \$400 was drawn subsequent to year-end (see Note 12 Convertible Loan, Note 18 Subsequent Events). During the year ended December 31, 2025, warrant holders exercised warrants generating gross proceeds of \$1,227 (see Note 5 Share Capital). Subsequent to December 31, 2025, holders exercised 16,062,749 warrants generating gross proceeds of \$18,796 (see Note 18 Subsequent Events).

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. The going concern assessment is made as at December 31, 2025, based on conditions existing at that date; while the post-year-end warrant proceeds are encouraging, they do not eliminate the uncertainty given the Company's recurring operating losses, working capital deficit of \$1,389, and ongoing cash requirements. As a result, there is material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These consolidated annual 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 December 31, 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.  
(Expressed in Thousands of Canadian Dollars)

## 2 Basis of Presentation

### (a) Statement of Compliance with International Financial Reporting Standards

These consolidated annual financial statements (the “annual 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”).

### (b) Basis of Consolidation

The annual financial statements include the accounts for the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

These consolidated annual 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 December 31, 2025:

<b>Affiliate name</b>	<b>Location</b>	<b>Interest</b>	<b>Classification and method of accounting method</b>
1391621 B.C. Ltd.	Canada	100%	Consolidated
1450518 B.C. Ltd.	Canada	100%	Consolidated
Société CoTec Québec Inc.	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
MagIron LLC	USA	16.5%	Associate; equity method

### (c) Segment Reporting



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.  
(Expressed in Thousands of Canadian Dollars)

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 annual financial statements.

**(d) Approval of Financial Statements**

The Board of Directors approved these annual financial statements for issue on April 29, 2026.

**(e) Restatement of Previously Issued Financial Statements**

*Convertible Loans*

During Q3 2025, management identified a misclassification in the accounting for the Company's convertible loans issued on November 1, 2024. The instruments had previously been bifurcated into a debt host and a derivative liability measured at fair value through profit or loss. Upon further review of IAS 32 *Financial Instruments: Presentation*, management determined that the notes meet the definition of a compound financial instrument, as the conversion feature entitles holders to receive a fixed number of shares at a fixed conversion price. Accordingly, the conversion feature has been reclassified from a derivative liability to equity, and the associated fair value changes have been reversed.

*CTA Presentation Error*

During Q3 2025, a prior period misclassification and calculation error was identified in the presentation of the cumulative translation adjustment, which had previously been recorded through retained earnings rather than as an adjustment to the carrying value of the related equity-accounted associate. Comparative figures for the year ended December 31, 2024, have been restated.

*MagIron LLC (“MagIron”)*

During Q4 2025, management changed the accounting for the Company's equity investment in MagIron, initially recognized on January 18, 2022. Upon further review of IAS 28 *Investments in Associates and Joint Ventures*, management determined that the Company meets the threshold of significant influence over MagIron, and accordingly, the investment has been restated to the equity method of accounting as applicable to investments in associates. As the investment is denominated in USD, a foreign currency translation adjustment has also been applied in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

The restatement has been applied retrospectively from the date of initial recognition of the investment on January 18, 2022, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Accordingly, the cumulative adjustment has been recognized in the opening statement of financial position as of January 1, 2024, being the earliest comparative period presented. Comparative figures for the year ended December 31, 2024, have been restated. *HyProMag USA*



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

During Q4 2025, upon further review of IAS 28 *Investments in Associates and Joint Ventures*, management determined that the carrying amount of cash advances to HyProMag USA should reflect the Company's proportionate share of HyProMag USA's losses, resulting in the recognition of its share of equity losses in HyProMag USA netted against the carrying value of the advances.

A summary of the requisite adjustments on the financial statements for the opening balance sheet as of January 1, 2024, is set forth in the tables below:

	<b>As of Jan 1, 2024 (As Previously Reported)</b>	<b>MagIron Significant Influence adjustment</b>	<b>As of Jan. 1, 2024 (As Restated)</b>
Investments	24,080	(14,926)	9,154
Investments in associate and joint venture	9,623	1,354	10,977
Cumulative translation adjustment	-	86	86
Deficit	(90,030)	(13,658)	(103,689)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.

(Expressed in Thousands of Canadian Dollars)

A summary of the requisite adjustments on the financial statements for the year ended December 31, 2024, is set forth in the table below:

	<b>Twelve months ended Dec. 31, 2024 (As Previously Reported)</b>	<b>Cumulative Translation adjustment</b>	<b>Convertible Loan adjustment</b>	<b>MagIron Significant Influence adjustment</b>	<b>Due from HyProMag US write down</b>	<b>Twelve months ended Dec. 31, 2024 (As Restated)</b>
Net (loss)	(243)	-	178	(6,205)	(1,714)	(7,984)
Loss on equity investments	4,812	-	-	(4,503)	-	309
Share of gain (loss) of associates and joint venture	544	-	-	(1,702)	(1,714)	(2,872)
Loss on embedded derivative	(178)	-	178	-	-	-
Net loss per common share	(\$0.00)	\$0.00	(\$0.00)	(\$0.09)	(\$0.03)	(\$0.12)
Comprehensive (loss) income	(978)	1,425	178	(6,117)	(1,714)	(7,206)



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	<b>As at Dec. 31, 2024 (As Previously Reported)</b>	<b>Cumulative Translation adjustment</b>	<b>Convertible Loan adjustment</b>	<b>MagIron Significant Influence adjustment</b>	<b>Due from HyProMag Us Write down</b>	<b>As at Dec. 31, 2024 (As Restated)</b>
Investments	29,970	-	-	(20,491)	-	9,479
Investments in associate and joint venture	10,572	690	-	801	-	12,063
Due from HyProMag USA	2,668	-	-	-	(1,713)	955
Embedded Derivative	752	-	(752)	-	-	-
Convertible loan	3,214	-	275	-	-	3,489
Equity component of convertible Loan	-	-	299	-	-	299
Cumulative translation adjustment	735	(45)	-	174	-	864
Deficit	(91,008)	735	178	(19,864)	(1,713)	(111,673)



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### 3 Summary of Material Accounting Policies

The material accounting policies used in the preparation of these annual financial statements are as follows:

#### 3.1 Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets measured at fair value.

#### 3.2 Principles of Consolidation and Equity Accounting

The financial statements of the Company consolidate the accounts of CoTec and its 100% wholly owned subsidiaries CoTec USA Corp. (“CoTec USA”), 1391621 B.C. Ltd, Societe CoTec Quebec Inc, and 1450518 B.C. Ltd. and equity accounts for the remaining entities as listed above in note 2(b). Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity holders of the parent of the Company. All intercompany transactions and balances are eliminated on consolidation.

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. Where the group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealized gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group’s interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group. The carrying amount of equity-accounted investments is tested for impairment in accordance



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with the relevant accounting policy.

### 3.3 Foreign Currency Translation

The financial statements for the Company and each of its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, CoTec, 1391621 B.C. Ltd., 1450518 B.C. Ltd., and the US-based subsidiary, CoTec USA, is the Canadian dollar.

The functional currency of Maginito Limited is the British Pound sterling, and the functional currency of MagIron is the US dollar. The financial position of the equity investment is translated into CAD, which are allocated to the cumulative translation adjustments (“CTA”) account and are included as a separate component of accumulated other comprehensive income (loss) (“AOCI”) within shareholders’ equity. Gains or losses arising from these transactions are included within the CTA component of other comprehensive income (loss).

### 3.4 Financial Assets and Investments

#### (i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss (“FVTPL”)), and
- those to be measured at amortized cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

#### (ii) Recognition and Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

#### (iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.



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Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*Equity Investments*

As of December 31, 2025, the Company's equity investments are not held for trading and classified to be measured subsequently at FVTPL.

Changes in the fair value of equity investments at FVTPL are recognized in "Gain/(loss) on equity investment" in the statement of profit or loss as applicable.

*Impairment of Financial Assets Held at Amortized Cost*

At each reporting date, the Company measures the loss allowance for financial assets held at amortized cost at an amount equal to the lifetime expected credit losses if the credit risk on the financial assets has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial assets has not increased significantly since initial recognition, the Company measures the loss allowances for the financial assets at an amount equal to twelve month expected credit losses.

*Derecognition of Financial Assets*

Financial assets are derecognized when the investments mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized within other non-operating income. Accumulated gains or losses on financial assets classified as FVOCI remain within accumulated other comprehensive income.

### **3.5 Debt**

The Company initially recognizes all financial liabilities at fair value and classifies them as subsequently measured at either FVTPL or amortized cost, as appropriate. For debt subsequently measured at amortized cost, the effective interest rate method is used.

Convertible loans are accounted for as compound financial instruments under IAS 32, with proceeds allocated on initial recognition between a liability component, measured at the fair value of a similar non-convertible instrument, and an equity component, measured as the residual. The liability component is subsequently measured at amortized cost using the effective interest method, while the equity component is not remeasured. The classification of the conversion feature as equity is based on the "fixed-for-fixed" criterion under IAS 32.



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### 3.6 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are classified as financial assets and subsequently measured at amortized cost.

### 3.7 Share Capital

The Company has only one class of shares, common shares, which are classified as equity. These are recorded at the proceeds received less any direct issue costs and related taxes.

#### *Warrants Expired*

Upon expiration of warrants, no accounting impact is recognized as the carrying value of the warrants is already included in contributed surplus upon initial recognition. No gain or loss is recognized in the income statement upon expiration, and no changes are made within equity.

### 3.8 Exploration and Evaluation Asset

Once a license or right to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized as exploration and evaluation assets. Exploration and evaluation expenditures comprise costs incurred in the search for mineral resources and the determination of the technical feasibility and commercial viability of extracting those resources, including costs associated with applying proprietary process technology to specific mineral-bearing assets. The recovery of the carrying amount of exploration and evaluation assets is dependent on the future commercial success of the mineral properties or from proceeds of disposition. The amounts shown for exploration and evaluation assets represent costs incurred to date and not intended to reflect present or future values. The Company assesses impairment indicators in accordance with IFRS 6, and if any are found to exist, then the Company takes the appropriate action to determine if an impairment must be recorded.

### 3.9 Income Taxes

Current income tax represents the expected income tax payable (or recoverable) on taxable income for the period using income tax rates enacted or substantially enacted at the end of the reporting period and taking into account any adjustments arising from prior years.

The Company uses the liability method of accounting for income taxes under which deferred tax assets and liabilities are recognized when there are differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted or enacted tax rates in effect in the period in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.



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Deferred income tax assets and liabilities as applicable are presented as non-current on the consolidated statement of financial position.

### 3.10 Earnings Per Share

Basic earnings per share is calculated by dividing the net income for the year attributable to the shareholders of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share reflects the potential dilution from common share equivalents on the weighted average number of common shares outstanding during the year if the resulting shares would be dilutive. For stock options, the potential dilutive impact is calculated using the treasury share method whereby all “in-the-money” options are assumed to have been exercised at the beginning of the year and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period. The Company’s potentially dilutive common shares are comprised of stock options and RSUs granted to employees, and consultants, warrants and convertible loans.

### 3.11 Share-Based Payments

#### *Stock Options*

The Company’s omnibus 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. The vesting periods for individual awards of options are determined at the discretion of the Corporate Governance, Compensation and Nominating Committee.

The fair value of options granted under the Plan on the grant date is recognized as an employee benefits expense over the vesting period, with a corresponding increase in equity.

Each tranche is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. The total expense is recognized over the tranche’s vesting period by a charge to earnings, with a corresponding increase to contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

#### *Equity Incentive Units*



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The Company grants equity-incentive units to certain employees and directors. The agreements entitle the other party to receive, at Company's discretion, (i) cash for amounts that are based on the price of equity instruments of the Company; or (ii) equity instruments (common shares) of the Company, provided the specified vesting conditions, if any, are met. The measurement of the equity-incentive units depends on how the arrangement is classified:

- Equity-settled share-based payments – the Company measures the fair value of equity instruments granted at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted. If market prices are not available, the Company estimates the fair value of the equity instruments granted. The fair value of those equity instruments shall be measured at grant date. In an equity-settled transaction, an expense and a corresponding increase in equity are recognized over the vesting period.
- Cash-settled share-based payments – in a cash-settled transaction, an expense and a corresponding liability are recognized over the vesting period. The liability shall be measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered service to date.
- Choice of settlement (arrangements that provide the Company with a choice of whether the Company settles the transaction in cash or by issuing equity instruments) - the Company shall determine whether it has a present obligation to settle in cash and account for the share-based payment transaction accordingly. The entity has a present obligation to settle in cash if the choice of settlement in equity instruments has no commercial substance (e.g. because the entity is legally prohibited from issuing shares), or the entity has a past practice or a stated policy of settling in cash, or generally settles in cash whenever the counterparty asks for cash settlement. If the entity has a present obligation to settle in cash, it shall account for the transaction in accordance with the requirements applying to cash-settled share-based payment transactions. If no such obligation exists, the entity shall account for the transaction in accordance with the requirements applying to equity-settled share-based payment transactions.

The fair value of the units is determined at each reporting date using a Monte Carlo simulation model.

#### *Deferred Share Units*

Under the Plan, the Board of Directors may grant Deferred Share Units (“DSU”) whereby DSUs are issued to directors as long-term incentive compensation. DSUs issued under the Plan may not vest before the date that is one year following the date of grant, and entitle the holder to either, at the option of the Company, a settlement in cash or common shares of the Company following cessation of service on the Board of Directors and must be converted by December 31 of the year following the departure from the Board of Directors. The value of the DSUs when converted to common shares will be equal to the number of DSUs granted multiplied by the quoted market value of the Company's common share at the time the conversion takes place. Compensation expense related to DSUs is measured based on the fair

value of the Company's common shares and is recognized on a straight-line basis over the vesting period from the grant date to the vesting date, with the related obligation recognized as a liability. The DSU liability is remeasured to fair value at each reporting date, with changes in fair value recognized in profit or loss until settlement. The DSUs are accounted for as cash-settled share-based payment awards.

#### **4 Critical Accounting Estimates and Judgements**

The preparation of these financial statements in conformity with IFRS Accounting Standards requires judgements and estimates that affect the amounts reported. Those judgements and estimates concerning the future may differ from actual results. The following are the areas of accounting policy judgement and accounting estimates applied by management that most significantly affect the Company's financial statements, including those areas of estimation uncertainty that could result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### *Equity Investments in Private Companies*

The determination of fair value of the Company's investments at other than initial cost is subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

Management exercises significant judgement when determining the fair value of the equity investment in private companies at the end of each reporting period.

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, but only if deemed to represent fair value and only for a limited period following the date of the relevant transaction.

Investee-specific information is also considered when determining whether the fair value of an equity investment should be adjusted upward or downward at the end of each reporting period. In this context, management gives consideration to the business' key performance indicators at the measurement date compared to previous measurement dates. In addition to investee-specific information, the Company also takes into account trends in general market conditions and the commercial viability of the businesses when fair valuing equity investments.

The fair value of long-term investments may be adjusted if the following indicators determine cost is no longer representative of fair value:

- a) a significant change in the performance of the investee compared with budgets, plans or milestones.
- b) changes in expectation that the investee's technical product milestones will be achieved.
- c) a significant change in the market for the investee's equity or its products or potential products.
- d) a significant change in the global economy or the economic environment in which the investee operates.



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- e) a significant change in the performance of comparable entities, or in the valuations implied by the overall market.
- f) internal matters of the investee such as fraud, commercial disputes, litigation, changes in management or strategy.
- g) evidence from external transactions in the investee's equity, either by the investee (such as a fresh issue of equity), or by transfers of equity instruments between third parties.

Adjustments to the fair value of a long-term investment will be based upon management's judgement and any value estimated may not be realized or realizable.

*Capitalization of Exploration and Evaluation Expenditures*

The application of the Company's accounting policy for capitalization of exploration and evaluation expenditures requires judgement in determining whether the future economic benefit is likely, either through future exploitation or sale, where properties have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain judgements about future events or circumstances, in particular whether an economically viable mine can be established. Judgement is applied in the determination of whether any impairment indicators exist at each reporting date giving consideration to factors including mining title expiration dates, budgeted expenditures, discontinuation of activities in any area, and evaluation of any data which would indicate that the carrying amount of exploration and evaluation assets is not recoverable. If new information becomes available suggesting that the recovery of the carrying amount of exploration and evaluation assets is unlikely, the amount capitalized is written off in the Consolidated Statement of Income/(Loss) in the period when the new information becomes available.

*Assessment of Control Over Investees*

The assessment of whether the Company has control over an investee requires judgment in evaluating whether the Company has power over the investee, exposure or rights to variable returns from its involvement, and the ability to use its power to affect those returns. Factors evaluated when assessing control include, but are not limited to, the Company's ownership percentage and potential voting rights, the purpose and design of the investee, relevant activities and how decisions about those activities are made, existing rights that give the Company the current ability to direct relevant activities, contractual arrangements with other vote holders, and substantive removal or participation rights held by other parties. Changes in the Company's assessment of whether control exists over an investee would impact whether the investee is consolidated in the Company's financial statements.

*Assessment of Significant Influence Over Associates*

The assessment of whether the Company has significant influence over an investee requires judgment when the Company holds less than 20% of the voting rights or other indicators of significant influence are not definitive. Factors evaluated when assessing significant influence include, but are not limited to, representation on the board of directors, participation in policy-making processes including participation in



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decisions about dividends or other distributions, material transactions between the Company and the investee, interchange of managerial personnel, provision of essential technical information, and the existence of potential voting rights that are currently exercisable or convertible. Changes in the Company's assessment of whether significant influence exists would impact whether the investment is accounted for using the equity method as an associate or measured at fair value.

## 5 Share Capital

### *Equity*

The Company has unlimited authorized common shares with no par value. Total common shares issued and outstanding as of December 31, 2025, numbered 99,074,056.

During the year-ended December 31, 2025, the Company issued the following common shares:

### *2025 Private Placement*

During the year, the Company completed the Listed Issuer Financing Exemption Offering (“LIFE Offering”) and concurrent private placement that was announced on May 20, 2025 (“Concurrent Private Placement”) (together the “Offering”). The Company issued a total of 17,339,336 Units at a price of \$0.78 per subscription receipt for gross proceeds of \$13,525. 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.

Using the relative fair value method, \$3,055 was allocated to paid-in capital surplus for the Warrants (inclusive of broker warrants below), and \$10,470 was allocated to share capital.

The Company paid cash commission of \$882 and issued 913,072 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 fair value of the broker warrants was estimated at \$409. This amount has been recorded as a share issuance cost. Total share capital proceeds were \$13,525 less \$882 in share issuance cost for net proceeds of \$12,643.

### *Warrants*

The Company used Black-Scholes to determine fair value of the warrants which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. For purposes of these calculations, the following assumptions were used:



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	June 18, 2025	July 3, 2025	July 16, 2025	July 22, 2025
Risk free interest rate	2.69%	2.67%	2.83%	2.78%
Expected dividend yield	0%	0%	0%	0%
Expected stock price volatility	66%	66%	66%	67%
Expected life in years	1.3	1.3	1.3	1.3
Stock price	\$0.89	\$0.86	\$0.90	\$1.08
Exercise price	\$1.20	\$1.20	\$1.20	\$1.20

The Company used Black-Scholes to value broker warrants which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. For purposes of these calculations, the following assumptions were used:

	June 18, 2025	July 3, 2025	July 16, 2025	July 22, 2025
Risk free interest rate	2.71%	2.69%	2.84%	2.79%
Expected dividend yield	0%	0%	0%	0%
Expected stock price volatility	66%	66%	66%	67%
Expected life in years	3.0	3.0	3.0	3.0
Stock price	\$0.89	\$0.86	\$0.90	\$1.08
Exercise price	\$0.78	\$0.78	\$0.78	\$0.78

*Warrant Exercises*

During 2025, a total of 1,052,007 warrants were exercised for gross proceeds of \$1,227. The warrants were exercised at a weighted average price of \$1.17 per share. Upon exercise, the amount of \$153 previously recognized in contributed surplus was reclassified to share capital, resulting in a total increase to share capital of \$1,380.



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A summary of warrant activity during 2025, is as follows:

	Number of warrants #	Weighted average exercise price \$
<b>Balance – December 31, 2023</b>	15,131,210	0.85
Issued	5,146,024	1.05
Exercised	(1,300,000)	0.75
Expired	(13,581,190)	0.85
<b>Balance – December 31, 2024</b>	5,396,044	1.03
Issued	18,252,412	1.18
Exercised	(1,052,007)	1.17
Expired	(5,344,880)	0.90
<b>Balance – December 31, 2025</b>	<b>17,251,569</b>	<b>1.18</b>

The warrants outstanding as at December 31, 2025, are shown in the following table:

Warrants Outstanding				
Date of Grant	Expiry Date	Number Outstanding #	Exercise Price \$	Remaining life (years)
June 18, 2025	December 19, 2026	6,679,443	1.20	0.97
June 18, 2025	June 19, 2028	340,062	0.78	2.47
July 3, 2025	January 4, 2027	2,821,471	1.20	1.01
July 3, 2025	July 4, 2028	166,126	0.78	2.51
July 16, 2025	January 17, 2027	5,435,318	1.20	1.05
July 16, 2025	July 17, 2028	337,751	0.78	2.54
July 22, 2025	January 23, 2027	1,407,617	1.20	1.06
July 22, 2025	July 23, 2028	63,780	0.78	2.56
		<b>17,251,569</b>	<b>1.18</b>	<b>1.08</b>



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The warrants outstanding as of December 31, 2024, are shown in the following table:

<b>Warrants Outstanding</b>				
<b>Date of Grant</b>	<b>Expiry Date</b>	<b>Number Outstanding #</b>	<b>Exercise Price \$</b>	<b>Remaining life (years)</b>
April 14, 2022	April 14, 2025	250,020	0.55	0.28
April 25, 2024	April 25, 2025	4,141,024	1.05	0.31
May 15, 2024	May 15, 2025	1,005,000	1.05	0.37
		<b>5,396,044</b>	<b>1.03</b>	<b>0.32</b>

*Share-Based Compensation*

Share-based compensation expenses recognized in the Consolidated Statement of Income and Comprehensive Income for the twelve months ended December 31, 2025, and December 31, 2024, is as follows:

	<b>Dec. 31, 2025</b>	<b>Dec. 31, 2024</b>
Stock options	\$723	\$849
Equity incentive units	1,411	565
Deferred share units	1,610	255
Restricted share units	247	19
Convertible Loan facility option expense	241	-
<b>Total</b>	<b>\$4,232</b>	<b>\$1,688</b>

*RSUs*

During 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.

*DSUs*

During 2025, the Company awarded 329,670 Deferred Share Units (“DSUs”) to the members of the Board of Directors of the Company. The DSUs vest over one year of service, are settled once a Director ceases to be a Director, and were granted at a price of \$0.92 per DSU. As at December 31, 2025, 1,279,672 DSUs have been granted, of which 329,670 remain unvested.



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Options

The weighted average fair value per option granted during 2025, was \$0.73 (2024: \$0.41). As at December 31, 2025, there was \$1,356 of share-based compensation expense (2024: \$693) relating to the Company's unvested stock options to be recognized in future periods.

The Company has also awarded the CEO additional stock options (Note 11, Related Party Transactions), equal to 5% of the common shares issued pursuant to financing transactions on each closing date of such transactions until December 31, 2025 ("December 2025 Compensation Agreement"), 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.

A summary of option activity under the Plan during 2025, is as follows:

	Number of options #	Weighted average exercise price \$
<b>Balance – December 31, 2023</b>	3,986,983	0.45
Granted	2,107,255	0.65
<b>Balance – December 31, 2024</b>	<b>6,094,238</b>	<b>0.52</b>
Granted	2,105,345	0.94
<b>Balance – December 31, 2025</b>	<b>8,199,583</b>	<b>0.63</b>

The options outstanding as at December 31, 2025, is shown in the following table:

Options Outstanding				2025 – Options Exercisable	
Range of Exercise Prices	Number of Options Outstanding	Weighted Average Years to Expiry	Weighted Average Exercise Price	Number of Exercisable Options	Weighted Average Exercise Price
0.25 – 0.49	1,643,165	5.85	0.35	1,643,165	0.35
0.50 – 0.74	3,176,119	7.39	0.51	2,077,282	0.52
0.75 – 0.99	3,151,299	9.04	0.86	424,985	0.75
1.00 – 1.24	229,000	9.69	1.04	-	-
	<b>8,199,583</b>	<b>7.78</b>	<b>0.63</b>	<b>4,145,432</b>	<b>0.47</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF COTEC HOLDINGS CORP.

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### Equity Incentive Units (“EIUs”)

Pursuant to the December 2025 Compensation Agreement (Note 11, Related Party Transactions), the Company has awarded 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 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.

EIUs are accounted for as cash-settled share-based payments and are remeasured at fair value at each reporting date. During the year ended December 31, 2025, 343,483 EIUs had been granted under the arrangement, bringing the total number of EIU’s outstanding to 1,571,640. The fair value of EIUs outstanding at December 31, 2025 was \$2,716, of which \$1,219 is classified as current and \$1,497 is classified as non-current within stock-based compensation liability.

The fair value was determined using a Monte Carlo simulation model with 10,000 simulated price paths and historical volatility of 68.9%. The model estimated the Company's share price at December 31, 2026 to be \$1.68. Consistent with the vesting conditions, simulated outcomes below the \$1.10 price threshold result in no payout and were excluded from the valuation.

## 6 Equity Investments

### Summary:

	Dec. 31, 2025	Dec. 31, 2024
	\$	(Restated Note 2e) \$
Balance, beginning of year	9,479	9,154
Additions	-	17
Fair value adjustment	(781)	(451)
Foreign exchange	(439)	760
<b>Balance, end of year</b>	<b>8,259</b>	<b>9,479</b>



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For 2025, the Company recognized a fair value loss of \$1,220 (2024: gain of \$309, Restated Note 2e) recorded in the consolidated statement of loss, reflecting changes in the underlying value of the investment and foreign exchange.

Represented by the following investments:

	Dec. 31, 2025	Dec. 31, 2024
	\$	\$
MagIron Warrants	575	611
Binding Solutions Ltd.	5,628	6,710
Ceibo Inc.	2,056	2,158
<b>Total Balance, end of year</b>	<b>8,259</b>	<b>9,479</b>

*MagIron Warrants*

As of December 31, 2025, CoTec owned 853,384 warrants to purchase MagIron shares. For 2025, there has been a decrease of \$5 in the value of its equity investments, and a loss of \$31 due to changes in foreign exchange that have been recorded through the statement of loss as FVTPL in the amount of \$36. The fair value of the warrants was calculated using the Black-Scholes options pricing model based on the inputs noted in the table below.

Date of Purchase	Expiry Date	Warrants Owned	Exercise Price USDS	Expected Life	Annualized Volatility % <sup>1</sup>	Risk-Free rate %	Warrant Fair Value USDS <sup>2</sup>
Feb. 2, 2023	Feb. 28, 2026	120,773	0.66	0.16 years	124%	2.58%	1.95
Apr. 26, 2023	Apr. 13, 2026	92,878	1.09	0.28 years	124%	2.58%	1.57
Jun. 16, 2023	Jun. 8, 2026	26,383	4.56	0.44 years	124%	2.58%	0.40
Oct. 26, 2023	Oct. 19, 2026	159,100	4.56	0.80 years	124%	2.58%	0.70
Nov. 14, 2023	Nov. 11, 2033	384,025	4.56	7.87 years	124%	3.42%	2.36
Feb. 8, 2024	Nov. 23, 2033	70,225	4.56	7.90 years	124%	3.42%	2.36
<b>Total</b>		<b>853,384</b>					

<sup>1</sup>Based on a set of publicly traded peers; <sup>2</sup>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 producing high-quality iron ore pellets from primary materials, waste dumps, and stockpiles. As of December 31, 2025, CoTec holds approximately 3% of the outstanding shares of BSL.

The investment is measured at fair value through profit or loss. Fair value at December 31, 2025 was determined using observable inputs from two recent financing rounds: an August 2023 investment by Australian-based Mineral Resources Limited ("MinRes") at \$1,412 per share and a subsequent insider



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financing at \$738 per share. Management applied a 75% weighting to the MinRes transaction and a 25% weighting to the insider round, resulting in a weighted average of \$1,244 per share.

The MinRes transaction received greater weight due to its substantially larger size, and third-party arm's length nature. The insider financing received lower weight as it involved existing shareholders only and represented approximately one-quarter of the external financing proceeds. The weighting approach reflects management's judgment regarding transaction size, breadth of participation, and arm's length nature, consistent with IFRS 13's requirement to maximize observable market inputs.

During the year ended December 31, 2025, the Company recognized a fair value loss of \$1,082 on the investment.

### *Ceibo Investment*

On May 9, 2023, the Company completed a USD 1.5 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.

The fair value of the Ceibo investment is determined using the transaction price from the most recent third-party financing round completed in May 2023. While this financing round predates the reporting date, management has assessed that the transaction price continues to represent fair value as at December 31, 2025 as no subsequent financing rounds have occurred and the investee continues to progress against its operational milestones. No events or changes in circumstances subsequent to the initial transaction were identified that would indicate a change in fair value.

For the year ended December 31, 2025, the Company recognized a loss of \$102 due to foreign exchange movements on the USD-denominated investment, recorded through profit or loss, with no change to the underlying equity value.

## 7 Investment in Associates

### *Summary:*

	Dec. 31, 2025	Dec. 31, 2024 (Restated Note 2e)
	\$	\$
Balance, beginning of period	12,063	10,977
Additions	2,451	1,467
Equity (loss) income	(1,866)	(1,159)
Currency Translation Adjustment	210	778
<b>Balance, end of period</b>	<b>12,858</b>	<b>12,063</b>



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*Maginito Limited (“Maginito”)*

	Dec. 31, 2025	Dec. 31, 2024 (Restated Note 2e)
	\$	\$
Balance, beginning of period	11,264	9,623
Additions	894	406
Equity (loss) income	(571)	544
Currency Translation Adjustment	244	691
<b>Balance, end of period</b>	<b>11,831</b>	<b>11,264</b>

Maginito is a private company that was established by Mkango Resources Limited (“Mkango”), which currently holds a 79.4% interest in Maginito as of December 31, 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.

The Company funded cash calls in Maginito totaling GBP481,592, or \$894 (2024-\$406) in 2025.

For 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 \$571. (2024 – gain of \$544). The carrying value of the Company’s investment in Maginito as December 31, 2025 is \$11,831.

**Operating and financial results of Maginito:**

In CAD000s	Dec. 31, 2025	Dec. 31, 2024
<b>TOTAL ASSETS</b>	<b>\$ 14,230</b>	<b>\$ 12,848</b>
<b>TOTAL LIABILITIES</b>	9,615	6,497
<b>TOTAL EQUITY</b>	4,615	6,351
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 14,230</b>	<b>\$ 12,848</b>



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	For the twelve months ended	
	Dec. 31, 2025	Dec. 31, 2024
<b>In CAD000s</b>		
	\$	\$
<b>EXPENSES</b>		
<b>Operating loss</b>	<b>(3,174)</b>	<b>2,458</b>
Income tax expense	207	147
Exchange difference on intercompany translation	-	(32)
<b>Net (loss) income</b>	<b>\$(2,967)</b>	<b>\$2,573</b>

Due to the decline in value of the CAD against the GBP during the twelve months ended December 31, 2025, the Company recognized a foreign exchange translation gain of \$244 (2024 – \$691, Restated Note 2e) in Accumulated Other Comprehensive Income, representing the cumulative translation adjustment of the net investment in the associate. The translation adjustment will remain in AOCI until disposal of the investment, at which point it will be reclassified to profit or loss.

*MagIron*

	Dec. 31, 2025	Dec. 31, 2024 (Restated Note 2e)
	\$	\$
Balance, beginning of period	799	1,354
Additions	1,557	1,061
Equity (loss) income	(1,295)	(1,703)
Currency Translation Adjustment	(34)	87
<b>Balance, end of period</b>	<b>1,027</b>	<b>799</b>

As at December 31, 2025, CoTec had a 16.5% undiluted equity interest in MagIron. MagIron is a U.S. based private company focused on the restart of Plant 4 and the Reynolds Pellet Plant, a modern, past-producing iron ore concentrator and pelletizer.

During 2025, through a series of continuous investments amounting to USD1,060,625, or \$1,473 in exchange for equity issued by MagIron, as well as shares issued for director fees which amounted to USD60,521, or \$85, CoTec maintained its undiluted equity ownership of 16.5% in MagIron, as at December 31, 2025. The Company owns 5,406,433 A-1 Shares, 70,040 A-2 Shares, and 319,444 A-3 Shares.

CoTec's investment was made at US\$5.21 per share, which implied an enterprise valuation of approximately US\$200 million at the time of investment. Management applies a 50% liquidity discount to



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reflect the illiquid nature of the private company equity investment, consistent with the methodology used to fair value warrant instruments in MagIron.

As described in Note 2e, the investment in MagIron has been restated to the equity method of accounting from the date of initial recognition on January 18, 2022, based on the determination that the Company exercises significant influence through its board representation.

**Operating and financial results of MagIron:**

In CAD000s	Dec. 31, 2025	Dec. 31, 2024
<b>TOTAL ASSETS</b>	<b>\$ 52,982</b>	<b>\$ 39,640</b>
<b>TOTAL LIABILITIES</b>	39,014	25,890
<b>TOTAL EQUITY</b>	<u>13,968</u>	<u>13,750</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 52,982</b>	<b>\$ 39,640</b>

In CAD000s	For the twelve months ended	
	Dec. 31, 2025	Dec. 31, 2024
<b>EXPENSES</b>		
<b>Operating loss</b>	<b>(7,867)</b>	<b>(10,416)</b>
Income tax expense	-	-
Exchange difference on intercompany translating	<u>-</u>	<u>-</u>
<b>Comprehensive loss for the period</b>	<b>\$ (7,867)</b>	<b>\$ (10,416)</b>

Due to the increase in value of the CAD against the USD during the twelve months ended December 31, 2025, the Company recognized a foreign exchange translation loss of \$34 (2024 – \$87 gain, Restated Note 2e) in Accumulated Other Comprehensive Income, representing the cumulative translation adjustment of the net investment in the associate. The translation adjustment will remain in AOCI until disposal of the investment, at which point it will be reclassified to profit or loss.

The functional currency of Maginito is the British Pound Sterling (GBP) and the functional currency of MagIron is the US Dollar (USD). The results and financial position of each equity-accounted 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



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- Resulting exchange differences are recognized in Other Comprehensive Income and accumulated in the Cumulative Translation Adjustment (CTA) component of equity.

## 8 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 7 Investment in Associates).

The investment in the joint venture is accounted for using the equity method. As of December 31, 2025, the carrying amount of the investment in HyProMag USA JV was \$nil.

In 2025, HyProMag USA JV incurred losses amounting to USD5,233,578. The Company’s share of 2025 losses is USD2,616,789. HyProMag USA JV has incurred cumulative losses since inception of USD7,615,290. The Company’s share of these cumulative losses is USD3,807,645. The Company has recognized its share of losses in accordance with IAS 28.39.

Per the HyProMag USA JV agreement, the Company is required to fund 100% of the initial capital of HyProMag USA JV through an interest-free loan 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 \$12,549 which has increased in 2025 due to the project entering the detailed design and engineering phase. The Company has discounted the receivable amount at a rate of 11% and calculated the present value (“PV”) based on planned repayment in approximately 2.5 years whereas no interest is charged on the amount owed. The Company has also applied the Company’s portion of HyProMag USA JV losses against the outstanding receivable balance. The Company has therefore recognized a receivable of \$4,586 as at December 31, 2025 (2024 – 955), recorded a \$2,316 loss through finance expense in 2025 (2024 - \$566), finance income in 2025 of \$219 (2024 – nil), and applied cumulative losses of \$5,300 in 2025 (2024 – \$1,714).

### Operating and financial results of HyProMag USA:

In CAD000s	Dec. 31, 2025	Dec. 31, 2024
<b>TOTAL ASSETS</b>	\$ 2,788	\$ 4
<b>TOTAL LIABILITIES</b>	13,225	3,431
<b>TOTAL EQUITY</b>	(10,437)	(3,427)
<b>TOTAL LIABILITIES AND EQUITY</b>	\$ 2,788	\$ 4



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In CAD000s	For the twelve months ended	
	Dec. 31, 2025	Dec. 31, 2024
<b>EXPENSES</b>		
<b>Operating loss</b>	<b>(7,212)</b>	<b>(3,301)</b>
Other expenses	(104)	38
<b>Comprehensive loss for the period</b>	<b>\$ (7,316)</b>	<b>\$ (3,263)</b>

*Due from HyProMag USA*

	Dec. 31, 2025	Dec. 31, 2024
	\$	(Restated Note 2e) \$
Cash advanced to date	12,549	3,235
Less: Cumulative discount of receivable	(2,882)	(566)
Less: CoTec's cumulative share of losses	(5,300)	(1,714)
Add: Accretion of discount on receivable	219	-
<b>Balance, end of year</b>	<b>4,586</b>	<b>955</b>

## 9 Notes Receivable

As of December 31, 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 OTCMKTS under IZCFF. 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. For the year ended December 31, 2025, \$25 in interest income was recognized (2024:\$23).

Although the loan has matured and remains unpaid as of December 31, 2025, the Company expects to recover the full carrying value of the loan. 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 structured repayment plan being negotiated



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- Market capitalization of IZ as of December 31, 2025, was approximately CA\$425k, 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.

## 10 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 Côte-Nord region of Quebec, Canada. Under the option agreement, the Company is required to pay US\$40,000 (paid), US\$60,000, US\$250,000 at closing, and US\$1,000,000 upon commencement of commercial production, for total consideration of US\$1,350,000. The vendor will retain a 1.0% NSR royalty on tailings minerals and a 1.5% NSR royalty on other minerals, with buy-back rights for US\$3,000,000 total. As of December 31, 2025, the Company has incurred and capitalized \$1,803 in expenditures on the project.

## 11 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 Members as its key management personnel. The remuneration of key management is determined by the compensation committee of the Board of Directors. The salaries and other compensation of key management personnel were as follows:

	<b>Dec. 31, 2025</b>	<b>Dec. 31, 2024</b>
Short-term salaries and benefits	2,939	1,362
Share-based compensation expense	1,997	1,364
<b>Total</b>	<b>4,936</b>	<b>2,726</b>

There is \$1,877 of accrued salaries and bonuses included in accrued liabilities for the CEO and CFO.



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*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 (Note 12).

In connection with the 2025 convertible loan facility entered into with Kings Chapel (Note 12), the Company recognized \$241 of convertible loan facility option expense during the year ended December 31, 2025 (2024: \$nil), representing the fair value of the conversion feature attributable to the undrawn portion of the Kings Chapel facility. This amount is included within share-based compensation in the Consolidated Statement of Loss and Comprehensive Loss (Note 5).

*December 2025 Compensation Agreement*

EIUs are accounted for as cash-settled share-based payments and are remeasured at fair value at each reporting date. As at December 31, 2025, 343,483 EIUs had been granted under the arrangement. The fair value of EIUs outstanding at December 31, 2025 was \$2,716, of which \$1,219 is classified as current and \$1,497 is classified as non-current within stock-based compensation liability.

As of December 31, 2025, 2,409,173 vested EIUs remain unpaid resulting in a liability of \$1,219 to the CEO. As of December 31, 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 estimated 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 December 31, 2025, the closing share price for the Company on the TSX-V, was \$1.90 per share, which if traded at these levels as of the Vesting Date, would result in a liability over \$1,964.

As of December 31, 2025, 2,409,173 vested EIUs remain unpaid resulting in a liability of \$1,219 to the CEO related to a prior compensation agreement.



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EIU's granted to the CEO pursuant to the December 2025 Compensation Agreement as of December 31, 2025 are presented below:

EIUs Granted during twelve months ended December 31, 2025					
Date of Grant	Vesting Date	Owner	Number Awarded #	Grant Value \$	Value as at Dec. 31, 2025 \$
June 18, 2025	December 31, 2026	CEO	167,032	75	280
July 22, 2025	December 31, 2026	CEO	176,451	128	296
			<b>343,483</b>	<b>\$203</b>	<b>\$576</b>

Balance of Unvested EIUs as of December 31, 2025			
Owner	Number Awarded #	Grant Value \$	Value as at Dec. 31, 2025 \$
CEO	1,571,640	602	1,497
	<b>1,571,640</b>	<b>602</b>	<b>1,497</b>

Stock Options granted to the CEO pursuant to the December 2025 Compensation Agreement as of December 31, 2025 are presented below, including options outstanding to the Board Chairman:

Stock Options Granted during twelve months ended December 31, 2025						
Date of Grant	Expiry Date	Owner	Number Awarded #	Grant Value \$	Exercise Price \$	Term Years
August 13, 2025	August 13, 2035	CEO	245,345	0.69	0.91	10
			<b>245,345</b>			

Balance of Stock Options as of December 31, 2025	
Owner	Number Awarded #
CEO	3,853,971
Board Chairman	430,611
	<b>4,284,582</b>



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## 12 Convertible Loan

	Dec. 31, 2025	Dec. 31, 2024
Present value of Convertible Loan	\$2,092	\$3,431
Accretion for the year	69	58
Ending Balance	\$2,161	\$3,489
Equity Portion	\$109	\$299

### 2024 Convertible Loan

On November 19, 2024, the Company entered into a convertible loan agreement with Kings Chapel, which consolidated prior loans totaling \$2,351 into a single facility of up to \$7,100. The loan bore interest at 10% per annum and was convertible into common shares at \$0.75 per share, subject to a 49% ownership limitation. The conversion terms satisfied the fixed-for-fixed condition under IAS 32, as the number of shares deliverable was fixed relative to a fixed monetary amount.

During 2025, an additional \$3,500 was drawn, bringing total principal to \$6,851 before conversion. On August 4, 2025, the holder elected to convert \$2,000 into 2,666,667 common shares. On August 11, 2025, the forced-conversion provision was triggered when the Company's volume-weighted average trading price exceeded \$1.00 for 15 consecutive trading days. The Company drew an additional \$500 to settle accrued interest, and the remaining principal of \$4,851 was converted into 6,468,515 common shares. The loan was fully settled during 2025, with unpaid interest of \$236 remaining at December 31, 2025.

### 2025 Convertible Loans

On August 11, 2025, the Company entered into convertible loan facilities with Kings Chapel and Epic Capital Management Inc. (through three Epic funds) totaling \$6,600 (\$5,000 and \$1,600, respectively). The loans are unsecured, bear interest at 10% per annum, mature December 31, 2028, and carry a 2.5% standby fee on undrawn amounts. During 2025, \$2,200 was drawn.

The principal is convertible at the holder's option, at any time on or after November 15, 2025, into common shares at \$1.15 per share. The agreements were amended on October 16, 2025 to provide that automatic conversion occurs on the first day the Company's 15-day volume-weighted average trading price reaches \$1.35 (or a later date selected by the Company if the prior day's closing price remains above \$1.35), provided that in no event shall automatic conversion occur earlier than December 31, 2025. Conversion is subject to a 49% ownership limitation for Kings Chapel and related parties. The conversion terms satisfy the fixed-for-fixed condition under IAS 32.

The loans are classified as compound financial instruments under IAS 32, with a liability component measured at the present value of cash flows using a 12% discount rate and an equity component representing



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the conversion option. On December 18, 2025, the Company drew \$2,000 from Kings Chapel, allocated as \$1,895 liability and \$106 equity. On December 22, 2025, the Company drew \$200 from Epic Capital, allocated as \$197 liability and \$3 equity.

### 13 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 December 31, 2025			Total
	Level 1	Level 2 <sup>(1)</sup>	Level 3 <sup>(1)</sup>	
Equity investments in private entities	-	-	7,685	7,685
MagIron Warrants	-	-	574	574
Balance, end of year	-	-	8,259	8,259

- (1) MagIron warrants 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 carrying value of cash, receivables, and accounts payable approximates fair value due to the short-term nature of the financial instruments. During the twelve months ended December 31, 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 (\$)
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	Profit or loss	Equity	Profit or loss	Equity
Ceibo Inc.	206	206	(206)	(206)
Binding Solutions Ltd.	563	563	(563)	(563)
MagIron Warrants	57	57	(57)	(57)
Financial assets at FVTPL	826	826	(826)	(826)

For equity investments, changes in their fair value are calculated by considering and changes in equity revaluation (10% increase/decrease).

## 14 Earnings (loss) Per Share

The Company recorded a net loss for the year ended December 31, 2025 and 2024; accordingly, all potentially dilutive instruments are anti-dilutive and basic and diluted loss per share are equal. The calculations of basic and diluted income/(loss) per share are based on the following:

	2025	2024
<b>Net (loss) income attributable to equity holders of CoTec</b>	<b>\$ (19,157)</b>	<b>\$ (7,984)</b>
<b>Weighted average number of common shares issued (thousands)</b>	<b>83,929</b>	<b>66,906</b>
Basic net loss per share	<b>(\$0.23)</b>	<b>(\$0.12)</b>
Diluted net loss per share	<b>(\$0.23)</b>	<b>(\$0.12)</b>

The following instruments were excluded from the diluted loss per share calculation:

Stock options (thousands)	2,609	687
Warrants (thousands)	1,337	5
RSUs (thousands)	80	-

## 15 Income Tax

Income tax expense differs from the amount that would result from applying the Canadian Federal and Provincial income tax rates to earnings before income taxes. These differences result from the following items:



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For the year ended	2025	2024 (Restated Note 2e)
<b>(Loss) income before tax</b>	(19,157)	(7,984)
Statutory rate	27.00%	27.00%
Expected income tax recovery (expense)	(5,172)	(2,156)
<b>Increase (decrease) due to:</b>		
Tax rate differences for capital items	1,214	365
Non-deductible items for tax purposes	1,103	456
Losses for which no tax benefit had been recorded	2,856	1,335
<b>Tax expense (recovery)</b>	<b>\$ -</b>	<b>\$ -</b>

Tax rate differences for capital items relate to the non-deductible portion of the fair value adjustments to equity investments and related foreign exchange. The components of the deferred tax assets and liabilities are as follows:

	2025	2024
<b>Deferred tax assets:</b>		
Capital losses	-	469
<b>Deferred tax liabilities:</b>		
Investments	-	469
<b>Deferred tax liabilities (net)</b>	<b>\$ -</b>	<b>\$ -</b>

The components of temporary differences for which no deferred tax assets have been recognized are as follows:

	2025	2024
Exploration and evaluation assets	3,628	3,621
Investments	5,657	-
Other	375	1,583
	<b>\$ 9,660</b>	<b>5,204</b>

The Company has assessed capital losses for which no deferred tax asset has been recorded of \$77,233. As at December 31, 2025, the Company has available non-capital tax losses for Canadian income tax purposes of \$25,521 expiring between 2030 and 2045.



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## 16 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 investments, and the Company does not have separately reportable segments as defined under IFRS 8.

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

<b>December 31, 2025</b>				
	<b>UK</b>	<b>US</b>	<b>CAD</b>	<b>Total</b>
Total Assets	17,458	8,245	4,686	30,389
Total Liabilities	-	-	10,126	10,126
Net Loss	(1,595)	(7,102)	(10,460)	(19,157)

<b>December 31, 2024, Restated Note 2e</b>				
	<b>UK</b>	<b>US</b>	<b>CAD</b>	<b>Total</b>
Total Assets	17,972	4,525	2,267	24,764
Total Liabilities	-	-	7,285	7,285
Net Loss	1,086	(4,216)	(4,854)	(7,984)

## 17 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 financial assets including cash and receivables and illiquid financial assets including funds transferred to HyProMag USA and the Company's IZ note receivable. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with investment-grade Canadian and United States financial institutions as determined by credit rating agencies. Receivables mainly consist of interest receivable from its cashable guaranteed investment certificate ("GIC"), funds transferred to HyProMag USA, and note receivable from IZ.

### *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



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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, US dollar, and British Pound 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 December 31, 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 \$6/(\$6). 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 \$13,525, as well as secured \$6,600 in total convertible loan facilities (see Note 12 Convertible Loan), the Company will need additional capital in the future to finance ongoing expenses, such capital to be derived from the exercise of warrants, 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).

The following table summarizes the undiscounted contractual maturities of the Company's financial liabilities as at December 31, 2025



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<b>December 31, 2025</b>				
	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Accounts Payable	360	-	-	360
Accrued Liabilities	2,457	-	-	2,457
Stock-Based Compensation	1,219	1,497	-	2,716
Convertible Loan	236	2,270	-	2,506
Total	4,272	3,767	-	8,039

*Price Risk*

The Company is exposed to price risk with respect to 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 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 \$8,259 are subject to fair value fluctuations. As at December 31, 2025, if the fair value of the Company's investments had decreased/increased by 10% with all other variables held constant, income and comprehensive income for the period would have been approximately \$826 lower/higher.

## 18 Subsequent Events

*Warrant Exercises*

Subsequent to December 31, 2025, holders exercised a total of 16,062,749 Warrants, generating gross proceeds of \$18,796 for the Company.

*Convertible Loans*

Subsequent to December 31, 2025, the Company drew an additional \$400 from the Epic Capital convertible loan facility, bringing total drawn amounts under the 2025 Convertible Loans to \$2,600.

*TSXV*

Subsequent to year end, the TSXV advised the Company that under TSXV policies, in order to obtain TSXV approval for the conversion of any future draws under the convertible loan facility into Common Shares, the conversion price in respect of those draws must be not less than the market price of the Common Shares on the date of the draw (rather than the \$1.15 conversion price contemplated by the convertible loan facility and applicable to previous draws).

No other material events have occurred subsequent to December 31, 2025, that require adjustment to these financial statements.