



HYPROMAG USA TO ESTABLISH EARLY MAGNET FINISHING CAPABILITY AS PART OF PHASED TEXAS HUB DEVELOPMENT

Commissioning of finished magnet production equipment targeted for H1-2027, ahead of fully integrated U.S. operations in Q2 2028

Vancouver, British Columbia – July 27, 2026 – CoTec Holdings Corp. (TSXV: CTH; OTCQX: CTHCF) (“CoTec” or the “Company”) notes the press release issued today by its joint venture, HyProMag USA, LLC (“HyProMag USA”). HyProMag USA, a U.S.-based leader in rare earth magnet recycling and manufacturing, is announcing a phased development strategy for its Ironhead facility in Dallas-Fort Worth, Texas (the “Texas Hub”), including fast-tracking of magnet finishing equipment commissioning and initial production.

Accelerated magnet finishing and initial sales

Under the phased plan, HyProMag USA is now targeting commissioning of its initial finished neodymium-iron-boron (“NdFeB”) magnet production equipment in Texas in H1, 2027. These initial U.S. operations will utilize up to 20 tonnes of magnet blocks supplied by HyProMag Group operations in the United Kingdomⁱ and Germanyⁱⁱ to be shaped and finished at HyProMag USA’s operations for U.S. customers. The supply of finished magnet products to European customers from HyProMag operations in UK and Germany will not be affected by these arrangements.

Commitment to early works capital supports commissioning of the integrated Texas Hub’s Hydrogen Processing of Magnet Scrap (“HPMS”) section now targeted for Q2 2028. At that stage, HyProMag USA expects to begin integrating U.S.-sourced magnet-bearing feedstock into its domestic recycling and magnet manufacturing operations.

Establishing this capability early also allows HyProMag USA to work directly with U.S. customers on product specifications and advance qualification programmes, in parallel with the development of the broader integrated Texas Hub. The initial finishing line will allow HyProMag USA to convert magnet blocks into customer-ready magnets produced to specific dimensions, tolerances, coatings and performance requirements.

Julian Treger, Chief Executive Officer of CoTec Holdings Corp., commented: *“HyProMag’s core advantage remains our ability to recover rare earth magnets already contained in waste and return them to productive use through a faster, simpler and more efficient short-loop recycling process. Establishing finishing capability in Texas ahead of the integrated plant is a complementary step that will allow us to begin producing customer-ready magnets in the United States and work directly with customers on specifications and qualification.”*

“Magnet finishing is a critical and highly technical part of the value chain, with relatively limited commercial-scale capacity available in the United States. Developing this capability early will allow HyProMag USA to derisk downstream magnet making and build customer relationships. HyProMag USA is developing the full domestic platform for extracting magnets from waste, manufacturing recycled NdFeB products and delivering finished magnets tailored to our customer requirements.”

Phased Commissioning and Ramp-Up

Following targeted commissioning of cutting and finishing operations in H1 2027, commissioning of the HPMS section and integrated magnet manufacturing is targeted for Q2 2028, with initial annual production capacity of approximately 400 metric tonnes of recycled sintered NdFeB magnets and approximately 278 metric tonnes of NdFeB co-products, representing total payable capacity of approximately 678 metric tonnes of NdFeB material, with staged ramp-up thereafter.

Additional equipment is expected to be installed as it is received, supporting a staged ramp-up to the Texas Hub's previously announced full targeted annual capacity of approximately 1,526 metric tonnes of magnetic products.

As announced on June 22, 2026, HyProMag USA has commenced procurement of long-lead equipment and continues to advance detailed engineering, feedstock aggregation, customer offtake and project financing discussions.ⁱⁱⁱ

Building Toward Integrated U.S. Waste-to-Magnet Production

The phased development strategy is intended to establish downstream finishing capability and customer relationships ahead of commissioning the Texas Hub's HPMS operations. Once the HPMS section is operational, HyProMag USA expects to integrate U.S.-sourced magnet-bearing feedstock into a domestic platform spanning magnet recovery, recycling, manufacturing and finishing, enabling HyProMag USA's core objective of returning rare earth magnets already circulating in the economy to productive use as customer-ready products.

Key Highlights

- **Initial strategic focus on downstream magnet finishing:** Through the installation of finishing equipment in the Texas Hub, HyProMag USA is developing expertise in downstream magnet making, which it believes will be a valuable complement to the proprietary HPMS process and a key strategic differentiator.
- **Commissioning of finished magnet equipment now targeted for H1 2027 in partnership with the HyProMag Group:** Initial USA production will be underpinned by NdFeB blocks supplied from the HyProMag Group (UK and Germany). This will allow HyProMag USA to provide magnets to U.S. off-takers in advance of the Texas Hub start-up of integrated HPMS to magnet operations.
- **Equipment ordered and staged ramp-up:** HyProMag USA has ordered several of the long-lead equipment items for the Texas Hub, including the HPMS vessels and magnet finishing equipment specified to U.S. market requirements based on feedback from potential customers. HyProMag USA will stage its early works equipment purchases to mitigate equipment supply risk and provide for a measured production ramp-up. Commissioning of the HPMS section of the Texas Hub is targeted for Q2 2028, with a staged ramp-up thereafter.
- **Customer Engagement:** First sample magnets have been supplied to potential customers in the United States and HyProMag USA is working with HyProMag operations in UK and Germany on increasing the supply of sample magnets responding to customer demand. HyProMag USA is engaging with multiple customers across North America, spanning both smaller customers and OEMs.
- **Feedstock supply:** HyProMag USA is making good progress in establishing strong relationships across a range of feedstock sources and several supply opportunities are being pursued, with tests for quality and recoverability of magnets imminent on some of the feedstock. Feedstock discussions have extended beyond hard disk drives into rotors, MRI machines and actuators, and discussions with several large recyclers are underway. HPMS provides a unique, energy efficient and cost-effective solution for recovering magnets from rotors and other assemblies with embedded magnets, which remains a major competitive advantage for the group.

Detailed Design and Project Economics

The Texas Hub Class 2 AACE Capital Cost Estimate and Study (the "Detailed Design") is being carried out by a multidisciplinary team appointed by CoTec and Mkango Resources Ltd. (AIM/TSX-V: MKA) ("Mkango") and led by independent engineering firms PegasusTSI and BBA. The study, which is approximately 38% complete, includes optimization of the operation as well as an updated capital cost profile. PegasusTSI and BBA have completed a 3D Plant model based on the Class 2 estimate prepared in Q4 2025

(<https://www.youtube.com/watch?v=xNmJF3Hh1Mk>).

Potential Future U.S. Listing

In December 2025, HyProMag USA's owners, CoTec and Mkango, announced that they were exploring a potential U.S. listing for HyProMag USA.^{iv} Since then, HyProMag USA has begun engaging prospective advisors and investment banks as part of an ongoing evaluation.

About HyProMag USA

HyProMag USA is developing advanced rare earth magnet recycling and manufacturing operations to establish a secure domestic U.S. supply chain for NdFeB magnets, which are critical components in AI infrastructure, robotics, electric vehicles, wind turbines and advanced electronics. Leveraging the revolutionary HPMS technology developed over 15 years with over US\$100 million in R&D investment, HyProMag delivers faster magnet-to-magnet short-loop recycling that uses 88% less energy and reduces carbon emissions by 85% compared to conventional methods. HPMS accepts a wide range of magnet-bearing feedstocks – including end-of-life EV motors, data-center and industrial equipment, consumer electronics, and manufacturing scrap – enabling direct recovery of magnet-grade material without conventional chemical processing. HyProMag is focused on ensuring supply chain security and resilience for critical technologies and economic competitiveness.

Ownership

HyProMag USA LLC is owned 50:50 by CoTec and HyProMag Limited. HyProMag Limited is 100% owned by Maginito Limited, which is owned 79.4% by Mkango and 20.6% by CoTec.

For more information on HyProMag USA, please visit www.hypromagusa.com

About CoTec

CoTec Holdings Corp. (TSXV: CTH; OTCQX: CTHCF) is redefining the future of resource extraction and recycling. Focused on rare earth magnets and strategic materials, CoTec integrates breakthrough technologies with strategic assets to unlock secure, sustainable, and low-cost supply chains.

CoTec's mission is clear: accelerate the energy transition while strengthening strategic mineral supply chains for the countries we operate in. By investing in and deploying disruptive technologies, the Company delivers capital-efficient, scalable solutions that transform marginal assets, tailings, waste streams, and recycled products into high-value critical minerals.

From its HyProMag USA magnet recycling joint venture in Texas, to iron tailings reprocessing in Québec, to next-generation copper and iron solutions backed by global majors, CoTec is building a diversified portfolio with long-term growth, rapid cash flow potential, and high barriers to entry. The result is a differentiated platform at the intersection of technology, sustainability, and strategic materials.

For more information, please visit www.cotec.ca

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Forward-Looking Information Cautionary Statement

Statements in this press release regarding the Company and its investments which are not historical facts are "forward-looking statements" which involve risks and uncertainties, including statements relating to the phased development strategy for the Texas Hub, the targeted timing of commissioning, start-up and ramp-up, the expected delivery of finishing and other equipment and the targeted timing of first production and supply of finished magnets to U.S. customers, the planned staging of equipment purchases and deliveries, the supply of magnet blocks to HyProMag USA from HyProMag Group operations in the United Kingdom and Germany and the arrangements relating to that supply, the expectation that the supply of finished magnet

products to European customers will not be affected, HyProMag USA's downstream magnet finishing strategy and the expected benefits of establishing that capability in advance of integrated operations, feedstock testing and potential supply arrangements, potential offtake arrangements, customer engagement and the supply of sample magnets, targeted production capacity and staged ramp-up, including targeted initial annual capacity of approximately 400 metric tonnes of recycled sintered NdFeB magnets and approximately 278 metric tonnes of NdFeB co-products, representing approximately 678 metric tonnes of total payable NdFeB material, and full targeted annual capacity of approximately 1,526 metric tonnes of magnetic products, the availability of project financing on acceptable terms, customer qualification programmes, the advancement of detailed engineering, the Texas Hub Class 2 AACE capital cost estimate and detailed design study and its outcomes, the potential future U.S. listing of HyProMag USA and the engagement of prospective advisors in connection with it, the expected integration of U.S.-sourced magnet-bearing feedstock into domestic recycling, manufacturing and finishing operations, the anticipated attributes, performance and benefits of the HPMS technology, including its energy consumption and carbon emissions relative to conventional methods, and the benefits to HyProMag USA which may be implied from such statements. Forward-looking statements can generally be identified by the use of words such as 'targets', 'expects', 'anticipates', 'plans', 'intends', 'believes', 'estimates', 'budgets', 'scheduled', 'targeted', 'may', 'will', 'would', 'could' or 'should', or the negative of these terms and similar expressions. The forward-looking information in this news release is based on certain material factors and assumptions, including: that magnet finishing and other equipment is delivered, installed, commissioned and ramped up substantially on the timelines currently anticipated and that long-lead items are received in accordance with HyProMag USA's staged procurement plan; that magnet blocks continue to be available in the required quantities and to specification from HyProMag Group operations in the United Kingdom and Germany, that those operations continue to perform substantially as anticipated, and that the arrangements required for that supply are entered into on acceptable terms; that HyProMag USA is able to cut, shape, finish and coat magnet blocks to customer specifications, tolerances and performance requirements; that suitable magnet-bearing feedstock can be aggregated on acceptable terms and meets required quality and recoverability parameters; that customer qualification programmes and offtake arrangements progress as anticipated; that targeted production capacities and ramp-up rates are achieved; that the detailed design study is completed and confirms the anticipated project economics and capital cost profile; that any potential U.S. listing proceeds only if and when the owners determine to pursue it; that required project financing is obtained on acceptable terms; that applicable permits and regulatory approvals are obtained and maintained; that there are no material adverse changes in export controls, trade measures, tariffs or the availability of critical equipment, technology or inputs; and that there are no material adverse changes in general economic, market or geopolitical conditions. Although the Company considers these factors and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and actual results may differ materially from those anticipated.

Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements, due to known and unknown risks and uncertainties affecting HyProMag USA, including but not limited to: delays in, or failure to complete, the delivery, installation, commissioning, start-up or ramp-up of equipment and operations, including as a result of long lead times or supply constraints; the imposition or tightening of export controls, trade restrictions, tariffs or other measures affecting the availability or cost of critical equipment, technology or rare earth inputs; the availability, quantity, quality and cost of magnet blocks supplied from HyProMag Group operations in the United Kingdom and Germany, the continued operation and performance of those facilities, and the risk that the arrangements for that supply are not concluded on acceptable terms or at all; the availability, quality and recoverability of magnet-bearing feedstock and HyProMag USA's ability to secure feedstock on acceptable terms; the outcome of customer qualification programmes and HyProMag USA's ability to secure and maintain offtake arrangements; the risk that actual production capacity, product quality or ramp-up rates differ materially from those targeted; the risk that the anticipated benefits of establishing magnet finishing capability in advance of integrated operations are not realized; the risk that the detailed design study is not completed as anticipated or does not support the expected project economics or capital cost profile; the risk that any potential U.S. listing does not proceed, or is not completed on the anticipated terms or timing; risks relating to the development, protection and performance of the HPMS technology and the continued availability of

technical support from third parties; competition from other magnet producers and recyclers and changes in demand or prices for NdFeB magnets and rare earth materials; the availability of project financing on acceptable terms; permitting and other regulatory risks; environmental risks and costs; increases in energy, labour, materials and construction costs; contractor and subcontractor performance; the ability to attract and retain qualified personnel; project delays and cost overruns; and general economic, market, transport and geopolitical disruptions. The forward-looking statements and information in this news release are made as of the date of this news release. The Company assumes no obligation to update forward-looking statements in this press release except as required by law. Readers should not place undue reliance on the forward-looking statements and information contained in this news release and are encouraged to read the Company's continuous disclosure documents which are available on SEDAR+ at www.sedarplus.ca.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

ⁱ<https://hypromagusa.com/uk-minister-for-industry-officially-opens-rare-earth-magnet-recycling-and-manufacturing-facility-at-tyseley-energy-park-birmingham/>

ⁱⁱ<https://hypromagusa.com/german-federal-ministry-for-economic-affairs-and-energy-officially-opens/>

ⁱⁱⁱ <https://hypromagusa.com/hypromag-usa-advances-texas-hub-and-u-s-magnet-platform/>

^{iv} <https://hypromagusa.com/hypromag-usa-provides-positive-update-to-valuation-of-expanded-dallas-fort-worth-plant-and-commences-strategic-review-to-explore-a-u-s-listing>