

CoTec Holdings Corp.

Sector: Critical Minerals

Investor Overview

September 2025

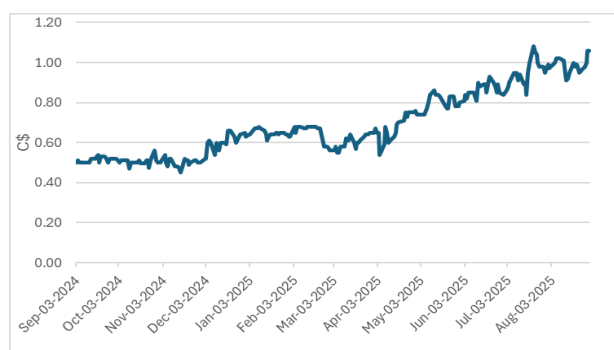
CTH-TSX.V, CTHCF-OTCQB

Market Data

Rating	BUY
Target Price	\$3.00
Closing price, C\$/share	\$1.06
52-Week Range, C\$/share	\$1.15/\$0.45
Avg. 3M Dly Vlm (mm)	0.04
Shares O/S (Basic)	98.1
Shares O/S (F.D.)	122.5
Market Cap, C\$M	\$104.0
Enterprise Value, C\$M	\$94.0
Cash, C\$M	\$10.0
Debt, C\$M	\$0.0

Data as of August 29, 2025

Stock Chart



Source: Capital IQ, Prices in Canadian dollars

ECM Capital Advisors has provided professional services to CoTec Holdings for which it has been compensated.

Investment Highlights

- CoTec Holdings Corporation is a resource extraction and processing company that uses technology to convert undervalued assets into high margin businesses. The Company is currently focused on deriving value from critical minerals including recycled rare earth Neodymium Iron Boron (NdFeB) magnets and iron ore tailings.
- Our CoTec investment thesis is two-fold. First, management understands the resource sector and has a successful track record for creating value. Second, the near-term nature and attractive economics of the HyProMag USA, Lac Jeannine and MagIron projects provides valuation upside significantly in excess of the current stock price.
- Mr. Julian Treger founded CoTec and serves as President, CEO and Director of the Company. He is the Company's largest shareholder with an approximate 46% ownership interest and has a history of creating value in the resource sector.
- The profile of critical minerals including rare earth and rare earth magnets has been significantly elevated by the recent actions of the Trump Administration. While China controls the global supply of critical minerals and rare earth magnets, the US government appears focused on reducing its dependence and has taken steps in this direction. We believe that HyProMag USA is well positioned to benefit from these initiatives.
- Lac Jeannine is a low cap-x mining project that aims to produce high purity iron ore concentrate from iron ore tailings. The potential also exists to capitalize on the demand for green steel by producing high purity, low carbon, iron ore pellets.
- CoTec is in solid financial condition with approximately \$10mm in cash and no debt.
- Our CoTec fully diluted Net Asset Value and target price is \$3.00/sh. As this implies a 183% total potential rate of return, we are initiating research coverage with a BUY rating.

Introduction

CoTec Holdings Corporation (CTH-TSXV, CTHCF-OTCQB) is a resource extraction and processing company that uses technology to convert undervalued assets into high margin businesses. The Company is currently focused on deploying its portfolio of technologies to derive value from critical minerals including recycled rare earth Neodymium Iron Boron (NdFeB) magnets and iron ore tailings. The commercial potential of these projects, particularly as it relates to magnets, has been enhanced by the Trump Administration's goal of reducing its dependence on foreign suppliers as a source of critical materials.

Investment Thesis

Our CoTec investment thesis is two-fold. First, management understands the resource sector and has a successful track record for creating value. Second, the near-term nature and attractive economics of the HyProMag USA, Lac Jeannine and MagIron projects provide valuation upside significantly in excess of the current stock price. We are initiating research coverage of CoTec Holdings Corporation with a BUY rating and a \$3.00/sh target price.

Exhibit 1 – CoTec Holdings Net Asset Value

Asset	Ownership	Value (\$C mm)	Description
HyProMag USA	50.0%	\$177	Base Case - DCF Value
Lac Jeannine	100.0%	\$77	Base Case - DCF Value
Mag Iron	16.6%	\$23	Last external financing completed at US\$200mm valuation
Maginito Limited	20.6%	\$48	Maginito book value plus pro rata DCF value in HyProMag USA
Other Assets	3.0%	\$8	Book value of Ceibo and BSL
Less: Net Cash		<u>-\$10</u>	ECM Estimate
Net Asset Value		\$342	
NAVPS (Basic)		\$3.49	
NAVPS (F.D.)		\$3.00	
Shares O/S (Basic)		98,073,209	
Shares O/S (F.D.)		122,539,164	

Source: ECM Capital Estimates

Management Has a Track Record for Creating Value

Mr. Julian Treger founded CoTec and currently serves as President, CEO and Director of the Company. He is the Company's largest shareholder with an approximate 46% ownership interest. Mr. Treger has a history of creating value in resource investing. From 2014 – 2022, he served as the CEO of Anglo Pacific Group Plc. During his tenure, he transformed the company from a coal based royalty business to a battery focused streamer and increased income from £1mm in 2013 to £62mm in 2021. Mr. Treger also served as Non-Executive Chairman of Audley Capital Advisors – which is an investment advisory firm focused on natural resources. From 2008 - 2015 Mr. Treger oversaw US\$569mm of mining investments, which grew to US\$2.38 billion in realizations. This equates to a 37% IRR or a 4.2x multiple of invested capital. This return profile was primarily driven by two transactions. First, in April 2011, Audley was part of the investment group that sold Western Coal Corp. to Walter Energy in a transaction valued at approximately \$3.3b. As part of this process, Audley's US\$128mm investment grew to US\$707mm, which equates to a 5.5x multiple of invested capital. Second, Audley was also part of the investment group that merged Mantos Copper with Capstone Mining in 2022 to create Capstone Copper Corp. As part of this transaction, US\$300mm was converted to US\$1.5b, which equates to a 5.1x multiple of invested capital. In addition to his role at Audley, Mr. Treger served as a director of both Western Coal and Mantos Copper.

Mr. Braam Jonker is CoTec's Chief Financial Officer and has close to 30 years of experience in the mining sector. He has served in senior management and Board level roles where he was responsible for overseeing the growth of a number of public companies and has been involved in more than \$750mm of debt and equity mining related financings. Mr. Jonker is a registered chartered accountant.

Mr. John Singleton serves as CoTec's Chief Operating Officer and has over twenty years of experience in the mining industry. He previously served as a Senior Geotechnical Engineer at De Beers Consolidated Mines. He subsequently spent 13 years at Rio Tinto where he worked in operational, technical and commercial roles across various product groups. Prior to CoTec, he served as Head of Corporate Development at Centimin plc. Mr. Singleton holds an MSc in Engineering Geology from Imperial College London.

Macro Trends Raise the Critical Minerals Profile

The profile of critical minerals including rare earth and rare earth magnets, has been significantly elevated by the recent actions of the Trump Administration. The context here is that according to the International Energy Agency (IEA), China controls the global supply of critical minerals and rare earth magnets. For example, China's share of global mining for minerals used in the production of rare earth elements was over 50% in 2023. However, its share of processing, which includes separation and refining, was around 90%. In aggregate, China is estimated to produce 85% of the refined light rare earth elements used globally and 100% of the refined heavy rare earth elements. Its global market share for the production of NdFeB magnets – which are key components for converting electrical energy to mechanical energy, is also estimated to be in the 90% range. Aside from the sheer quantity of production under Chinese control, the elements in question are key components used in renewable energy (solar panels, wind turbines, electric vehicles), electronics (smart phones and laptops), medical equipment as well as aerospace and defense applications. Heavy rare earth elements are used in the production of F-35 jets, Tomahawk missiles and Predator unmanned aerial vehicles. Despite the strategic nature of these applications there is currently only one rare earth mine operating in the US, which means the US depends upon imports for its rare earth and rare earth magnet requirements. The US Geological Survey (USGS) has

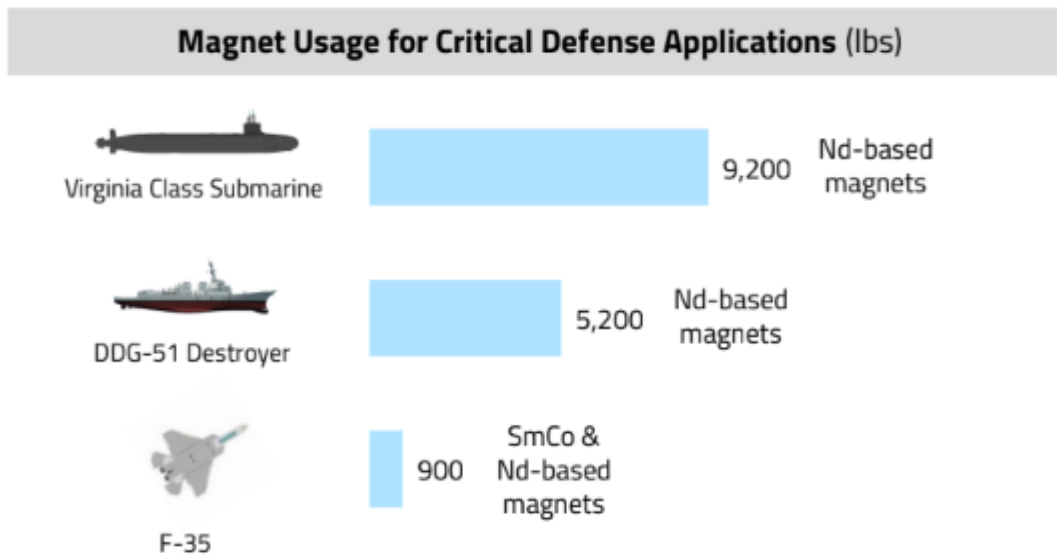
Exhibit 2 – Global Rare Earth Mining and Refining Capacity



Source: International Energy Agency

stated that from 2020-2023, 70% of US rare earth imports originated from China. While the US government was never likely comfortable with this level of dependence, the situation became more serious when on April 4, 2025, the Chinese government imposed export restrictions on seven heavy rare earth elements used in the defense, automotive and technology sectors. This move, widely interpreted as a response to the increased tariffs imposed by President Trump on Chinese exports to the US, had an immediate impact. For example, Ford Motor Co. had to idle its Chicago assembly facility as it did not have enough magnets to sustain normal operations.

Exhibit 3 – Magnets Key to US Defense Industrial Base



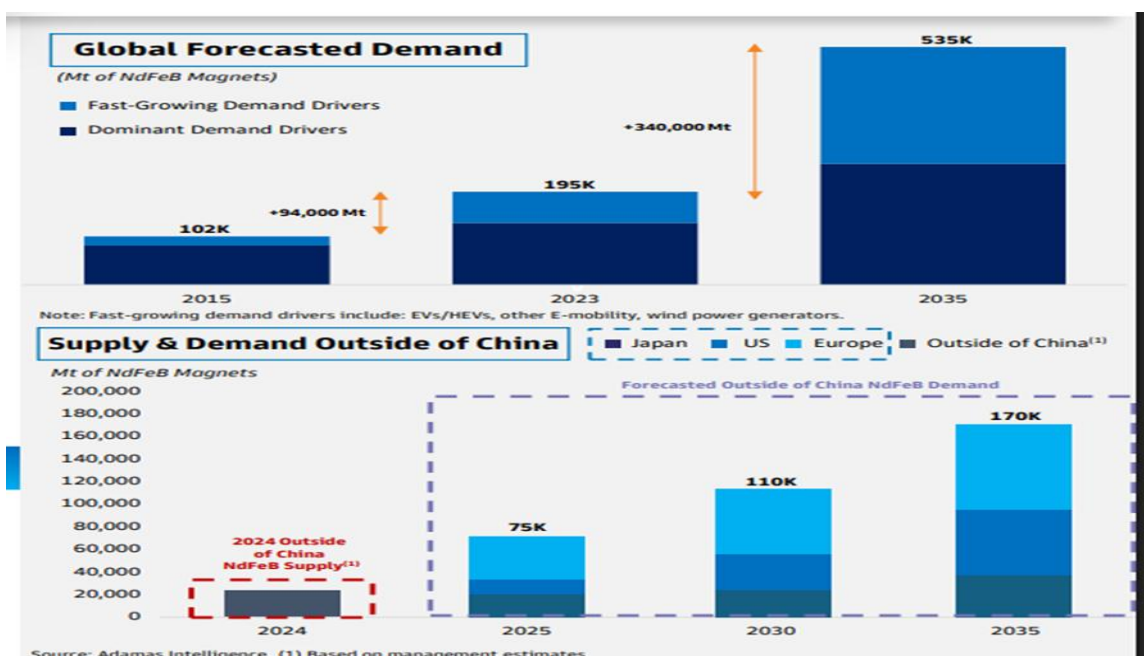
Source: REAlloys

The US response to this dependence has been two-fold. First, on March 24, 2025, President Trump signed an Executive Order titled Immediate Measures to Increase American Mineral Production. The focus of the Executive Order is to increase the domestic production of critical materials thereby reducing reliance on foreign suppliers and improving national security. The Executive Order directed government officials to identify and advance priority projects, while fast tracking the permits process under the Fast-41 provision as well as making additional financing available.

On April 15, 2025, President Trump signed another Executive Order titled Ensuring National Security and Economic Resilience Through Section 232 Actions and Processed Critical Minerals and Derivative Products. The purpose here is to launch an investigation into the national security risk represented by the US reliance on imported critical minerals. Specifically, the Secretary of Commerce has been directed to begin a Section 232 investigation to determine the risk to US supply chains from such dependence and to make recommendations to strengthen domestic production and reduce dependence on foreign suppliers of critical minerals.

Second, the seriousness of the Trump administration’s desire to address its rare earths dependency was illustrated on July 10, 2025. MP Materials Corp. (MP-NYSE) announced that it had entered into a public-private partnership with the US Department of Defense (DoD) to accelerate the build-out of a domestic rare earth magnet supply chain, and in the process, reduce its dependence on foreign suppliers. In exchange for MP agreeing to build a second domestic magnet manufacturing facility (the 10X Facility, 2028 expected commissioning), the DoD invested US\$400mm in convertible preferred shares of the Company, and in the process, became MP’s largest shareholder. The DoD also entered into a 10-year agreement with MP for a US\$110/kg floor price for all Neodymium Praseodymium (NdPr) products produced and agreed to ensure that for a 10-year period, all the magnets produced from the 10X facility would be purchased by either defense or commercial customers. As part of this agreement, MP also received a US\$150mm loan from the DoD and a US\$1 billion loan from two commercial banks. MP, which owns the Mountain Pass rare earths mine in California, is expected to have approximately 10,000 tonnes of magnet manufacturing capacity once the 10X facility is commissioned. As illustrated in Exhibit 4 below, the US demand for NdFeB magnets is expected to be approximately 30,000 tonnes by 2030.

Exhibit 4 – Forecast Demand for Rare Earth Magnets



Source: NeoPerformance Materials

In a subsequent meeting with other rare earth developers, Reuters has reported that Peter Navarro, President Trump's trade advisor, and David Copley, a National Security Council official, stated that the Administration was pursuing a pandemic era approach to boosting US critical minerals production – which is to say that they were moving as fast as possible. Reuters went on to say that the rare earth developers were also told that the floor price provision extended to MP Materials, was “not a one off” and that the firms should take advantage of all the existing government financial support that is currently available to them. By way of background, CoTec's joint venture rare earth magnet recycling company HyProMag USA, estimates its first facility will cost US\$125mm and has applied for grant funding for 50%-100% of this amount.

HyProMag Technology

HyProMag owns the patented hydrogen processing of magnet scrap (HPMS) technology, which is a hydrogen based process used to extract NdFeB magnets from a variety of end of life products such as hard disk drives (HDD), wind turbines and MRI machines. The hydrogen converts the magnets to a demagnetised alloy powder, which can then be purified and re-processed back into new sintered NdFeB magnets. The HPMS technology was developed at the University of Birmingham in the UK, at an R&D cost of approximately US\$100mm. The primary advantage of the HPMS technology is that it can be used to produce magnets at a much lower cost than the conventional approach of mining rare earths to produce magnets and it also has a smaller carbon footprint. HPMS is estimated to use 88% less energy than the conventional magnet manufacturing approach. The HPMS technology is a short loop recycling process which means the materials are recovered with minimal processing, in a form that allows for re-use in a manner close to their original state. In contrast, long loop recycling, which is comparatively more expensive, reduces the recovered materials to their basic compounds which allows for re-use in applications other than those from which they were recovered.

The HyProMag technology represents a novel solution to help alleviate the dependence on China for rare earths and NdFeB magnets. A June 2025 Technical Progress report published by HyProMag Ltd., highlights the commercialization progress the Company continues to achieve. As it relates to the UK facility, which is in the process of being commissioned, the update notes:

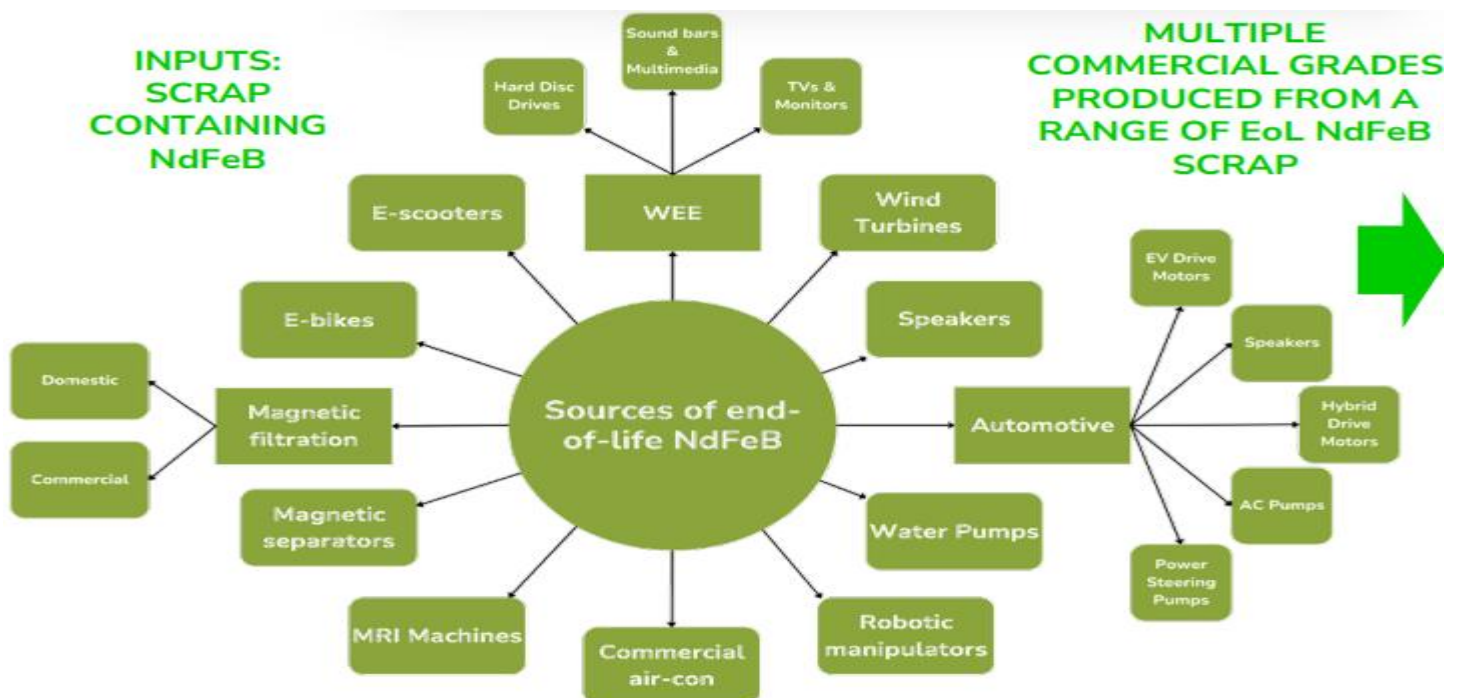
- The magnets produced contain over 95% recycled content, with the ability to adjust grades through blending with virgin or recycled feed;
- The variability in magnetic properties for recycled sintered magnets is consistent with the variability in magnets produced from primary sources;
- The magnets produced by HyProMag have been tested in automotive applications by ZF Automotive and GKN Automotive. GKN Automotive confirmed that “the recycled magnets replicated expected performance exceptionally closely during testing. This means HyProMag's short-cycled magnets can be reliably used in motor design simulation to deliver real world performance”.
- The UK facility is currently producing 100kg of NdFeB powder per week, with a typical cycle time of 4-8 hours. Separation efficiency is in the high 90% range.

HyProMag is owned by Maginito, which in turn, is 79.4% owned by Mkango Resources Ltd. (MKA-TSXV) and 20.6% owned by CoTec Holdings. In addition to having a fully functioning pilot plant at the University of Birmingham, HyProMag is in the process of commissioning a commercial production facility in the UK and expects to also commission a German production facility by year-end 2025.

HyProMag USA

The initial HyProMag USA recycling facility will be built in the Dallas-Ft. Worth area and is expected to come on-line in Q1 2027. This facility will be 50% owned by each of CoTec and Maginito. By virtue of its 20.6% ownership in Mkango, CoTec will effectively own 60.3% of HyProMag USA. Under the terms of the HyProMag USA partnership agreement, CoTec is responsible for building and funding the initial facility and will be repaid from cash flow once the facility becomes operational. As mentioned, the initial recycling facility will be located in the Dallas-Fort Worth area with scrap collection hubs located in Reno, Nevada and Williston, South Carolina. HyProMag USA recently announced that it had entered into its first feedstock supply and pre-processing agreement with Intelligent Lifecycle Solutions (ILS) – a global electronics recycling company. ILS will secure and store NdFeB feedstock from HDD's and other suitable sources at the South Carolina and Nevada facilities, which will be forwarded to the Dallas-Fort Worth recycling facility. ILS will use the Inserma Anioia SL third generation HDD magnet separation system, which can separate the magnet from the HDD in approximately 3 seconds. Other feedstock sources that have been successfully processed to-date include: rotors from electric motors, wind turbine magnets, speaker assemblies and MRI's.

Exhibit 5 – Sources of Magnet Scrap



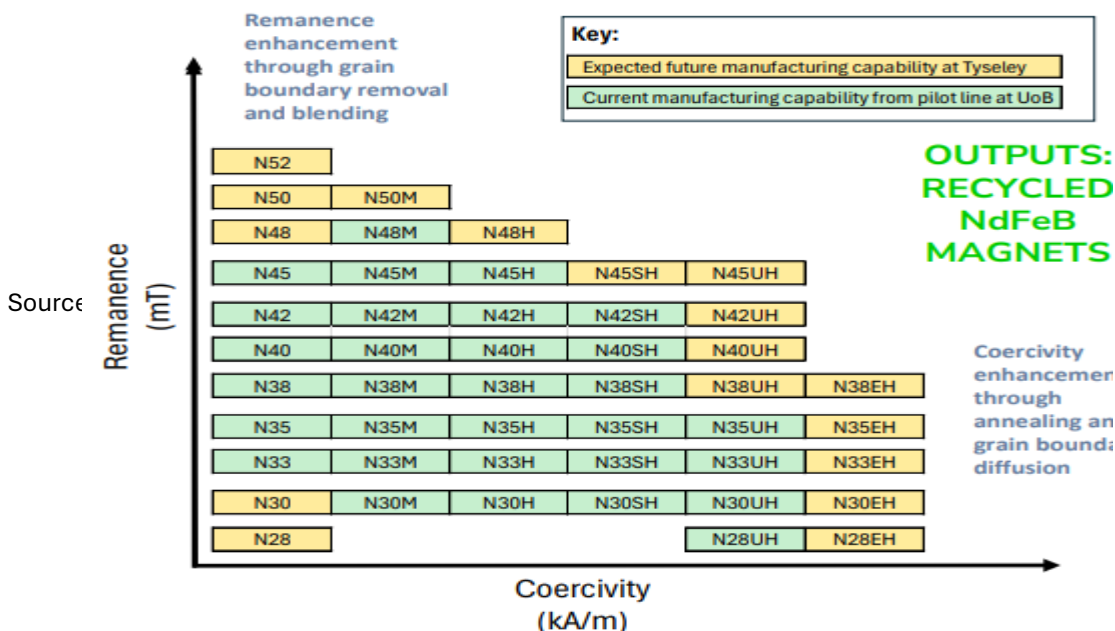
Source: Mkango Resources Investor Presentation

At the recycling facility, the magnets are crushed and exposed to hydrogen at room temperature. The magnets undergo the Hydrogen Decrepitation (HD) process where the magnet is broken down into a NdFeB powder. The powder is separated from the HDD by mechanical agitation inside a rotating drum and purified using a combination of milling and sieving to remove the nickel coatings and other HDD impurities from the magnets. This purified powder can then be processed and re-sintered to produce bonded magnets.

A Feasibility Study for HyProMag USA was published in November 2024. Detailed engineering is currently about 50% complete. A Notice to Proceed for the Dallas – Fort Worth facility is expected to be issued in H2 2025. The Feasibility Study assumes that 750 tonnes of recycled sintered NdFeB magnets and 291 tonnes of associated NdFeB co-products will be produced annually over a 40-year operating life. This assumes two HPMS and magnet production lines are operational. The upfront capital cost is estimated to be US\$125mm and includes a 10% contingency. The All-in Sustaining cost of Production (AISC) was assumed to be US\$19.60/kg of NdFeB product, while a weighted average selling price of US\$55/kg was assumed for NdFeB product. Industry analysts estimate that by 2030 the US will generate approximately 30,000 tonnes of end of life NdFeB magnets annually and that this volume will more than double by 2040. Amongst other factors, this growth is expected to be driven by consumer electronics, consumer appliances and EV motors.

As previously mentioned, the Company has applied to the US government for grant funding equal to between 50% and 100% of total cap-x. In addition, HyProMag USA has received a Letter of Intent (LOI) from the U.S. Export-Import Bank to consider financing up to US\$92mm of the project cost. Discussions with various commercial banks for project debt are also proceeding concurrently. Additional scrap supply agreements as well as off-take agreements will likely be announced over the coming months.

Exhibit 6– HyProMag grade table for magnets and next stages of production



Source: Mkango Resources Investor Presentation

Based on the revenue, operating cost and capital expenditures presented in the Feasibility Study and using a 7% discount rate, we estimate the HyProMag USA Net Asset Value to be US\$255mm and that the Project generates a 21.6% IRR. This equates to CoTec's 50% interest being valued at \$177mm or \$1.45/CoTec share. When fully operational, we estimate the facility will generate EBITDA of US\$36.8mm annually, which equates to an approximate 65% EBITDA margin.

We believe our valuation is relatively conservative and would note four points. First, management has applied for grant funding equal to between 50% and 100% of the project cap-x. We estimate that a grant equal to 50% of the cap-x would increase the project NAV from the current US\$255mm to US\$310mm. From a sensitivity perspective, 100% grant funding would take the base NAV to approximately US\$380mm. Second, our base case valuation assumes a weighted average selling price for all products produced of US\$55/kg. – which management believes is reflective of current market conditions. Having said this, this Feasibility Study outlines a forecast price of US\$94/kg. Using this assumption, our base case NAV of US\$255mm would essentially double to US\$500mm. Third, the Project has the ability to host three HPMS and magnet production lines. Management has stated that a third HPMS line would cost approximately US\$7mm and add approximately US\$17mm to the project NAV. This assumes the NdFeB alloy powder produced from the third HPMS line would be sold to a third party. We believe the addition of a third magnet production line would also be accretive to the HyPro Mag USA valuation. Finally, the modular nature of the facility means that it can be expanded and replicated quite easily. While our valuation only incorporates the first facility, management has stated that it is targeting 10% of US domestic demand for NdFeB magnets within 5 years of commissioning, which would equate to approximately 3 recycling facilities.

Exhibit 7 – HyProMag US Valuation Sensitivity

	100% (\$US mm)	CoTec @ 60.3% (\$CAD mm)	Per share (CAD)
Base case valuation - first plant only	\$255	\$211	\$2.15
First plant with 50% grant funding	\$310	\$256	\$2.61
First plant with 100% grant funding	\$380	\$314	\$3.20
First plant with forecast pricing	\$500	\$413	\$4.21
Incremental impact of third powder line	\$17	\$14	\$0.14
Incremental impact of third magnet line	TBD	TBD	TBD

Source: ECM Capital Advisors Estimates

As illustrated in Exhibit 8, investors are attributing minimal value to CoTec and the HyProMag USA investment opportunity, despite the fact that HyProMag USA's production outlook is not materially different than that of either USA Rare Earth and REAlloys Inc. – both of which have significantly higher valuations. We expect this will begin to change once HyProMag USA has secured definitive financing for the first facility – which could occur in H2 2025 and may include grant funding, the issuance of a Notice to Proceed – which could also occur in 2025 as well as additional scrap feed and offtake announcements.

Exhibit 8 – Rare Earth Magnet Company Valuations

Company	Symbol	Price	Market Cap (mm USD)	Commercial Start	Current Capacity Mt
MP Materials Corp.	MP	\$97.73	\$17,307.98	In Production	1,000
USA Rare Earth Inc.	USAR	\$20.50	\$1,941.35	Targetting 2026	1,088
REalloys Inc.		Private	\$400.00	Targetting 2026	500
CoTec Holdings Corp	CTH	\$1.06	\$75.89	Targetting 2027	750

Notes:

- 1) MP Materials production capacity expected to increase to 3,000 tonnes with expansion of Independence facility and 10,000 tonnes with 10X facility
- 2) Realloys valuation determined as part of Blackboxstocks Inc. (BLBX-Q) RTO which is expected to close in August 2025.

Source: Company reports, Capital iQ

Lac Jeannine Tailings Project

The Lac Jeannine iron ore tailings project is a conventional processing, low cap-x, investment opportunity. The project is located in northeast Quebec, 290 km north of the City of Baie Comeau, close to the Labrador – Newfoundland border and is situated in the southern domain of the Labrador Trough. It covers 1,649 hectares and from 1961 – 1976 was mined by Quebec Cartier Mining, which, in aggregate, extracted 265.9mm tonnes of ore at 33% Fe. The Property includes the former Lac Jeannine open pit and its tailings facility.

In August 2023, CoTec entered into an option agreement to acquire a 100% interest in the claims comprising the Project. CoTec has agreed to pay US\$250,000 on exercise of the option and US\$1mm at the start of commercial extraction of the tailings. Upon exercise of the option, the Vendor will also receive a 1% NSR from the sale of minerals from the historical tailings and a 1.5% NSR from the sale of other minerals from the Project. While the base case investment assumes high quality iron ore concentrate will be produced, management believes the potential exists to capitalize on the demand for low carbon, green steel, by applying the Binding Solutions Limited (BSL) and the Multi-Gravity Separators Salter technology (MGS) to economically produce high purity, low carbon, iron ore pellets.

A Preliminary Economic Assessment (PEA) for the production of iron ore concentrate was completed in August 2024. A total of 13 drill holes that covered approximately half of the tailings, was undertaken. The 2024 PEA concluded that a 73 million tonne Inferred Resource at 6.7% total iron, equating to 4.9mm tonnes of contained iron was present. The report also stated that the tailings material surrounding the Inferred Mineral Resource had the potential to add an incremental 50mm – 70mm tonnes to the Project. An additional drilling campaign to sample the remainder of the Lac Jeannine tailings is currently underway. Using open pit (truck and shovel) extraction and a conventional gravity separation circuit, the report concluded that a high purity 66.8% iron ore concentrate, with low contaminant SiO₂, Al₂O₃ and phosphorous, could be produced at a rate of 380,000 tonnes annually for just over 10 years.

The Lac Jeannine Project will be able to take advantage of the existing infrastructure in the area including: hydroelectric power, water, roads, airfield, rail and port facilities. The Project is located west of ArcelorMittal's Mont-Wright rail loop. In the event CoTec can negotiate an access agreement with ArceleorMittal, it is possible that the existing rail infrastructure can be used to transport concentrate from the Project to the seaport at Port-Cartier. The Company has also engaged with various different stakeholders including Investissement Quebec and First Nation communities. Discussions to-date have been productive and remain on-going.

What is unique about the Lac Jeannine project is the potential for CoTec to use technology to further enhance the Project economics. In February 2025, CoTec announced it had entered into a binding longterm exclusivity and collaboration agreement with Salter Cyclones Limited (Salter) for the application of its Multi-Gravity Separators (MGS) technology for the recovery of iron ore and manganese from both primary and tailings material. The MGS technology was developed in the 1980's and has been successfully applied to the recovery of valuable minerals including tin, chromium, copper and zinc. Unlike a centrifuge, this technology allows for the recovery of ultra fine material at multiple g-forces. To-date, it's application to bulk commodities such as iron and manganese, has been limited. CoTec believes an opportunity exists to apply MGS at Lac Jeannine to further enhance the production of high grade iron concentrate from material that would otherwise be classified as waste and sent to tailings. As part of its agreement with Salter, CoTec has an Exclusivity Period for the application of MGS to iron ore globally and manganese in the United States, South Africa and Brazil for three years. The Exclusivity Period can be extended by achieving certain milestones.

CoTec will also investigate the potential to use Binding Solutions Limited (BSL) cold agglomeration technology to produce iron ore pellets. Steel manufacturers have increasingly been focused on the production of green steel, which centers on the reduction of carbon emissions in the production process. Globally, the steel industry is estimated to account for 7%-9% of greenhouse gas emissions. Green steel production typically involves Electric Arc Furnaces (EAF's), which melt scrap metal and use electricity as a power source. However, as high quality scrap metal is in short supply, steel manufacturers have had to use Direct Reduced Iron (DRI) to increase the metallic content of their inputs. DRI is produced by grinding iron ore concentrate (65%-69% Fe) into a powder and forming pellets. These pellets are then reduced, which means oxygen is removed from the pellets to convert them into metallic iron. This involves heating the pellets to around 1000°C. At this juncture, the DRI can have up to a 94% Fe content and can be used along side scrap in an EAF.

BSL's cold agglomeration technology allows for the production of green steel by significantly reducing the emissions related to the production of pellets. In contrast to the traditional iron making process which involves heating iron fines to 1000°C to create pellets, the BSL technology uses proprietary agglomeration processes to produce iron ore pellets without the need for high temperatures. This allows for energy savings of up to 80% and a reduction in emissions of up to 70%. BSL recently successfully tested its technology with British Steel and is reviewing locations in the UK, Europe and Canada for its first commercial facility. CoTec has a 3% ownership position in BSL.

From a valuation perspective, we estimate the base case Lac Jeannine project, using the current inferred resource which equates to a 10-year life, and an 7% discount rate, has an NAV of US\$55.2mm and a Project IRR of 23.8%. This assumes cap-x of US\$65mm, a cash operating cost of US\$60.26/tonne, a 65% CFR China iron ore concentrate price of US\$121/tonne and a US\$24/tonne high grade premium. Note that the current CFR China iron ore concentrate price is approximately US\$117/tonne. As previously mentioned, a second phase of drilling is currently underway to establish the resource potential of the remaining tailings. On an order of magnitude basis, we expect the project life could double to approximately 20- years and that minimal cap-x will be required to achieve this goal as the base case production rates will remain unchanged over the longer project life. From a sensitivity perspective, using an 7% discount rate and a 20-year Project life, we estimate the NAV to be approximately US\$87mm.

At this juncture, it is too early to determine the economic impact of the Salter MGS technology – although if it were to be deployed, it would likely increase annual production and/or mine life. Additional engineering work is also required to determine the economic impact of incorporating the BSL technology. Having said this we would note that DRI pellets have historically sold at a US\$40/tonne – US\$70/tonne premium to the concentrate price depending upon market conditions. The majority of pellet production is captive meaning that the large steel producers typically consume all of their pellet production, so the merchant market is increasingly undersupplied. Industry analysts estimate that there is a 75mm tonne shortage of DR quality pellets in the developed world.

MagIron LLC

CoTec has a 16.6% ownership interest in MagIron LLC (MagIron), a private company that is restarting an iron ore concentrate production facility located in the Mesabi Iron Range in northern Minnesota. MagIron, in 2022, acquired the Plant 4 concentrator facility located near Grand Rapids, Minnesota, from the bankruptcy estate of ERP Iron Ore LLC. Plant 4 is a past producing iron ore concentrator that has benefitted from US\$170mm of prior investment. Although it was designed to process previously discarded waste material and convert it into high grade, low impurity iron ore concentrate, target recoveries were never achieved. This, combined with a weak (2015) iron ore concentrate price and a considerable amount of debt in the capital structure, resulted in the facility being shuttered. Plant 4 has previously operated at a 2.0mm tpy production rate and is designed to expand to 3.0mm tpy of production. MagIron purchased the project for US\$20mm, which includes plant and equipment, a strategic land package of 2,483 acres surrounding Plant 4, stockpiled ore and exclusive use of the Jessie Load Out rail facility.

Since the acquisition, significant progress has been made in advancing Plant 4 towards restarting commercial operations. In August 2024 MagIron completed a 43-101 report which detailed a 2.6 billion tonne Inferred Mineral Resource (hematite and goethite) with an average iron content of 36.82%. The mineral resource was derived from historical drill assays and excludes the legacy iron-bearing stockpiled materials, which themselves can support +20 years of Plant 4 operations.

The revised Plant 4 flowsheet will incorporate magnetic separation and a floatation circuit. Management's goal is to produce a DR grade iron ore concentrate with SiO_2 and Al_2O_3 levels below the industry DR grade standard of 2.5%. The potential also exists to produce DR pellets with a Fe content of 67% Fe or better and a combined silica and alumina content at or below 2.5%. To this end, MagIron has acquired the land on which the Reynolds Pellet Plant in Indiana is located.

In May 2024, MagIron announced that lab testing had successfully produced Direct Reduction grade iron ore pellets from the stockpiles and tailings on the property. The Company went on to say that the DR grade pellets could be categorized as green meaning it could be used to help decarbonize steel production. Finally, in December 2024, MagIron announced the Minnesota Pollution Control Agency had granted the Company an air quality control permit to operate the Plant 4 iron ore concentrator. As the mining permit, state disposal permit and water permit, have also been received, Plant 4 is now fully permitted for operations.

A Definitive Feasibility Study (DFS) for the start-up of Plant 4, which will include an updated resource, is expected to be completed in late Q3 2025. As additional detail surrounding the Project economics is not yet available, we are valuing CoTec's 16.6% interest in MagIron at \$23mm. This is derived by applying a 50% discount to the US\$200mm valuation ascribed to Plant 4 in the last external financing completed by MagIron. We would note that this is consistent with how CoTec values its interest in this investment. CoTec's cost base on its investment in MagIron is approximately \$6mm.

Other Assets

CoTec has a 3% equity interest in Ciebo Inc., which has developed a proprietary low-carbon, heap-leaching technology that targets low grade primary copper sulphide deposits as well as waste materials. Relative to competing technologies, this chemical based approach offers enhanced recovery of low-grade sulphide ores, faster processing times, less water usage and fewer carbon emissions. The technology was successfully validated after two-years of testing at BHP's Lomas Bayas mine in Chile. In early June 2025, Ceibo announced that Chilean copper producer CMSG, which was backed by BHP, had commissioned a demo plant using Ceibo's proprietary sulphide leaching technology. Cotec owns 3% of Ceibo, sits on the Technical Advisory Board and can propose joint venture arrangements for technology deployment. We are valuing this investment at \$2mm which equates to Cotec's book value for Ceibo.

CoTec also has a 3% equity interest in Binding Solutions Limited (BSL). As outlined in our review of the Lac Jeannine investment opportunity, BSL has developed a proprietary cold agglomeration technology for the production of high quality clean pellets from primary materials, waste dumps and stockpiles. Our \$6.3mm carrying value for BSL equates to CoTec's book value for this investment.

Financial Condition

On July 22, 2025, CoTec completed the final closing of a \$13.5mm private placement. Under the terms of the Offering, 17,339,336 units were sold at a price of \$0.78 per unit. Each unit consisted of one common share and one common share purchase warrant exercisable at a price of \$1.20 per share for a period of 18 months. On August 11, 2025, the Company announced that a \$4,851,387 convertible loan had been repaid through the issuance of 6,468,515 common shares at a price of \$0.75 per share. The loan was held by Kings Chapel which is an entity associated with Julian Treger. Subsequent to the completion of these two transactions, we estimate that CoTec has a cash balance of approximately \$10mm and no debt. The Company has also put in-place convertible loan agreements for \$6.6mm of debt which currently remain undrawn. We believe Cotec has sufficient liquidity to ensure Lac Jeannine and Maglron each complete their DFS and HyProMag USA secures definitive financing for its initial production facility.

Valuation

As outlined in Exhibit 9, we estimate CoTec's fully diluted Net Asset Value to be \$3.00/sh – which relative to the current stock price of \$1.06 suggests a total potential return of 183%. We expect the stock price will accrete towards our NAV estimate as the Company continues to advance its projects. In the case of HyProMag USA, we expect project financing for the first facility could be in-place by year-end 2025. While the majority of the cap-x could be debt financed, additional capital if needed, could also be obtained by preselling off-take or by retaining a partner. The need for additional equity would likely be eliminated in the event the Company were to receive grant funding from the US government – which we believe is a possibility. Note that our HyProMag USA DCF incorporates a 7% discount rate. Although this is a lower discount rate than what we would typically use given the Company's evolution, as outlined in Exhibit 7, there are a number of different drivers that can significantly increase our base case valuation. This, along with the values currently being ascribed to comparable companies, provides us with comfort that our HyProMag USA valuation is fair and representative.

We have also used a 7% discount rate to value the Lac Jeannine project. As is the case with HyProMag USA, there are a number of factors that could increase our base case valuation here as well. The ability to significantly increase the Project life by drilling off the remaining tailings, we believe is a likely outcome. In addition, deploying either the BSL technology and/or the Salter technology could also create incremental value. The cap-x requirements are relatively modest at US\$65mm. Finally, given that the Project has the potential to eliminate an environmental liability that currently resides with the Quebec government, Lac Jeannine might qualify for provincial funding.

As previously stated, relative to our carrying values, we believe there is significant upside potential in both HyProMag USA and Lac Jeannine. For this reason, our CoTec NAV is also our target price. As such, we are initiating research coverage on CoTec Holdings with a BUY rating.

Exhibit 9 – CoTec Net Asset Value

Asset	Ownership	Value (\$C mm)	Description
HyProMag USA	50.0%	\$177	Base Case - DCF Value
Lac Jeannine	100.0%	\$77	Base Case - DCF Value
Mag Iron	16.6%	\$23	Last external financing completed at US\$200mm valuation
Maginito Limited	20.6%	\$48	Maginito book value plus pro rata DCF value in HyProMag USA
Other Assets	3.0%	\$8	Book value of Ceibo and BSL
Less: Net Cash		<u>-\$10</u>	ECM Estimate
Net Asset Value		\$342	
NAVPS (Basic)		\$3.49	
NAVPS (F.D.)		\$3.00	
Shares O/S (Basic)		98,073,209	
Shares O/S (F.D.)		122,539,164	

Source: ECM Capital Advisors Estimates

Risks:

Financing Risk: HyProMag USA, Lac Jeannine and MagIron will need to secure financing in order to reach their commercial potential. We believe the project economics along with the potential for government financing bode well for the outlook, but the inability to secure financing could negatively impact the Project values.

Political Risk: HyProMag USA and MagIron stand to benefit from the Trump Administration's current focus on reducing its dependence on foreign suppliers. In the event this focus were to change, it could impact the valuation and outlook for these projects.

Execution Risk: CoTec is currently advancing three development projects. We have assumed that these initiatives enter into commercial production consistent with the budget and timeline put forward by management. In the event this does not happen, it could negatively impact our CoTec valuation.

Exhibit A – HyProMag USA DCF Valuation

Hy ProMag USA		1	2	3	4	5	6+
Discounted Cash Flow Model							
USD							
	2026	2027	2028	2029	2030	2031	2032
Average payable production (tonnes)		750	1,041	1,041	1,041	1,041	1,041
W.A. price per kg		\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00
AISC per kg		\$20.00	\$19.63	\$19.63	\$19.63	\$19.63	\$19.63
EBITDA		26,250,000	36,820,170	36,820,170	36,820,170	36,820,170	36,820,170
Depreciation		2,000,000	3,135,000	3,135,000	3,135,000	3,135,000	3,135,000
EBIT		24,250,000	33,685,170	33,685,170	33,685,170	33,685,170	33,685,170
EBIT * (1-T)		19,157,500	26,611,284	26,611,284	26,611,284	26,611,284	26,611,284
Add: Depreciation		2,000,000	3,135,000	3,135,000	3,135,000	3,135,000	3,135,000
Less: Cap-x	125,000,000	210,000	210,000	210,000	210,000	210,000	210,000
Changes in WC	0	4,125,000	1,600,500	0	0	0	0
ATCF	125,000,000	16,822,500	27,935,784	29,536,284	29,536,284	29,536,284	29,536,284
Discount rate @	7.00%	1.00	1.07	1.14	1.23	1.31	1.40
Discounted ATCF	125,000,000	15,721,963	24,400,196	24,110,406	22,533,090	21,058,962	19,681,273
Net Asset Value	255,489,162						
Project IRR	21.62%						

Source: ECM Estimates

Exhibit B – Lac Jeannine DCF Valuation

Lac Jeannine Iron Ore Project DCF Analysis USD			1	2	3	4	5	6
	2026	2027	2028	2029	2030	2031	2032	2033
Tonnes mined (000)			6,493	7,340	7,491	7,062	7,080	7,046
Tonnes processed (000)			6,159	7,018	7,033	7,026	7,021	7,034
Recovery			51.6%	51.6%	51.6%	51.6%	51.6%	51.6%
Concentrate sold (66.8% Fe)			388,000	413,000	398,000	383,000	374,000	363,000
EBIT	-500,000	-800,000	21,515,080	22,074,790	20,159,140	18,806,410	17,748,400	16,470,130
EBIT * (1-t)	-328,500.00	-525,600.00	14,135,408	14,503,137	13,244,555	12,355,811	11,660,699	10,820,875
Add: Depreciation Amortization	0	0	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
Less: Cap-x	-3,000,000	-60,000,000	-2,000,000	-300,000	-300,000	-300,000	-300,000	-300,000
Changes in working capital	0	0	-4,803,440	-309,500	185,700	185,700	111,420	136,180
ATCF	-3,328,500	-60,525,600	13,831,968	20,393,637	19,630,255	18,741,511	17,972,119	17,157,055
Discount rate	7.0%							
	1.00	1.07	1.14	1.23	1.31	1.40	1.50	1.61
Discounted ATCF	-3,328,500	-56,565,981	12,081,376	16,647,283	14,975,828	13,362,439	11,975,582	10,684,552
Net Asset Value	55,196,986.99							
Project IRR	23.8%							

Source: ECM Estimates