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CoTec Holdings Corp.

Sector: Critical Minerals

Corporate Update
December 2025

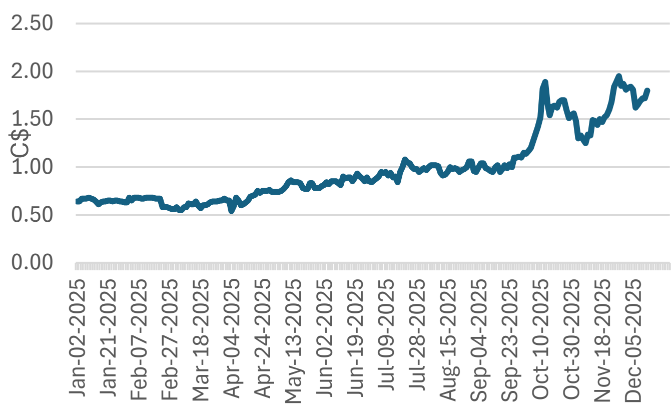
CTH–TSX.V, CTHCF-OTCQB

Market Data

Rating	BUY
Target Price	$4.50
Closing price, C$/share	$1.80
52-Week Range, C$/share	$2.71/$0.53
Avg. 3M Dly Vlm (mm)	0.01
Shares O/S (Basic)	98.1
Shares O/S (F.D.)	124.8
Market Cap, C$M	$176.6
Enterprise Value, C$M	$170.8
Cash, C$M	$5.8
Debt, C$M	$0.0

Data as of December 15, 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

- We are increasing our CoTec Holdings Corp. (CTH-TSX.V) target price to $4.50/sh from $3.00/sh previously and maintaining our BUY rating.
- The increase in our target price is driven by two factors. First, CoTec recently provided a positive update on HyProMag USA's first rare earth magnet recycling facility in Dallas – Fort Worth. Subsequent to debottlenecking the magnet lines and on-going detailed engineering – which is now 30% complete, the facility will be capable of producing 1,552 metric tonnes of NdFeB products annually over a 40-year life. This is an approximate 50% increase from the 1,041 metric tonnes of annual production capacity we were previously modelling. Management has also stated that it is exploring a potential US listing for HyProMag USA for late 2026/early 2027.
- Second, we believe that additional near-term milestones could be announced, which are not reflected in our NAV. Specifically, we expect that assay results from the second phase of drilling at Lac Jeannine will be available in Q1/26 and that the potential exists for the mine life to double from the 10-years we are currently modelling. MagIron is expected to release its 43-101 report in Q1/26, which will provide updated project economics and allow it to raise the capital needed for the project to re-start production. Finally, we believe the potential also exists for HyProMag USA to announce additional US magnet recycling facilities.
- We have increased our CoTec NAV to $3.90/sh from $3.00/sh previously. Our $4.50/sh target price is derived by applying a 15% premium to our NAV which reflects the various near-term catalyst that exist, but are not reflected in our NAV. As our target presents a 250% potential rate of return, we continue to rate CoTec as a BUY.

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CoTec provides positive HyProMag USA update

On December 15th, CTH management provided a positive update on the Dallas – Fort Worth NdFeB magnet recycling facility being undertaken by HyProMag USA. As a consequence of on-going engineering, which is now 30% complete and debottlenecking of the magnet lines, annual production capacity has increased approximately 50% to 1,552 metric tonnes of NdFeB products versus 1,041 metric tonnes previously. In addition, the weighted average price of magnet products has increased to about US$57.00/kg from US$55.00/kg previously. As outlined in Exhibit 1 below, this has been partially offset by an increase in both operating costs and cap-x. Subsequent to incorporating the updated metrics into our HyProMag USA DCF, using a 7% discount rate, our project NAV has increased to US$400mm from US$255mm previously, while the IRR is now 25.7% versus 21.6% previously. Note that our valuation incorporates current market prices for magnets and associated co-products. Management believes that using forecast market prices would result in a significantly higher valuation.

Exhibit 1 – HyProMag USA Updated Metrics

	New	Old
Capacity - Total (tonnes)	1,552	750
NdFeB magnet production (tonnes)	941	291
NdFeB co-products (tonnes)	611	1,041
Weighted Average Price (US$ kg/NdFeB)	$56.80	$55.00
AISC (US$kg/NdFeB)	$22.30	$19.60
Annual EBITDA (US$mm)	$53.50	$36.80
Cap-x (US$mm)	$142.0	$125.0
Project NPV - 100% (US$mm)	$400.0	$255.0
Project IRR	25.7%	21.6%

Source: ECM Capital Advisors estimates, Company reports

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As previously mentioned, detailed engineering for the Dallas facility is now approximately 30% complete. The first plant is expected to create 90-100 skilled magnet manufacturing jobs. A lease facility for the plant has also been finalized. The initial facility will be located in Denton County, Texas, close to critical infrastructure including the BNSF intermodal rail link and the Alliance airport.

Management expects that a Notice to Proceed for the facility will be issued in Q1/26. This suggest that sufficient off-take agreements, feedstock supply agreements, and financing arrangements will all be in-place shortly. With respect to financing, we believe management is investigating a number of alternatives for the initial facility and would remind investors that HyProMag USA has been invited by the US Export-Import Bank (EXIM) to apply for up to US$92mm of debt financing. Discussions are also on-going with two commercial banks for potential project financing as are discussions with several US federal and state government bodies to provide financing and other incentive opportunities.

It is therefore perhaps not surprising that as part of yesterday's project update, CoTec stated that along with its partner Mkango Resources Ltd. (AIM/TSX-V: MKA), it has started evaluating a potential U.S. listing for HyProMag USA. The listing would be subject to successful Project execution and securing the necessary regulatory approvals. The timing of a U.S. listing would likely be towards late 2026 or early 2027. We believe this approach makes sense. Not only will investors likely find HyProMag USA's ability to provide a near term source of non-Chinese rare earth magnets attractive, it's likely that HyProMag USA will look to establish multiple processing facilities across the U.S.. This will ensure the entity has sufficient critical mass from an economic and market perspective.

HyProMag USA is 50% owned by each of CoTec and Maginito Limited. By virtue of its 20.6% ownership in Maginito, CoTec effectively owns 60.3% of HyProMag USA. Mkango Resources owns the balance of Maginito Limited.

Additional Near-Term Announcements
Further to the HyProMag USA update provided by CoTec management, we believe the potential remains for positive near-term updates relating to some of CoTec's other investment initiatives. We expect the assay results relating to the second phase of drilling at Lac Jeannine will be available in Q1/26 and that this could double the mine life from the 10-years that we are currently modelling. Recall that Lac Jeannine is an iron ore tailings project located in northeast Quebec. A Preliminary Economic Assessment (PEA) for the production of iron ore concentrate was completed in August 2024. The study, which incorporated half of the tailings, 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. We currently value CoTec's 100% ownership in Lac Jeannine at $77mm.

We also anticipate that MagIron LLC (MagIron), in which CoTec has a 16.5% ownership interest, will release a 43-101 report and Definitive Feasibility Study (DFS) for its iron ore concentrate facility located in the Mesabi Iron Range in northern Minnesota. In addition to providing an updated resource estimate, these documents should also provide updated project economics which could allow MagIron to raise the remaining capital required to restart commercial production. We currently value CoTec's 16.5% investment in MagIron at $23mm – which is derived by applying a 50% discount to the US$200mm valuation ascribed to the Project in the last external financing.

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Updated CoTec NAV and target price

Our updated CoTec Net Asset Value is outlined in Exhibit 2. We estimate the CoTec NAV to be $3.90/sh – which is an increase from our prior estimate of $3.00/sh. This increase is primarily driven by our revised HyProMag USA valuation. Note that at the end of Q3/25 CoTec had approximately $6mm in cash. The Company also has access to a $6.6mm undrawn debt facility. In addition, there are roughly 17mm in-the-money warrants with a $1.20 exercise price, which when exercised, would generate an additional $20mm of cash.

Asset	Ownership	Value ($C mm)	Description
HyProMag USA	50.0%	$277	Base Case - DCF Value of one facility
Lac Jeannine	100.0%	$77	Base Case - DCF Value
Mag Iron	16.5%	$23	Last external financing completed at US$200mm valuation
Maginito Limited	20.6%	$69	Maginto book value plus pro rata DCF value in HyProMag USA
Other Assets	3.0%	$8	Book value of Ceibo and BSL
Less: Net Cash		-$6	Q3/25 Actual
Net Asset Value		$459	
NAVPS (Basic)		$4.68	
NAVPS (F.D.)		$3.90	
Shares O/S (Basic)		98,073,213	
Shares O/S (F.D.)		124,852,966	

Source: ECM Capital Advisors estimates

Our revised CoTec target price of $4.50/sh ($3.00/sh previously) is derived by applying a 15% premium to our $3.90/sh NAV. We are applying a 15% premium to reflect the various near-term catalysts which exist, but are not reflected in our NAV. Specifically, these include: the potential for HyProMag USA to announce the roll-out of multiple magnet recycling facilities, the potential to double the mine life at Lac Jeannine and the resulting valuation increase at MagIron provided by the completion of a 43-101 report and raising the capital needed to restart production.

As our target price represents a total potential 250% return, we continue to rate CTH as a BUY.