COTEC HOLDINGS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED – June 30, 2024

INTRODUCTION

This Management Discussion and Analysis ("MD&A") of CoTec Holdings Corp (the "Company" or "CoTec") has been prepared by management as of August 7, 2024. Information herein is provided as of August 7, 2024, unless otherwise noted. The following discussion of performance, financial condition and outlook should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023 ("Financial Statements") and the notes thereto, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2024 and 2023 ("Interim Financial Statements") and notes thereto prepared in accordance with IFRS applicable to interim financial reporting. These statements are filed with the relevant regulatory authorities in Canada. All amounts herein are expressed in thousands of Canadian dollars, unless otherwise indicated.

Additional information relevant to the Company's activities, including the Company's Annual Information Form dated July 20, 2022 ("Annual Information Form") can be found on SEDAR+ at www.sedarplus.com.

The information contained herein is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is a "Venture Issuer" as defined in NI 51-102. For more information on the Company, investors should review the Company's continuous disclosure filings that are available under the Company's profile at www.sedarplus.com.

Readers are cautioned that this MD&A contains forward-looking statements. All information, other than historical facts included herein, including, without limitation potential value of investments, availability of funding, results and future plans and objectives of CoTec is forward-looking information that involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate and future events and actual results could differ materially from those anticipated in the forward-looking information. Please refer to the Annual Information Form for further details regarding various risks and uncertainties facing the Company.

The Independent Qualified Person as defined by NI 43-101 for the Lac Jeannine Mineral Resource, Mr. Christian Beaulieu, P.Geo., is a member of l'Ordre des géologues du Québec (#1072). The Qualified Person has reviewed and approved the scientific and technical content of this MD&A relating to the Lac Jeannine Mineral Resource.

BUSINESS OVERVIEW

CoTec is a publicly traded company listed on the Toronto Venture Stock Exchange ("TSX-V") and the OTCQB and trades under the symbol CTH and CTHCF respectively. The Company is an environment, social, and governance ("ESG")-focused company investing in innovative technologies that have the potential to fundamentally change the way metals and minerals can be extracted and processed for the purpose of applying those technologies to undervalued operating assets and recycling opportunities, as the Company transitions into a mid-tier mineral resource producer.

CoTec is committed to supporting the transition to a lower carbon future for the extraction industry, a sector on the cusp of a green revolution as it embraces technology and innovation. The Company has invested in four companies to date and is conducting economic assessment and feasibility studies on two operational projects where current technology investments could be deployed.

HIGHLIGHTS, RECENT DEVELOPMENTS AND OUTLOOK

Highlights for the Quarter

Operational

- Comprehensive income for the three and six months ended June 30, 2024, of $1,454 and $1,418 respectively
- Initial Mineral Resource Estimate and positive Preliminary Economic Assessment for the Lac Jeannine Iron Tailings Project ("PEA") completed on time and within budget. Initial Inferred Mineral Resource of approximately 73 million tonnes (Mt) at 6.7% total Fe for 4.9 Mt of contained total Fe. Pre-tax $NPV_{7\%}$ of US$93.6M, and IRR of 38%, and after tax $NPV_{7\%}$ of US$59.5M, and IRR of 30% excluding potential benefit of adjacent tailings
- Good progress with the HyProMag USA LLC bankable feasibility study ("Feasibility Study"). Remains on schedule for release prior to end of 2024 fiscal year
- MagIron (equity investment) has signed long-term mineral leases that provide further operational and economic support for the restart of MagIron's Plant 4 iron ore concentrator. When combined with iron-bearing stockpiles already owned by MagIron, the aggregate iron-bearing materials secured could be sufficient to support Plant 4 for more than 20 years of operation, targeting annual production of 2.5 million dry tonnes per annum of Direct Reduction ("DR") grade iron concentrate

Corporate

- Appointed Ms. Linda Lourie to the Board of Directors for HyProMag USA LLC effective June 24, 2024
- Joined the Rare Earth Industry Association ("REIA") to work with REIA and other stakeholders to support the roll out of the HyProMag technology
- Raised gross proceeds of $2.6 million through a non-brokered private placement

Recent Developments and Outlook

Comprehensive income and Commentary

CoTec got off to a strong start in 2024 reporting comprehensive income for the three and six months ended June 30, 2024, of $1,454 and $1,418 respectively. The Company is not yet producing any cash flow, so comprehensive income is mainly driven by revaluation of investments, off-set by operating expenses.

With our focus shifting more towards operational application of our technologies our activities for the quarter and year to date have mainly centered around preparation for the operational roll out of the HyProMag technology in the USA and progressing our Lac Jeannine Project, located in Québec, Canada.

We have engaged engineering companies for both the HyProMag USA and Lac Jeannine projects. HyProMag USA is targeting completion of the Feasibility Study prior to year-end and the study remains on track to meet this target. An Initial Mineral Resource Estimate and positive PEA for the Lac Jeannine Iron Tailings Project was completed on time and on budget during the quarter.

Maginito Limited ("Maginito") and HyProMag USA Investments

HyProMag USA joint venture was formally incorporated at the start of Q1 and its equity is owned on a 50:50 basis between CoTec and Maginito. This provides CoTec with a 50% direct equity interest and a further 10.3% indirect interest through its 20.6% equity interest in Maginito. HyProMag USA will roll out HyProMag's revolutionary patented Hydrogen Processing of Magnet Scrap technology ("HPMS") in the USA which recovers rare earth elements ("REE") from permanent magnets.

During the first quarter of the year, HyProMag USA engaged BBA, Pegasus and Weston Solutions to complete the Feasibility Study prior to year-end. The Feasibility Study is based on three recycling plants and one magnet production facility. At quarter-end, the Feasibility Study was circa 50% complete and on track for delivery prior to 2024 year-end.

Site selection for the three recycling plants and the production facility has commenced. The current focus is on Texas, Fort Worth for the first recycling spoke and magnet production facility (~500 tonnes of NdFeB finished permanent magnets and alloys per annum with an option to expand to 800 tonnes per annum). Final site selection for Texas is expected in Q4, 2024 and baseline permitting for the selected site is expected to commence in Q1, 2025. Completion of permitting is expected within nine months.

Technology, design requirements and operating criteria have been successfully transferred from the UK based pilot plant to the Feasibility Study. The design, lay-out and critical equipment sourcing have been challenged for reliable and cost-effective project implementation and further optimization opportunities have been identified. Additionally, discussions with potential feedstock suppliers and off-takers in the USA have commenced, targeting agreements to secure recycled feedstock and long term off take through strategic partners.

Finally, focused discussions with US federal and state government bodies to support funding and incentive opportunities have commenced. Notice to proceed with execution of the project is targeted for H1, 2025 and first US magnet production is targeted for H2, 2026.

During the fourth quarter of 2023, HyProMag's UK Pilot Plant reported pre-production of recycled magnets at Tyseley Energy Park in Birmingham. Over 3,000 finished rare earth magnets have been produced to-date by HyProMag and the University of Birmingham from recycled HPMS powder produced for project partners and potential customers from the pilot scale equipment. These magnets are currently being tested in a wide range of applications including multiple automotive, aerospace, electronics applications, providing valuable marketing and technical information to further support the scale-up and commercialization of operations. Maginito continues to make steady progress towards its targeted commercial production in the UK of Q1, 2025 whilst production in Germany is targeted for 2026.

Lac Jeannine Project and Binding Solutions Limited ("BSL") Investment

During the quarter, the PEA for the Lac Jeannine Project was completed by an interdisciplinary team of consultants, engineers and scientists co-led by Addison Mining Services Ltd. and Soutex Inc.

The PEA incorporated the 2023 drill-program and metallurgy testing results from Corem, providing an initial Inferred Mineral Resource of approximately 73 million tonnes (Mt) at 6.7% total Fe for 4.9 Mt of contained total Fe. Though the PEA is based on an initial 10-year life of mine, estimates are the life of mine could be extended by as much as a further 10 years with further drilling and resource definition during the feasibility study in the second half of 2024. The 2023 drilling program targeted only a portion of the total available tailings, whereas the 2024 drill-program and feasibility study will be based on all available tailings.

Based on open-pit extraction methods and the production of a gravity concentrate via conventional processing techniques and at a discount rate of 7.0% (based solely on an initial 10-year life of mine), the PEA indicated a pre-tax NPV of US$93.6M, and an IRR of 38%, and an after tax NPV of US$59.5M, and an IRR of 30%.

The PEA is preliminary in nature and is based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. As such, there may be no certainty that the PEA will be realized.

The Company has started the permitting process and is expected to commence the 2024 drilling program during the second half of this year to both improve on the results of the initial drilling and to extend the Inferred Mineral Resources to the remaining untested tailings. The drilling of the remaining tailings could provide significant increases in both the life of mine and expected financial returns.

Testing samples from the Lac Jeannine property with BSL's low carbon cold bonding pelletizing technology is ongoing. If successful, this could provide further potential upside to the Lac Jeannine project.

Finally, the Company has commenced a process to engage and meet with the numerous potential stakeholders of the Lac Jeannine property, including the Government of Québec, to pave the way for the eventual execution of the project.

BSL has commissioned its pilot plant in Teesside, UK. The pilot plant can operate continuously and will test BSL's cold bonding technology on project samples from some of the world's largest mining companies. During the quarter, BSL continued to advance its feasibility study and design of a demonstration plant capable of producing approximately 50 tonnes per hour of cold-bonded iron ore pellets. The location of the demonstration plant is targeted for H2, 2024.

MagIron LLC ("MagIron") Investment

As at December 31, 2023, CoTec had a 16.6% undiluted equity interest in MagIron LLC (“MagIron”). MagIron is a U.S. based private company that acquired an iron ore project that it intends to refurbish and bring back into production.

During 2024, through a series of continuous investments amounting to USD437,800, or $598, as well as shares issued for board advisory fees which amounted to US105,000, or $143, CoTec maintained its undiluted equity ownership of 16.6% in MagIron, as at June 30, 2024.

The most recent share issue price of USD5.21 per MagIron common share indicated an increase in the Company’s valuation of its initial investment. Management also considered the uncertainties around the project milestones, and has incorporated an overall success factor of 50% to the calculated valuation gain, to account for both execution and financial risk of the project, given its early stage. Changes in fair value of the investment as well as any related changes in foreign exchange have been recorded through the statement of income as FVTPL in the amount of $2,648 for the six months ended June 30, 2024 and $2,105 for the three months ended June 30, 2024.

The increase in the share issue price was driven by the enterprise valuation determined by MagIron management based on several factors. Operationally MagIron continued to make progress on permitting and expansion of its lease holdings to increase its potential feedstock holdings as it advances on its strategy to restart Plant 4.

MagIron has signed long-term mineral leases that provide further operational and economic support for the restart of MagIron’s Plant 4 iron ore concentrator. Ore characterization work of these new mineral leases will further support the ongoing feasibility studies and larger scale testing. When combined with the iron-bearing stockpiles already owned by MagIron, the aggregate iron-bearing materials secured could be sufficient to support Plant 4 for more than 20 years of operation, targeting annual production of 2.5 million dry tonnes per annum of Direct Reduction (“DR”) grade iron concentrate.

MagIron also continues to evaluate alternative value accretive strategies such as a potential acquisition of a pelletizing facility which may be of strategic interest to unlock the value of Plant 4.

Ceibo Inc. Investment (“Ceibo”)

Ceibo is targeting the scaling of its technology through continued small- and large-scale column testing and the building of a demonstration plant. If successful, Ceibo’s technology will represent a leading, low-carbon, high recovery primary and waste copper sulphide heap leaching process. In line with the Company’s business model, CoTec provides ongoing support to Ceibo through its representation on the Ceibo Technical Advisory Board and is working on the identification of potential operational application opportunities for the Ceibo technology. Opportunities identified by CoTec, if pursued by Ceibo, will be done in cooperation with CoTec as joint partner/investor.

Fundraising

On April 17, 2024, the Company announced a non-brokered private placement of up to 6,000,000 units (each, a "Unit") at a price of $0.50 per Unit for gross proceeds of up to $3,000,000 (the "Private Placement"). Each Unit consists of one common share in the capital of the Company (each a "Common Share") and one

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Common Share purchase warrant (each a "Warrant"). Each Warrant will entitle the holder to purchase one Common Share at an exercise price of $1.05 for a period of 12 months following the issuance of the Units.

On May 15, 2024, the Company announced the second and final closing of the Private Placement following the subscription for an aggregate 5,146,025 Units for gross proceeds of $2,573. Kings Chapel subscribed for 4 million of these Units.

The Corporation is using the gross proceeds of the Private Placement to fund pending investment commitments and for working capital purposes.

Business Development

The Company continues to assess and evaluate new technologies and complementary technologies to our existing investments. Attractive opportunities that meet the Company's investment criteria are progressed to the Investment Committee. The Investment Committee meets monthly and reviews all proposals on investments and capital decisions and recommends matters for approval to the Board, where appropriate.

Corporate

During the Quarter the Company appointed Ms. Linda Lourie to the Board of Directors for HyProMag USA LLC.

Looking forward, the Company will focus on the completion of the Feasibility Study during H2, 2024 and will commence the 2024 drilling program to form the basis of the Lac Jeannine Feasibility Study (together the "Studies"). The Company will also progress its discussions and negotiations with all the stakeholders, including federal governments, involved in both HyProMag USA and Lac Jeannine to lay the foundation for a successful roll-out of these two operational opportunities, subject to a positive outcome of the Studies.

The Company is also assessing a shortlist of further technology investments with a target of investing in one to two more technologies prior to year-end. Furthermore, the Company continues to assess asset opportunities for its technology investments within the copper and green iron product groups.

RESULTS OF OPERATIONS

For the six months ended June 30 ***($'000 unless otherwise stated)***	**2024**	**2023**
Gains/(losses) from investments		
Gain on equity investments	3,488	11,693
Share of loss of associates and joint ventures accounted for using the equity method	(200)	-
Gain on convertible notes receivable	-	136
Expenses		
Professional consulting fees	(331)	(350)
General and administrative expenses	(1,321)	(1,210)
Stock-based compensation	(54)	(499)
Operating income (loss)	**1,582**	**9,770**

Net finance expense	(165)	84
Comprehensive income for the period	**1,418**	**9,584**

During the quarter the Company recorded a fair value gain on equity securities of $3.488 million. The fair value gain is mostly driven by a MagIron gain of $2.648 million, and $0.841 million in equity securities is a result of FX gains and losses recorded through FVTPL.

Professional consulting fees decreased compared to the prior period by $19, and include legal fees incurred during the period, due diligence fees as well as fees related to interim reviews by the Company's auditors.

General and administrative expenses include salary costs for five employees of the Company, website and marketing development fees. The $111 increase in general and administrative charges during 2024 was mainly driven by an increase in operating activities and salary increases, offset by Director Fees received from MagIron which were paid in shares.

Stock-based compensation expense decreased year-over-year due to a reduction in the charge for equity incentive units ("EIU") granted to the CEO and Board Chairman as a result of a decrease in the Company's stock price, partially offset by an increased number of stock options in issue. For further details, see *Transactions with Related Parties* below.

No cash dividends have been declared or paid since the date of incorporation and the Company has no present intention of paying dividends on its common shares.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for each of the eight most recently completed quarters are as follows:

$000's except per share	2024	2023				2022	
Amounts	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Income (loss) and comprehensive loss for the period	1,454	(39)	(3,340)	3,249	10,376	(521)	(282)	(113)
Net income (loss) per common share								
Basic	$0.02	($0.00)	($0.06)	$0.06	$0.19	($0.01)	($0.01)	($0.00)
Diluted	$0.02	($0.00)	($0.06)	$0.06	$0.19	($0.01)	($0.00)	($0.00)

In Q2 2024, the Company recognized a gain on its investments of $2,397 primarily due to a change in the value of MagIron and FX movements in the USD to CAD. Costs during the period were primarily driven by general and administrative expenses of $644, legal fees of $71, stock-based compensation of $81, accounting review and audit fees of $167, interest expense and foreign exchange losses for loans outstanding of $59 and $15 respectively, and the Company's share of loss from investment associate of $73. Costs were offset by $6 in interest earned on the IZ loan.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company has experienced recurring operating losses and has an accumulated deficit of $88,612 as at June 30, 2024 (December 31, 2023: ($90,030)). For the six months ended June 30, 2024, the Company used cash in operating activities totalling $1,134 (June 30, 2023: ($1,967)). The Company had cash and cash equivalents of $1,098 (December 31, 2023: $1,282) and a working capital deficit of $233 as at June 30, 2024 (December 31, 2023: $278). Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year.

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

The Company's continued operation is dependent upon its ability to raise additional funding. Although the directors believe that the Company should be able to secure future fundraising as required, there are no assurances that the Company will be successful in achieving this goal. As a result, there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, which assumes the Company will realize on its assets and discharge its liabilities in the normal course of operations, 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.

As at June 30, 2024 the Company had investments with a total carrying value of $28,310, current assets of $1,516, offset by current liabilities of $1,749 and non-current liabilities of $3,301.

TRANSACTION WITH RELATED PARTIES

Compensation of Key Management

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company has identified the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Board Chairman ("CEO,COO, and CFO") as its key management personnel. The remuneration of key management is determined by the compensation committee of the Board of Directors. The consulting fees and other compensation of key management personnel were as follows for the six and three months ended June 30, 2024, and June 30, 2023:

	June. 30, 2024 $(3 months)	**June. 30, 2023 $(3 months)**	**June. 30, 2024 $(6 months)**	**June 30, 2023 $(6 months)**
Short-term salaries and benefits	(365)	(348)	(724)	(695)
Share-based compensation expense	127	(90)	(8)	(208)
Total	**(238)**	**(438)**	**(732)**	**(903)**

Short-term salaries and benefits include salaries for the CEO, COO and CFO.

Other Related Party Transactions

As at June 30, 2024, a total of $2 was payable to a Director and an Officer for expenses paid on behalf of the Company which is included in trade and other payables. $1,049 was accrued for salaries for both the CEO and CFO which is included in accrued liabilities which remain to be paid.

The Company has entered into a series of loans with Kings Chapel International Limited ("Kings Chapel") to facilitate timely investments and general working capital purposes. Kings Chapel is owned by an irrevocable discretionary trust associated with Julian Treger, the Corporation's Chief Executive Officer and a director of the Company. As of June 30, 2024, USD1,918,407, or $2,626 of principal and accrued interest remains outstanding.

Insiders of the Company participated in the April Private Placement in the amount of 4,050,000 Units for gross proceeds of $2,025, out of the 4,141,025 total Units issued upon the second and final closing. Kings Chapel participated in the amount of 4,000,000 Units, and a Director participated in the amount of 50,000 Units.

Pursuant to the compensation agreements with the CEO, the Company has awarded to the CEO additional EIUs equal to 7% of the common shares issued or issuable pursuant to financing transactions on each closing date of such transactions from August 11, 2021 until April 30, 2023 (“April 2023 Compensation Agreement”), as well as for financing transactions on each closing date of such transactions from November 27, 2023 until December 31, 2025 (“December 2025 Compensation Agreement”). Each EIU is equivalent in value to one common share of the Company, and will vest on the earlier of i) September 30, 2024 for the April 2023 Compensation Agreement and December 31, 2026 for the December 2025 Compensation Agreement provided that the 30-day volume weighted average trading price (“VWAP”) of the common shares as of the respective vesting dates on the principal stock exchange on which they are then traded is at least $0.50 per share for the April 2023 Compensation Agreement, and $1.10 per share for the December 2025 Compensation Agreement (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 becomes 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. Given the current cash position of the Company, it is more likely at this stage that these EIUs will be settled with common shares and as such have been recorded as Equity-settled Share-Based Compensation.

The Company has also awarded to the CEO additional stock options equal to 5% of the common shares issued pursuant to financing transactions on each closing date of such transactions from August 11, 2021, until April 30, 2023, as well as for November 27, 2023 to June 30, 2024 and will continue to issue stock options to the CEO equal to 5% of the common shares issuable pursuant to future financing transactions until December 31, 2025.

As at June 30, 2024, the fair value of the EIUs were calculated using Monte Carlo simulation using an expected volatility of approximately 66% based on historical 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 $0.50 per share as of the Vesting Date for the April 2023 Compensation Agreement, the estimate liability for these EIUs would be $2,463. At $0.55 per share, the estimated liability would be $2,709; at $0.60 per share, the estimated liability would be $2,955, and at $0.65 per share the estimated liability would be $3,201.

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Should the common shares trade at $1.10 per share as of the Vesting Date for the December 2025 Compensation Agreement, the estimate liability for these EIUs would be $696. At $1.15 per share, the estimated liability would be $728; at $1.20 per share, the estimated liability would be $760, and at $1.25 per share the estimated liability would be $791.

EIU's granted to the CEO and Board Chairman pursuant to the above-noted arrangement as of June 30, 2024 are presented below:

EIUs Granted during six months ended June 30 2024					
Date of Grant	**Vesting Date**	**Owner**	**Number Awarded #**	**Grant Value $**	**Value as at June 30, 2024 $**
February 15, 2024	December 31, 2026	CEO	91,000	25	26
April 25, 2024	December 31, 2026	CEO	289,872	88	82
May 15, 2024	December 31, 2026	CEO	70,350	21	20
			451,222	**$134**	**$128**

Balance of EIUs as of June 30, 2024			
Owner	**Number Awarded #**	**Grant Value $**	**Value as at June 30, 2024 $**
CEO	5,358,826	981	1,085
Chairman	199,335	64	37
	5,558,161	**1,045**	**1,122**

Stock Options granted to the CEO and Board Chairman pursuant to the above-noted arrangement as of June 30, 2024 are presented below:

Stock Options Granted during six months ended June 30 2024						
Date of Grant	**Expiry Date**	**Owner**	**Number Awarded #**	**Grant Value $**	**Exercise Price $**	**Term Years**
January 25, 2024	January 25, 2034	CEO	279,954	0.56	0.75	10
February 15, 2024	February 15, 2034	CEO	65,000	0.57	0.75	10
April 25, 2024	April 25, 2034	CEO	207,051	0.58	0.75	10
May 15, 2024	May 15, 2034	CEO	50,250	0.56	0.75	10
			602,255			

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

Balance of Stock Options as of June 30, 2024	
Owner	**Number Awarded #**
CEO	3,333,626
Chairman	430,611
	3,764,237

SUBSEQUENT EVENTS

Private Placement

On July 11, 2024, the Company completed the closing of a non-brokered private placement of up to 5,500,000 Units ("July Private Placement") and issued a total of 5,500,000 common shares to Kings Chapel (see related party note) at a price of C$0.50 per common share for gross proceeds of $2,750.

Stock Options

On July 15, 2024, the Company granted a total of 532,301 stock options to an officer and director of the Company and a further aggregate 350,000 stock options (together the "Options") to officers of the Company.

The Options have an effective grant date of July 15, 2024, vest over a three (3) year term, are valid for a ten-year period and 682,301 are exercisable at $0.50 per share, being the higher of the closing share price on the day preceding the award and the price of the latest fundraise and the remaining 200,000 are exercisable at $0.75. The Options have been granted under and are governed by the terms of the Company's Omnibus Equity Incentive Plan and are subject to the policies of the TSX Venture Exchange.

Kings Chapel Loan Repayment

On July 18, 2024, the Company repaid $500 of the outstanding loans to Kings Chapel.

Torrey Hills

On August 1, 2024, the Company engaged San Diego Torrey Hills Capital, Inc. ("Torrey Hills"), a Rancho Santa Fe, California based investor relations firm, to provide market awareness and investor relations services to the Company, subject to acceptance by the TSX Venture Exchange ("TSX-V").

Torrey Hills has been engaged at a rate of US$5,000 per month for an initial term of six months. After the initial term, the agreement will be automatically extended, subject to a 30-day termination notice by either party. The Corporation has also agreed to a one-time grant of 150,000 incentive stock options (the "Options") exercisable at a price of C$0.50 per share for a period of three years. The Options will be subject to the terms of the Company's stock option plan and will vest in accordance with the provisions therein and the policies of the TSX Venture Exchange.

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CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

In preparing the interim condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied to the annual audited consolidated financial statements for the year ended December 31, 2023.

ACCOUNTING POLICIES

The accounting policies, estimates and judgements, methods of computation and presentation followed in these Interim Financial Statements are the same as those applied in the Company's annual financial statements for the year ended December 31, 2023, and period ended March 31, 2024. Accordingly, these Interim Financial Statements should be read in conjunction with the Company's most recent annual and quarterly financial statements.

BALANCE SHEET ARRANGEMENTS

At June 30, 2024, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

CONFLICTS OF INTEREST

Kings Chapel International Limited, a company associated with Julian Treger (CEO and Director), is a shareholder in both BSL and MagIron. As a result, Mr. Treger has recused himself from the decisions made in relation to the Company's investments in BSL and MagIron and the Kings Chapel Loans. Messrs Treger and Genovese both participated in the Ceibo series B financing and as result, recused themselves from the Company's investment decision in this matter.

To the best of the Company's knowledge, there are no known existing or potential material conflicts of interest among the Company and its Directors, Officers or other members of management as a result of their outside business interests except as disclosed above and that certain of the Company's directors and officers serve as directors, officers or advisors of other companies, and therefore it is possible that a conflict may arise between their duties to CoTec and their duties as a director, officer or advisor of such other companies.

OUTSTANDING SHARE DATA AS AT AUGUST 7, 2024

a) Authorized and issued Share Capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	71,547,530

(Expressed in Thousands of Canadian Dollars Unless Otherwise Stated)

b) *Summary of Options Outstanding:*

Date of Issue	Expiry Date	Exercise Price	Number of Options
September 24, 2021	September 24, 2031	$0.30	1,152,916
October 8, 2021	October 8, 2031	$0.45	288,229
April 19, 2022	April 19, 2032	$0.55	711,912
September 7, 2022	September 7, 2032	$0.46	202,020
April 25, 2023	April 25, 2033	$0.50	1,631,905
January 25, 2024	January 25, 2034	$0.75	279,954
February 15, 2024	February 15, 2034	$0.75	65,000
February 20, 2024	February 20, 2034	$0.75	730,000
April 25, 2024	April 25, 2034	$0.75	207,051
May 15, 2024	May 15, 2034	$0.75	50,250

c) *Summary of Warrants Outstanding:*

Date of Issue	Expiry Date	Exercise Price	Number of Warrants
April 14, 2022	April 14, 2025	$0.55	250,020
December 1, 2023	December 1, 2024	$1.25	1,991,800
December 19, 2023	December 19, 2024	$1.25	607,276
April 25, 2024	April 25, 2025	$1.05	4,141,024
May 15, 2024	May 15, 2025	$1.05	1,005,000

INTERNAL CONTROL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

Controls and Procedures

The Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim financial statements and have filed the audited annual consolidated financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate for non-venture issuers under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX-V listed companies are not required to provide representations in the interim and annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

OTHER INFORMATION

Additional information with respect to the Company is also available on the Company's website at www.cotec.ca and also on SEDAR+ at www.sedarplus.com.