

# Mid-Project Update for HyProMag USA Feasibility Study

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LONDON, July 15, 2024 - [CoTec Holdings Corp.](#) (TSXV:CTH)(OTCQB:CTHCF) ("CoTec") and [Mkango Resources Ltd.](#) (MKA) ("Mkango") are pleased to announce the findings of the mid-project review for the bankable feasibility study ("Feasibility Study") for HyProMag USA, LLC, a Delaware corporation ("HyProMag USA"). Canada-based BBA USA Inc. ("BBA") and U.S.-based PegasusTSI Inc. ("PegasusTSI") have been engaged to complete the HyProMag USA bankable Feasibility Study to engineer and design its REE magnet recycling plants and a production facility in the United States.

The Feasibility Study will be completed during Q4, 2024. HyProMag USA has the potential to supply the U.S. market with a sustainable, long term domestic supply of neodymium/iron/boron (NdFeB) permanent magnets to enable the creation of secure, low carbon and traceable rare-earth supply chains.

The key findings are:

- Feasibility Study is now 50 per cent complete:
  - Technology and design requirements for HyProMag's ongoing commissioning of the Tyseley facility in the UK, and associated pilot plant design and operating criteria have been successfully transferred to the U.S.-based Feasibility Study
- Production:
  - Targeted production capacity of a minimum of 500 tonnes per annum NdFeB magnets with the option to expand to 800 tonnes per annum NdFeB magnets production
  - Opportunities to produce a range of additional NdFeB alloy products such as alloy powders, pellets and strip cast flakes are also being considered, as well as the recycling of swarf
- Project Definition Rating Index ("PDRI"):
  - Level of definition is more than sufficient to complete the current Feasibility Study and move to the Detailed Design following the completion of the current study phase
- Value engineering:
  - Design, layout and critical equipment sourcing have been challenged for reliable and cost-effective project implementation
  - Identified opportunities to further optimize the project
- Capital estimate:
  - Association for the Advancement of Cost Engineering (AACE) Class 3 estimate to be confirmed in Q4 2024 with the completion of the Feasibility Study

- Site selection:
  - Four short-listed 'hub' site options located in Fort Worth, Texas have been identified. Approximate size of the hub site is 90,000 sq. ft
  - Request for Proposal (RFP) process for Fort Worth has commenced to select preferred choice. Final site selection to be completed in Q4 2024
  - Initial 'spoke' facilities targeting sites in South Carolina and Nevada
- Permitting:
  - Baseline permitting for the Fort Worth, Texas 'hub' facility to commence in Q1 2025. Completion of permitting is expected within nine months
- Project Schedule:
  - Notice to proceed targeted in Q1 2025
  - First U.S. magnet production targeted in H2 2026
- Supply and off take:
  - High-level engagement with potential feed supply and product off takers providers has commenced
- Funding:
  - Focused discussions with U.S. Federal and State Government bodies to support funding and incentive opportunities have been launched

Julian Treger, CoTec CEO commented: "We are very pleased with the progress of the Feasibility Study, the learnings from HyProMag's facilities in the UK and Germany have been invaluable to PegasusTSI and BBA and support an accelerated project schedule targeting first magnets in H2 2026. In parallel with the Feasibility Study, the company is now focused on securing funding from the U.S. Government. HyProMag USA's proposed U.S. facility fully meets the requirements of the U.S. Defence Production Act (DPA) Title III to provide a secure, long-term, commercial-scale magnet recycling and production facilities in the United States. HyProMag USA is supported by the Minerals Security Partnership<sup>[1]</sup> which aims to accelerate the development of secure, diverse and sustainable supply chains for critical minerals. As the Feasibility Study progresses, HyProMag USA will be adding resources to support the production roll out. We are very excited the business can be used as a platform to support the revitalizing of U.S. magnet production, metallization and skills development in the United States, a strategic priority for the U.S. Government."

Will Dawes, Mkango CEO commented: "The mid-project review has further highlighted the opportunity we have in the United States and we are very excited to see the HyProMag USA Feasibility Study progressing on track. The plant design has significant embedded optionality and opportunities to process and produce a wide range of feeds and NdFeB products, respectively, complementing the growing cluster of rare earth processing and manufacturing in Texas. This development provides a strong platform for growth in North America, underpinned by HyProMag's HPMS recycling technology, which provides the solution for unlocking the supply chain for rare earth magnet recycling."

HyProMag USA plans to develop a low cost, low carbon, sustainable rare earth magnet recycling and production business underpinned by HyProMag Limited's patented Hydrogen Processing of Magnet Scrap ("HPMS") recycling technology. HyProMag has sublicenced the HPMS technology to HyProMag USA, which is 50:50 per cent owned by CoTec and Maginito.

The Feasibility Study will be based on a hub-and-spoke model using three HPMS vessels and one magnet manufacturing hub which will be based in Fort Worth, Texas (together the "U.S. Project"). The Feasibility Study

will include the completion of sufficient engineering design works to support a AACE Class 3 capital estimate, as well as final site selection to be completed in Q4 2024 and site permitting completed by Q4 2025 in line with the initial project schedule. This targets initial revenue in H2 2026. Environment and permitting studies will be supported by U.S.-based Weston Solutions, Inc.

Following completion of the Feasibility Study, CoTec and Mkango will make a joint decision in H1 2025 as to whether HyProMag USA will proceed with the construction of the U.S. Project. CoTec is responsible for funding the Feasibility Study and the project development costs. Funding provided by CoTec would be in the form of shareholder loans to HyProMag USA.

In parallel, HyProMag USA is working on securing U.S. Government funding, U.S. State financial grants and incentives and strategic partnerships with U.S. companies for feed supply and recycled NdFeB magnet offtake.

HyProMag is commercialising HPMS recycling technology in the UK, Germany and United States. HyProMag is also evaluating other jurisdictions, and recently launched a collaboration with Envipro on rare earth magnet recycling in Japan. HPMS technology was developed at the University of Birmingham, underpinned by approximately US\$100 million of research and development funding, and has major competitive advantages versus other rare earth magnet recycling technologies, which are largely focused on chemical processes but do not solve the challenges of liberating magnets from end-of-life scrap streams - HPMS provides this solution.

#### About Mkango Resources Ltd.

Mkango is listed on the AIM and the TSX-V. Mkango's corporate strategy is to become a market leader in the production of recycled rare earth magnets, alloys and oxides, through its interest in Maginito Limited ("Maginito"), which is owned 79.4 per cent by Mkango and 20.6 per cent by CoTec, and to develop new sustainable sources of neodymium, praseodymium, dysprosium and terbium to supply accelerating demand from electric vehicles, wind turbines and other clean energy technologies.

Maginito holds a 100 per cent interest in HyProMag and a 90 per cent direct and indirect interest (assuming conversion of Maginito's convertible loan) in HyProMag GmbH, focused on short loop rare earth magnet recycling in the UK and Germany, respectively, and a 100 per cent interest in Mkango Rare Earths UK Ltd ("Mkango UK"), focused on long loop rare earth magnet recycling in the UK via a chemical route.

Maginito and CoTec are also rolling out HyProMag's recycling technology into the United States via the 50/50 owned HyProMag USA LLC joint venture company. HyProMag is also evaluating other jurisdictions, and recently launched a collaboration with Envipro on rare earth magnet recycling in Japan.

Mkango also owns the advanced stage Songwe Hill rare earths project and an extensive rare earths, uranium, tantalum, niobium, rutile, nickel and cobalt exploration portfolio in Malawi, and the Pulawy rare earths separation project in Poland. Discussions with the Government of Malawi in relation to the Mining Development Agreement for Songwe Hill are ongoing.

For more information, please visit [www.mkango.ca](http://www.mkango.ca).

#### About CoTec Holdings Corp.

CoTec is a publicly traded investment issuer listed on the Toronto Venture Stock Exchange ("TSX- V") and the OTCQB and trades under the symbol CTH and CTHCF respectively. CoTec 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 it 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. It has made four investments to date and is actively pursuing operating opportunities where current technology investments could be deployed.

For more information, please visit [www.cotec.ca](http://www.cotec.ca).

#### Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations(EU) No. 596/2014 ('MAR') which has been incorporated into UK law by the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

#### Cautionary Note Regarding Forward-Looking Statements

This news release contains forward-looking statements (within the meaning of that term under applicable securities laws) with respect to Mkango and CoTec. Generally, forward looking statements can be identified by the use of words such as "plans", "expects" or "is expected to", "scheduled", "estimates" "intends", "anticipates", "believes", or variations of such words and phrases, or statements that certain actions, events or results "can", "may", "could", "would", "should", "might" or "will", occur or be achieved, or the negative connotations thereof. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Such factors and risks include, without limiting the foregoing, the successful conclusion of the MDA, the availability of (or delays in obtaining) financing to develop Songwe Hill, the Recycling Plants being developed by Maginito in the UK, Germany and the US (the "Maginito Recycling Plants"), the results of the Feasibility Study and the Pulawy Separation Plant, governmental action and other market effects on global demand and pricing for the metals and associated downstream products for which Mkango is exploring, researching and developing, geological, technical and regulatory matters relating to the development of Songwe Hill, the ability to scale the HPMS and chemical recycling technologies to commercial scale, competitors having greater financial capability and effective competing technologies in the recycling and separation business of Maginito and Mkango, availability of scrap supplies for Maginito's recycling activities, government regulation (including the impact of environmental and other regulations) on and the economics in relation to recycling and the development of the Maginito Recycling Plants, and the Pulawy Separation Plant and future investments in the United States pursuant to the proposed cooperation agreement between Maginito and CoTec, the outcome and timing of the completion of the feasibility studies, cost overruns, complexities in building and operating the plants, and the positive results of feasibility studies on the various proposed aspects of Mkango's, Maginito's and CoTec's activities. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by law, the Company and CoTec disclaim any intention and assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additionally, the Company and CoTec undertake no obligation to comment on the expectations of, or statements made by, third parties in respect of the matters discussed above.

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[1]

<https://www.state.gov/joint-statement-on-the-minerals-security-partnership-announce-support-for-mining-processing-and>

SOURCE: CoTec Holdings Corp.

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