Following Completion of Expansion Concept Studies HyProMag USA Advances Expansion to Three States Supporting a Path To Triple U.S. Rare Earth Magnet Capacity by 2029

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Completed concept studies for expansion of South Carolina and Nevada hubs, increasing total HyProMag USA magnet and alloy production from 1,552 metric tons NdFeB to 4,656 metric tons NdFeB per annum, supporting scalable U.S. manufacturing strategy and reinforcing momentum towards a planned U.S. public listing

Greater than $2 billion post-tax NPV and 38.7% real IRR for expanded developments, based on forecast market prices[i], support commencement of pre-feasibility studies for the expansions

VANCOUVER, January 12, 2026 - CoTec Holdings Corp. (TSXV:CTH)(OTCQB:CTHCF) ("CoTec" or the "Company") is pleased to note today's press release by HyProMag USA, LLC ("HyProMag USA"), its U.S.-based joint venture rare earth permanent magnet recycling and manufacturing company.

HyProMag USA announced the completion of expansion concept studies (the "Expansion Concept Study") and will commence pre-feasibility studies for HyProMag USA's Plants located in South Carolina and Nevada, marking a significant step toward tripling its domestic manufacturing capacity by 2029. The studies support HyProMag USA's strategy to build a scalable platform across the U.S. for recycled neodymium-iron-boron (NdFeB) magnets and reinforce HyProMag USA's intention to pursue a U.S. public listing.

Julian Treger, CoTec CEO commented: "The Expansion Concept Study demonstrates that HyProMag USA's Texas Hub is not a one-off project, but the foundation of a scalable U.S. manufacturing platform. The modular design allows us to replicate capacity efficiently, optimize products for U.S. customers, and accelerate domestic supply chain resilience. The commissioning of HyProMag plants in the United Kingdom and Germany, along with recent progress on the Texas Hub, materially strengthens HyProMag USA's readiness for the next phase of growth and capital markets engagement."

CoTec holds a 60.3% equity interest (50% direct and 10.3% indirect) in HyProMag USA.

The basis of the expansion studies is the recently completed Class 2 AACE[ii] capital cost estimate as part of the Detailed Engineering Design and Value Engineering Phase (the "Detailed Design") of HyProMag USA's first facility to be located at the Ironhead Commerce Center, Dallas-Fort Worth, Denton County, Texas (the "Texas Hub" or the "Project").[iii]

The Texas Hub 2025 Detailed Design base case was based on operating three Hydrogen Processing of Magnet Scrap ("HPMS") vessels, with a post-tax Net Present Value ("NPV") applying a 7% discount rate of $409 million based on current market prices, and a post-tax NPV of $780 million based on forecast prices.

The pre-feasibility studies for each of the South Carolina and Nevada hubs will focus on site selection, saleable products and Project configuration, optimal site layout, permitting, logistics, and technical marketing.

Key Highlights of the Expansion Concept Study

- Expansion targets increase magnet and NdFeB Alloy Powder Production capacity by 3x from 1,552 metric tons NdFeB to 4,656 metric tons NdFeB by 2029 across three hubs, in Texas, South Carolina, and Nevada
- Concept Study focused on the development of modular production systems and evaluated three investment scenarios based on the following modular configurations:
    - Case 1 - NdFeB Alloy Powder Production (HPMS[iv] only) - (Module 1)
    - Case 2 - NdFeB Alloy Powder Production + Sintered Block Production (Modules 1 & 2)
    - Case 3 - Fully Integrated Production: NdFeB Alloy Powder Production + Sintered Block + Magnet Finishing and Packaging (Modules 1, 2 and 3)
- Each site was envisioned as a brownfield development with no space or utility constraints, enabling optimized layouts and flexible future expansions
- The studies included conceptual building layouts, building options, environmental and permitting Roadmaps, Capital Cost Estimate (Class 4 AACE), and the basis of estimate
- Project schedule assumes the commissioning of three Plants between 2027 and 2029 and does not include an expansion of the Texas Hub
- Conceptual valuation: Concept study results for rare earth magnet recycling and manufacturing operations in the United States with a Texas Hub supported by two additional hubs (Case 3) co-located with Intelligent Lifecycle Solution ("ILS") sites in South Carolina and Nevada[v]:
    - $1,143 million post-tax NPV[vi] and 27.6% real internal rate of return ("IRR") based on current market prices[vii],[viii]
    - $2,180 million post-tax NPV and 38.7% real IRR based on forecast market prices[ix]
- Increased magnet production capacity: 2,823 metric tons per annum of recycled sintered neodymium-iron-boron ("NdFeB") magnets and 1,833 metric tons per annum of associated NdFeB co-products (total payable capacity - 4,656 metric tons NdFeB) over a 40-year operating life from 2029.
- Pre-feasibility study magnet optimization expected to increase higher value sintered block production
- Industrial and workforce impact: The Plants are expected to support revitalization of the U.S. magnet sector and create circa 300 skilled magnet manufacturing jobs
- Feedstock security: Plants in South Carolina and Nevada are co-located with ILS[x] facilities, expansions would be conditional on securing adequate feedstock and offtake
- Carbon profile: Independent ISO-compliant study for the Texas Hub 2024 feasibility study confirmed a very low-carbon footprint of 2.35 kg CO_2-eq per kg of NdFeB sintered block product[xi]
- Scoping Studies: led by PegasusTSI Inc. (U.S.) and BBA USA Inc. (Canada), with support from HyProMag's international teams and the University of Birmingham

Building Momentum Toward U.S. Commercial Scale

The Expansion Concept Study builds on a series of recent milestones for HyProMag USA, including detailed engineering and feasibility work on the Texas Hub, execution of the site lease[xii] at the Ironhead Commerce Center, and HyProMag USA's intention to pursue a U.S. public listing. Together these developments reflect accelerating momentum as HyProMag USA advances toward commercial operations and a scaled manufacturing footprint across the U.S.

In parallel, HyProMag USA is engaging with large technology and infrastructure operators to support the growing need for secure, domestic recycling solutions for magnet-bearing equipment used in hyperscale data centers and AI infrastructure. HyProMag USA's modular, low-carbon, magnet-to-magnet recycling platform is designed to support end-of-life recovery of rare earth materials from servers, storage systems,

and related equipment, positioning HyProMag USA as a preferred long-term recycling and manufacturing partner for hyperscale customers as capacity expands in the United States.

About HyProMag USA

HyProMag USA LLC is owned 50:50 by CoTec Holdings Corp. (TSXV: CTH; OTCQB: CTHCF) ("CoTec") and HyProMag Limited. HyProMag Limited is 100% owned by Maginito Limited which is owned on a 79.4%/20.6% basis by Mkango Resources Ltd. (AIM/TSX-V:MKA) and CoTec.

About CoTec

CoTec Holdings Corp. (TSX-V: CTH, OTCQB: CTHCF) is redefining the future of resource extraction and recycling. Focused on rare earth magnets and strategic materials, CoTec integrates breakthrough technologies with strategic assets to unlock secure, sustainable, and low-cost supply chains for the United States and its allies.

CoTec's mission is clear: accelerate the energy transition while strengthening U.S. economic and national security. By investing in and deploying disruptive technologies, the Company delivers capital-efficient, scalable solutions that transform marginal assets, tailings, waste streams, and recycled products into high-value critical minerals.

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

For more information, please visit www.cotec.ca

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Forward-Looking Information Cautionary Statement

Statements in this press release regarding the Company and its investments which are not historical facts are "forward-looking statements" which involve risks and uncertainties, including statements relating to the Company's interest in HyProMag USA, the potential future value of HyProMag USA and management's expectations with respect to its current and potential future investments, including HyProMag USA, and the benefits to the Company which may be implied from such statements. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements, due to known and unknown risks and uncertainties affecting the Company, including but not limited to resource and reserve risks; environmental risks and costs; labor costs and shortages; uncertain supply and price fluctuations in materials; increases in energy costs; labor disputes and work stoppages; leasing costs and the availability of equipment; heavy equipment demand and availability; contractor and subcontractor performance issues; worksite safety issues; project delays and cost overruns; extreme weather conditions; and social and transport disruptions. For further details regarding risks and uncertainties facing the Company please refer to "Risk Factors" in the Company's filing statement dated April 6, 2022, a copy of which may be found under the Company's SEDAR profile at www.sedar.com. The Company assumes no responsibility to update forward-looking statements in this press release except as required by law. Readers should not place undue reliance on the forward-looking statements and information contained in this news release and are encouraged to read the Company's continuous disclosure documents which are available on SEDAR at www.sedarplus.ca.

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[i] Forecast market prices ("Forecast Prices") are the prices for all NdFeB products sold in the U.S, excluding residual scrap feed, with the rare earth price component thereof derived from the latest rare earth oxide price forecasts from Q4 (2025) Adamas Intelligence, over the life of the asset

[ii] Association for the Advancement of Cost Engineering (AACE) - Class 2 Estimate

[iii] https://www.cotec.ca/news/hypromag-usa-provides-positive-update-to-valuation-of-expanded-dallas-fort-worth-plant-an

[iv] Patented Hydrogen Processing of Magnet Scrap (HPMS) technology developed at University of Birmingham, which liberates NdFeB magnets from end-of-life scrap streams in a cost effective and energy efficient way

[v] https://www.cotec.ca/news/hypromag-usa-expands-feedstock-supply-agreement-with-global-electronics-recycler-intellig

[vi] 7% real discount rates. NPVs are calculated by discounting real US dollar cash flows from 2026

[vii] Current market prices ("Current Prices") for all NdFeB products sold in the U.S, excluding residual scrap, derived from updated U.S. 2024 price quotes, over the life of the asset

[viii] NPV does not include the economic benefit of any government or state incentives, carbon pricing

[ix] Forecast market prices ("Forecast Prices") are the prices for all NdFeB products sold in the U.S, excluding residual scrap feed, with the rare earth price component thereof derived from the latest rare earth oxide price forecasts from Q4 (2025) Adamas Intelligence, over the life of the asset

[x] https://www.cotec.ca/news/hypromag-usa-expands-feedstock-supply-agreement-with-global-electronics-recycler-intellig

[xi] https://cotec.ca/news/hypromag-usas-iso-compliant-product-carbon-footprint-study-confirms-exceptionally-low-co2-foot

[xii] https://www.cotec.ca/news/hypromag-usa-finalizes-long-term-lease-for-dallas-fort-worth-rare-earth-magnet-recycling-ar

SOURCE: CoTec Holdings Corp.

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