

CoTec Holdings Corp. Announces Proposed Change of Business Transaction

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Transition To Investment Issuer Focused on Disruptive Technologies in the Mineral Extraction Industry

VANCOUVER, Dec 10, 2021 - [CoTec Holdings Corp.](#) (TSXV:CTH.H) ("CoTec" or the "Corporation") is pleased to announce a proposed change of business from mineral exploration to an investment issuer (the "Proposed COB") under the rules of the TSX Venture Exchange ("TSXV").

Subject to the receipt of all necessary regulatory and shareholder approvals, including approval by the TSXV of the Proposed COB, following completion of the transactions described below (the "Proposed Transactions"), the Corporation intends to become a Tier 2 Investment Issuer focused on investments in disruptive technologies in the mineral extraction industry.

Julian Treger, Chief Executive Officer designate and a director of the Corporation, commented: "We are very pleased to announce the proposed change of business to become an Investment Issuer. Historically, the extractive industry sector has been reluctant to embrace innovation, and is on the cusp on of transformational changes spurred on by the emergence of exciting new technologies and an ever growing focus on ESG matters by investors, regulators and governments.

"These changes, in our view, will lead to a rapid adoption of new technologies across the industry, resulting in harvesting of commodities contained in stockpiles, dumps and heaps which have been previously considered uneconomic and increased recycling opportunities. And it will help transform primary deposits previously considered uneconomic into commercially viable enterprises. In turn, this will generate a significant supply of materials which will help to address the anticipated increase in demand for minerals and metals that will be required to help the world transition to a low-carbon economy.

"CoTec will seek out opportunities to invest in innovative technologies that fundamentally change the manner in which minerals and commodities are extracted. Our priority will be to gain exposure to high margin and scalable technologies that we can monetize by applying them to assets, operating mines, development opportunities and even large-scale projects. We are excited to provide our investors with exposure to unique investments in this area and to leverage the relationships and expertise of our team to source and deploy new technologies, all in the effort of creating long-term shareholder value."

The Proposed Transactions

The Corporation is currently pursuing two potential investments which are expected to form the basis of the Proposed COB (the "Proposed Transactions").

Binding Solutions Limited ("BSL")

BSL is a UK based company that has developed a proprietary cold agglomeration technology for the production of high-quality clean pellets from primary materials, waste dumps, and stockpiles. This allows steel and mining companies to monetize their waste products in an efficient and environmentally friendly manner.

The investment will be made in two tranches. An initial investment of US\$1.5 million to US\$2 million at an equity valuation of US\$75 million ("Initial Investment") and a further US\$1.5 million to US\$2 million six months following the Initial Investment ("Second Investment"). The Second Investment is subject to BSL meeting certain investment parameters and will be made at a valuation equal to the lower of a 20% discount

to a third party arm's length investment or an equity value of US\$120 million.

In connection with this investment, CoTec also expects to receive the exclusive right to apply the pelletization technology to reclamation non-ferrous metal assets in Canada and to reclamation ferrous and non-ferrous metals in Germany, Austria and the Netherlands. The application could be via one or more joint venture entities to be initially owned 50/50 by CoTec and BSL.

An investment fund affiliated with Mr. Treger, the Corporation's Chief Executive Officer designate and a director, is a significant investor in BSL. Therefore, Co-Tec's investment in BSL is not an arm's length transaction. Given his interest in BSL, Mr. Treger has not been involved in CoTec's evaluation of BSL or the negotiation of its potential investment in BSL.

Investment Fund

CoTec intends to make an AUS\$10 million capital commitment to a newly-formed Australian based private equity fund that will be focused on investments in industrial technologies for heavy industries (the "Fund"). The Fund will be managed by an experienced institutional investor and adviser in the resources, energy and basic industries. The capital commitment will be drawn down in stages, with the first draw expected in the first quarter of 2022 ("First Draw Down").

In connection with its investment in the Fund, CoTec expects to enter into an agreement with the Fund manager pursuant to which CoTec will have certain co-investment rights with respect to Fund investments and in investments by the Fund manager (or its affiliates) in projects that utilize technologies in which the Fund has invested.

CoTec's proposed investment in the Fund is an entirely arm's length transaction.

Current Status and Additional Information

The Corporation has entered, on December 10, 2021, into a definitive subscription agreement with BSL and is in advanced negotiations with respect to the proposed investment into the Fund and expects to enter into a definitive agreement prior to year end.

The Proposed COB and the Proposed Transactions are subject to requisite regulatory approval, including the approval of the TSXV. Given the non-arm's length nature of the proposed investment in BSL, the Proposed COB and the Proposed Transactions will also require the approval of a majority of the Corporation's minority shareholders pursuant to TSXV rules, which the Corporation intends, subject to TSXV approval, to obtain by way of written consent.

The Proposed COB and the Proposed Transactions will also be subject to completion of the Proposed Financing (as defined below).

Sponsorship of the Proposed COB is required unless an exemption is available or a waiver from this requirement can be obtained in accordance with the policies of the TSXV. The Corporation intends to apply for a waiver to the sponsorship requirement under Policy 2.2 of the TSXV, Sponsorship and Sponsorship Requirements. There is no assurance that a waiver will be granted.

Proposed Financing

In connection with the Proposed COB and the Proposed Transaction, the Corporation intends to complete a private placement offering of units of common shares ("Units") or subscription receipts convertible into Units, for aggregate gross proceeds of a maximum of CAD12 million (the "Proposed Financing"). It is expected that both a brokered and non-brokered private placement will be completed as part of the Offering. Pricing and terms of the Offering will be determined in the context of the market and will be announced separately. The proceeds of the Proposed Financing will be used to fund the Initial Investment in BSL, the First Draw Down

of the Fund and CoTec's working capital requirements. Efforts to secure the Proposed Financing are underway.

Trading Halt

Trading in the common shares of the Corporation has been halted and will remain halted pending the review of the Proposed COB and Proposed Transactions by the TSXV.

A more comprehensive news release will be issued by the Corporation disclosing details of the Proposed COB, the Proposed Transactions and the Proposed Financing, the names and backgrounds of all persons who will constitute insiders of the resulting issuer following completion of the Proposed COB, and information respecting sponsorship, once definitive agreements for the Transactions have been finalized and certain conditions have been met, including approval of the Transactions and Proposed COB by the Corporation's board of directors, satisfactory completion of due diligence, and execution of the definitive agreements.

For further information, please contact:

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Forward-Looking Information Cautionary Statement

Statements in this press release regarding the Corporation's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties, including statements relating to the expectation that the Proposed COB and the Proposed Transactions will be completed on the terms described herein or otherwise, as well as management's expectations with respect to the adoption of new technologies across the mineral extraction industry and the benefits to the Corporation 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.

Completion of the Proposed COB is subject to a number of conditions, including but not limited to, execution of binding definitive agreements relating to the Proposed COB and TSXV and shareholder approval. There can be no assurance that the Proposed COB will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Proposed COB, any information released or received with respect to the Proposed COB may not be accurate or complete and should not be relied upon.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the Proposed COB or proposed Transactions and has neither approved nor disapproved the contents of this press release.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

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