

CoTec Holdings Corp. Announces Investment in Green Steel Project in Midwestern U.S.

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Project has potential to produce high-quality iron ore concentrate at a reduced carbon footprint

Highlights:

- CoTec to acquire 15.8% equity interest in MagIron LLC for US\$2 million
- MagIron has entered into a purchase agreement to acquire a dormant iron ore concentrator based in Grand Rapids, Minnesota
- Plant has ability to produce DR grade concentrate by using existing tailings and iron ore fines, reducing its carbon footprint compared to other U.S. steel plants
- CoTec will examine the potential of applying technology developed by Binding Solutions Limited (a company in which CoTec has an existing investment) to the plant's production process

VANCOUVER, May 16, 2022 - [CoTec Holdings Corp.](#) (TSXV:CTH) ("CoTec" or the "Corporation") is pleased to announce that it has entered into an agreement to acquire a 15.8% equity interest in MagIron LLC ("MagIron") for a US\$2 million. MagIron is a U.S. based company that is in the process of acquiring a green iron ore project that it intends to refurbish and bring back into production. The investment includes terms customary for an investment of this nature, including Board representation subject to CoTec maintaining a 10% equity interest.

Julian Treger, CEO of CoTec commented; "We are very excited to support MagIron's development and we believe it has the potential to be the first example of the successful implementation of CoTec's model of acquiring interests in disruptive technologies in the mineral extraction industry and then applying them to various assets. It also underlies how we can create considerable value for CoTec shareholders by investing in undervalued assets and rapidly scaling the underlying business."

"MagIron is acquiring the plant at a nominal value relative to its original cost of several hundred million dollars, providing a significant capital advantage to MagIron. With an appropriate funding structure, we believe that the plant has the potential to generate significant value for MagIron, and indirectly CoTec. This value could be further increased if we are able to successfully apply the technology developed by Binding Solutions Limited to the plant's production process, which we are optimistic will be the case", added Mr. Treger.

MagIron has entered into a purchase agreement for the acquisition of a dormant iron ore concentrator known as Plant 4 based in Grand Rapids, Minnesota ("Plant 4") and 2,483 acres of land in the Itasca and St. Louis Counties, Minnesota that contains fine and coarse iron ore tailings. MagIron will also lease a further 1,700 acres of land which houses Plant 4 and facilitates access to additional iron ore fines and tailings. This waste material from historical mining operations nearby Plant 4 can be used as feedstock for Plant 4 and could potentially support an estimated 15-year business plan. MagIron is acquiring Plant 4 from the Chapter 7 Trustee for ERP Iron Ore, LLC pursuant to the terms of an order of the United States Bankruptcy Court for the District of Minnesota for a purchase price of US\$4.5 million. MagIron will also provide a royalty of US\$2 per dry metric tonne of concentrate produced capped at US\$15.5 million to settle the claims of certain lienholders over the property.

CoTec understands that MagIron intends to restart the operations at Plant 4 following completion of a refurbishment program, which is currently anticipated to take approximately 24 months and cost approximately US\$80 million. MagIron's ability to complete the refurbishment program and restart operations at Plant 4 will be subject, among other things, on its ability to secure additional funding sufficient to fund the refurbishment program and the restart.

MagIron has also entered into a purchase agreement for intellectual property related to the iron ore

concentrate process for a cash payment of US\$325,000 and a royalty of US\$2 per dry metric tonne of concentrate produced by Plant 4, capped at US\$10 million. The intellectual property utilizes the patented Natural pH Flotation Process (the "Rev3 Separator"), patented magnetic separators and proprietary plant designs combined with common mineral processing techniques controlled with proprietary automation software to separate hematite, goethite and limonite from non-magnetic minerals (primarily silica) to yield ultra-high grade iron ore. The intellectual property allows for the efficient production of fine-grained iron ore concentrate with a silica content of approximately 2%. The Rev3 Separator also results in lower downtime due to its simple carousel design and discrete matrix media that allows for the free flow of material that prevents plugging and clogging, resulting in overall improved efficiency.

Following its restart, Plant 4 is expected to be able to produce DR grade iron ore concentrate at a reduced carbon footprint compared to traditional steel production techniques as it will recycle existing tailings rather than require new mining. In addition, MagIron is testing technology developed by Binding Solutions Limited ("BSL"), another CoTec portfolio investment, to see if it could be utilized at Plant 4 and the initial results are encouraging. If successful, the BSL technology would allow for the use of cold agglomeration in the production of green iron ore pellets from Plant 4. These pellets could be used in direct reduced iron and electric arc furnace applications at a significantly reduced carbon footprint compared to existing alternatives.

Larry Lehtinen, CEO of MagIron commented: "We are delighted to have a visionary investor like CoTec join MagIron. Through its Board representation and ongoing strategic guidance, CoTec will assist in developing the business via initiatives like the introduction of the BSL technology."

Kings Chapel International Limited, a company owned by a discretionary trust associated with Mr. Treger, currently owns a minority equity interest in MagIron and will be making a concurrent US\$2.5 million investment in MagIron on the same terms as CoTec. Mr. Treger is also a member of MagIron's board of managers. As a result, Mr. Treger abstained from any decision-making pertaining to the MagIron investment.

About CoTec

CoTec is an ESG-focused company investing in innovative technologies that have the potential to fundamentally change the way metals and minerals can be extracted and processed. The Company 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.

CoTec is a publicly traded mining issuer listed on the Toronto Venture Stock Exchange and trades under the symbol CTH.V

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Forward-Looking Information Cautionary Statement

Statements in this press release regarding the Corporation's and MagIron's businesses and the Corporation's investment in MagIron which are not historical facts are "forward-looking statements" that involve risks and uncertainties, including statements relating to management's expectations with respect to MagIron's acquisition, development and operation of Plant 4 and the potential application of the BSL technology to Plant 4 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. For further details regarding risks and uncertainties facing the Corporation please refer to "Risk Factors" in the Corporation's filing statement dated April 6, 2022, a copy of which may be found under the Corporation's SEDAR profile at www.sedar.com.

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