IBC ADVANCED ALLOYS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED SEPTEMBER 30, 2023

FISCAL FIRST QUARTER OF 2024

401 ARVIN ROAD
FRANKLIN, IN 46131
TELEPHONE: 317-738-2558
EMAIL: INFO@IBCADVANCEDALLOYS.COM

Table of Contents

The following is management's discussion and analysis ("MD&A") of IBC Advanced Alloys Corp. and its subsidiaries, prepared as of November 29, 2023. This MD&A should be read together with the unaudited interim financial statements for the period ended September 30, 2023, and the audited consolidated financial statements and related notes for the year ended June 30, 2023. Financial amounts, other than amounts per share or per pound, are presented in United States dollars ("$") unless indicated otherwise. Canadian dollar amounts are denoted by "C$". The terms "IBC", "we", "us", and "our" refer to IBC Advanced Alloys Corp. and its subsidiaries, unless the context otherwise requires.

This MD&A contains "forward-looking information", "forward-looking statements", and "forward-looking forecast" within the meaning of applicable securities legislation, concerning future financial or operating performance of IBC and its business and operations. Forward-looking statements include information concerning future strategic objectives, business prospects, anticipated savings, financial results (including expenses, earnings, liquidity, cash flow and capital expenditures), industry or market conditions, demand for and pricing of our products, acquisitions and divestitures, anticipated results of litigation and regulatory developments, or general economic conditions. Words such as "plans", "expects", "budget", "scheduled", "estimates", "projects", "forecasts", "intends", "anticipates", "believes" and future or conditional verbs such as "will", "may", "could", "would", "should", or as well as any other statement that necessarily depends on future events, are intended to identify forward-looking statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur, or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and are effective only as of the date of this MD&A. These assumptions, which include management's current expectations, estimates, and assumptions about certain projects and the markets in which we operate, the global economic environment, interest rates, exchange rates, our business strategy, plans, outlook, shareholder value, projections, targets and expectations and our ability to manage our assets and operating costs, may prove to be incorrect.

Forward-looking statements are subject to known and unknown risks, uncertainties, and other factors that may cause our actual results, level of activity, performance, or achievements to be materially different from those expressed or implied by such forward-looking statements, including: our estimates regarding capital requirements; future production, future cash, and total costs of production for our manufacturing operations; our expectations with respect to transactions with third parties; changes in general economic conditions; the financial markets; commercial demand for our products; changes in, and the effects of, the laws, regulations, and government policies affecting operations; uncertainties in the market price for minerals and metals, such as copper, beryllium and other inputs we consume, and currency exchange rate fluctuations. Although we have attempted to identify factors that would cause actual actions, events, or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements, or events not to be as anticipated, estimated, or intended. Other factors that could cause actual results to differ materially include, but are not limited to, those set forth in our most recent Annual Information Form under "Risk Factors". Also, many factors are beyond our control. Accordingly, readers should not place undue reliance on forward-looking statements or information. We undertake no obligation to reissue or update forward-looking statements or information as a result of new information or events after the date hereof, except as may be required by applicable securities laws. All forward-looking information and statements made in this MD&A are qualified by this cautionary statement.

Certain information in this MD&A may be considered a "financial outlook" within the meaning of applicable securities legislation. Any financial outlook set out in this MD&A is based on a number of significant assumptions. The purpose of this financial outlook is to provide readers with disclosure regarding our reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

The Company's financial statements for the period ended September 30, 2023 have been prepared in accordance with IAS 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), using accounting policies consistent with IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee. Additional information relating to us, including our most recent Annual Information Form, is available for view on SEDAR at www.sedarplus.com.

EXECUTIVE SUMMARY

Except as noted, all financial amounts are determined in accordance with IFRS.[1]

SELECTED RESULTS: Consolidated Operations ($000s)		
	Quarter Ended 9-30-2023	Quarter Ended 9-30-2022
Revenue	$6,667	$5,928
Operating loss	$(334)	$(1,422)
Adjusted EBITDA	$119	$(942)
Loss for the period	$(934)	$(2,014)

- Copper Alloys division sales rose by 11.4% in the quarter over the prior-year period and Engineered Materials ("EM") division sales increased 15.5% quarter-over-quarter. EM's higher sales performance was largely due to more favorable prices.

- Gross profit and gross margins in the quarter improved in both divisions: the Copper Alloys Division and Engineered Materials Division over the prior-year period largely due to the sales increase over the prior-year period.

- Consolidated adjusted earnings before interest, taxes, depreciation, and amortization ("Adjusted EBITDA") in the quarter ended September 30, 2023 swung to a positive adjusted EBITDA as compared to negative adjusted EBITDA in the prior-year period, it significantly increased in the Copper Alloys division and it improved 87.4% in the Engineered Materials division. On a consolidated basis, we incurred a loss in the quarter ended September 30, 2023 of $934,000 ($0.01 per share), as compared to a loss of $2 million ($0.02) in the quarter ended September 30, 2022.

OUR BUSINESS

IBC is primarily engaged in developing and manufacturing advanced alloys, such as beryllium-aluminum ("BeAl") alloys and specialty copper alloys, for a variety of customers in the defense and non-defense

[1] We report non-IFRS measures such as "Adjusted EBITDA" and "Operating Income". Please see information on this and other non-IFRS measures in the "Non-IFRS Measures" section of this MD&A.

sectors. Headquartered in Franklin, IN, the Company operates two plants in the United States ("U.S.") that manufacture, heat-treat, machine, or market copper-beryllium, BeAl, copper-based master alloys, and similar specialty alloy products including BeAl castings.

Manufacturing operations currently employ 72 people and comprise two divisions: Copper Alloys and Engineered Materials.

- Copper Alloys manufactures and distributes a wide variety of copper alloys as castings and forgings: beryllium copper; chrome copper; oxygen-free high conductivity copper and aluminum bronze as plate, block, bar, rings; and specialty copper alloy forgings. The industries served include the industrial welding, oil and gas, plastic mold, metal melting, marine defense, electronic, aerospace, and industrial equipment markets.

- Engineered Materials manufactures and supplies high-performance, precision-cast BeAl components to the defense and high-tech manufacturing sectors.

- The Company was formed by an amalgamation under the laws of British Columbia on November 23, 2007 and the common shares listed on the TSX Venture Exchange (the "TSX-V") under the symbol "IB" and on the OTCQB market under "IAALF".

MANUFACTURING OPERATIONS

IBC operates two manufacturing operations in the U.S. that, in total, employ 72 people. These facilities are located in Franklin, Ind. and Wilmington, Mass. Most management and administration personnel are based in the Franklin, Ind. facility, which also serves as the corporate headquarters.

COPPER ALLOYS

The Company manufactures and distributes a wide variety of copper alloys as castings and forgings, including beryllium copper, chrome copper, oxygen-free high-conductivity copper, and aluminum bronze as plate, block, bar, rings and specialty copper alloy forgings for various markets and applications. These products are sold directly to end users and serve various markets through a network of established dealers and distributors. The Copper Alloys division's operations are based in Franklin, Indiana, where the Company maintains foundry, forging (hammer, press and ring rolling), heat-treating, and machining operations. In March 2022 the Franklin, Indiana plant started casting billets that were previously cast in Royersford, Pennsylvania and New Madrid, Missouri and in the quarter ended December 31, 2022 the operating benefits of the consolidation of these operations in Franklin began to be realized.

Copper alloys are sourced as cast billet, slab, or ingot from mills in North America, Europe, and Asia, and converted into usable industrial products serving the industrial welding, oil and gas, plastic mold, metal melting, marine defense, electronic, and industrial equipment markets. IBC also provides tooling components for the North American automotive industry, the European and North American consumer plastic tooling producers, the global oil and gas service industry, the prime North American submarine and aircraft carrier producers and repair facilities including the U.S. Navy, electronics industries, and general equipment manufacturers.

The Company produces material and also buys other billets and slabs from independent third-party foundries and mills. IBC has expertise in melting and casting beryllium-copper and other berylliumcontaining alloys. Casting operations are a primary producer/supplier of beryllium copper casting and master alloy ingot products in North America and markets around the world. Customers are offered a full range of manufacturing and support services, including casting and master alloy products, cast and forged billet products, semi-continuous cast input billets, and wrought products. IBC also manufactures beryllium alloys utilizing certified beryllium-copper master alloy.

The foundry has furnaces and associated equipment that have been adapted to meet the specialized requirements of copper alloy manufacturing. IBC has strong technical and manufacturing engineering resources in the highly specialized copper alloy industry, including in the production of beryllium copper alloys. This gives the Company the capability of manufacturing large 21-inch diameter copper alloy billets weighing up to two tons. Once the casting production operations are fully ramped up, operating cost savings and reduce production lead times will be realized.

Engineered Materials

The Engineered Materials division supplies high-performance BeAl components to defense, aerospace, high-tech manufacturing, and other sectors. IBC manufactures the Beralcast® family of metal matrices that are used in commercial and defense applications that require complex, lightweight, and high-stiffness parts. The division has additional, higher-performance products in development. Using proprietary manufacturing techniques, the Engineered Materials division's objective is to make precision-cast BeAl components more accessible and cost-effective for a wide range of industries and applications.

In general, Beralcast® alloys serve as a higher-performance or lower-cost replacement materials for cast aluminum, magnesium, titanium, metal matrix composites, non-metallic composites, and pure beryllium or powder metallurgy BeAl. Some of the varied applications include structural components and aerospace and satellite system components.

The principal Beralcast® metal matrix is more than three times stiffer than aluminum, with 22% less weight, and it can be precision cast to both simple and complex configurations. This material is very lightweight, can be precision cast for three-dimensional stability, and delivers a high modulus of elasticity. As such, Beralcast® is ideally suited for certain demanding semiconductor manufacturing equipment, computer components, and other commercial and aerospace applications. The ability to cast Beralcast® products in a near-net shape allows for manufacturing cost efficiencies.

Binary BeAl composites were developed by a U.S. corporation, which was originally a metallurgical laboratory affiliated with the Massachusetts Institute of Technology (MIT), in cooperation with Lockheed Martin. IBC owns the intellectual property relating to the more advanced development of this technology, which is a proprietary castable metal matrix composite BeAl alloy now manufactured as Beralcast®.

Recent Corporate Developments, Business Initiatives, and Subsequent Events

- In July 2023, the company received a purchase order for $3.1 million to provide specialized alloy parts to a customer working as part of a classified U.S. Department of Defense program.
- In August 2023, the Company entered into a term loan with Sallyport Commercial Finance, LLC ("Sallyport") and amendments to existing credit facilities with Sallyport and Iron Horse Credit, LLC ("Iron Horse") with access to funding of $7.0 million. The term loan is governed by a real estate

lien note between the Subsidiaries and Sallyport which provided the subsidiaries with $3.0 million secured by a mortgage and assignment of rents granted by Nonferrous Products, Inc., one of the Subsidiaries. The term loan has a term of nine months and bears interest at prime plus 6.75% per annum with interest only payment for six months then payments comprising principal of $150,000 plus interest beginning in month seven.

- The amendments with Sallyport upsized and amended the account sale and purchase agreement ("ASPA") with Sallyport and the credit and security agreement with Iron Horse. Sallyport increased the maximum size of the credit facility to $7.0 million and amended the structure from the ASPA to a batch or bulk factoring facility. Iron Horse increased the maximum size of the credit facility to $6.0 million.

- In October 2023, the company received a purchase order for $7.4 million to provide specialized alloy parts to a customer working as part of a classified U.S. Department of Defense program. The Company expects to fulfill the order in 2023 and 2024.

- In October 2023, the Company began exploring strategic options with potential partners, investors, and others regarding its Engineered Materials division including potential joint ventures, a restructuring, a sale, or other options.

- In October 2023, the Company entered into an agreement with Loeb equipment term loan ("Loeb loan") that provided the Company $1.8 million in exchange for a security interest in its machinery and equipment and bears interest at prime plus 6.5% per annum is amortized over five years with interest only payments for the first four weeks, then going forward principal and interest payment are due weekly. Nonferrous Products, Inc received proceeds of $1,551,000 from the Loeb Loan which has a 3-year term. IBC Engineered Materials Corp received proceeds of $230,000 from the Loeb Loan which has a 2-year term. Upon receipt of the proceeds the term loan with Utica was satisfied in full prior to its maturity date of January 4, 2026.

FINANCIAL RESULTS AND OUTLOOK

SELECTED QUARTERLY INFORMATION

During the most recent eight quarters, we have not incurred any loss from discontinued operations.

Quarter Ended	Revenue ($000s)	Income (loss) for the period (net of tax) ($000s)	Basic and diluted loss per share [1] $
December 31, 2021	7,124	344	0.00
March 31, 2022	6,278	288	0.00
June 30, 2022	6,419	(1,183)	(0.01)
September 30, 2022	5,928	(2,014)	(0.02)
December 31, 2022	7,495	(395)	(0.00)
March 31, 2023	7,755	(510)	(0.01)
June 30, 2023	7,369	(3,013)	(0.03)
September 30, 2023	6,667	(934)	(0.01)

[1]The sum of quarterly loss per share may not add to year-to-date totals due to rounding

Quarterly operating results are affected by trends in the various sectors that we serve. Frequently, weak performance in one sector is offset by strength in another, but this is not always the case. Most operating costs other than materials, supplies, and energy are largely fixed, so small changes in sales volume can have a significant effect on operating income or loss.

In addition to these general trends the following factors have caused variation over the quarters presented:

- Sales have increased in Copper Alloys in the current-year periods, as compared to the prior-year periods, primarily due to increased market demand for our products.
- Sales in the Engineered Materials division continue to experience quarter-to-quarter variability, largely due to swings in demand from commercial customers. Additionally, onerous contracts were identified within the open customer purchase orders on June 30, 2023. An impairment indicator assessment was completed at June 30, 2023 which resulted in an impairment being identified and recorded. The onerous contracts liability has been reduced as a result of the updated remaining commitment per the open customer purchase orders as of September 30, 2023.
- Customers may pay amounts due to the Company behind schedule, adversely affecting our liquidity.
- General economic concerns may make it difficult to obtain or renew debt facilities or raise equity funding on acceptable terms or at all.
- The Company has not been impacted by the war in Ukraine and at this point we do not envision any adverse impacts. Likewise, the Company does not expect to be impacted by the war in Israel.

RESULTS OF OPERATIONS: FISCAL 2024 Q1

The Company incurred a loss, net of tax, of $934,000 for the quarter ended September 30, 2023, compared to a loss, net of tax, of $2,014,000 in the prior-year period. A summary of results of operations, and a reconciliation of income (loss) to Adjusted EBITDA, follows. Amounts are shown net of intercompany transactions.

	Three Months Ended September 30, 2023				Three Months Ended September 30, 2022			
	Copper Alloys	Eng. Mat.	Corp.	Consol-idated	Copper Alloys	Eng. Mat.	Corp.	Consol-idated
	($000s)	*($000s)*	*($000s)*	*($000s)*	*($000s)*	*($000s)*	*($000s)*	*($000s)*
Revenue	4,905	1,762	-	6,667	4,402	1,526	-	5,928
Cost of revenue								
Materials	2,627	1,023	-	3,650	2,698	1,441	-	4,139
Labor	685	538	-	1,223	605	584	-	1,189
Subcontract	127	6	-	133	166	14	-	180
Overhead	354	559	-	913	338	426	-	764
Depreciation	129	174	-	303	123	219	-	342
Onerous Contracts	-	(169)	-	(169)	-	-	-	-
Change in finished goods	119	(559)	-	(440)	45	(481)	-	(436)
	4,041	1,572	-	5,613	3,975	2,203	-	6,178
Gross profit (loss)	864	190	-	1,054	427	(677)	-	(250)
Gross margin	17.6%	10.8%		15.8%	9.7%	-44.4%		-4.2%
SG&A expenses	527	520	341	1,388	562	491	118	1,171
Income (loss) before other items	337	(330)	(341)	(334)	(135)	(1,168)	(118)	(1,421)
Other income (expense)	(234)	(150)	(216)	(600)	(95)	(61)	(437)	(593)
Income (loss) for the period, net of tax	103	(480)	(557)	(934)	(230)	(1,229)	(555)	(2,014)
Adjusted EBITDA:								
Add back (deduct):								
Tax expense (recovery)	-	-	-	-	-	-	(4)	(4)
Interest expense	236	149	255	640	94	66	460	620
Gain (loss) on revaluation of derivative (non-cash)	-	-	1	1	-	-	(30)	(30)
Impairment loss	-	-	-	-	-	-	-	-
Depreciation, amortization, & impairment	134	215	24	373	126	260	24	410
Stock-based compensation expense (non-cash)	6	3	30	39	14	9	53	76
Adjusted EBITDA	479	(113)	(247)	119	4	(894)	(52)	(942)

SEGMENT ANALYSIS: FISCAL Q1 2024

In the quarter ended September 30, 2023, the main factors affecting the Company's financial performance were (1) increased sales and stronger gross margin performance in our Copper Alloys division and (2) higher sales of Be-Al products used in defense markets. Since many of our operating costs are fixed, these trends resulted in stronger performance in our Copper Alloys division and stronger performance in our Engineered Materials division.

Copper Alloys Sales Division Results:

Sales	Sales increased in the quarter ended September 30, 2023, of Copper Alloys product lines mostly due to increased capacity and increased demand from customers in the power generation sector.
Gross profit	Two factors contributed to improved gross margins. As sales increased, fixed operating costs were spread over a larger volume of production. In addition, material margins continue to improve as we realize savings from consolidating our Royersford, Pennsylvania and New Madrid, Missouri copper casting operations to our Franklin, Indiana facility, with notable savings in rent and utility costs.
SG&A expenses	SG&A expenses decreased in the quarter ended September 30, 2023, over the comparable prior-year period, primarily due to higher information technology costs incurred in the prior-year periods.
Other income (expense)	Other income (expense) is primarily comprised of interest expense which increased in the quarter ended September 30, 2023 largely due to the higher interest rates on variable rate debt compared to those the quarter ended September 30, 2022.

Engineered Materials Division Results:

Sales	Sales increased in the quarter ended September 30, 2023, largely due to more favorable prices for its products in the commercial and defense markets. The Engineered Materials division is continuing its efforts to improve yields. The Company continues to pursue additional contracts for high-performance BeAl products in both defense and commercial sector platforms.
Gross profit	Gross margin improved from the comparable prior-year period mostly due to higher sales in commercial and defense markets and improved yields on certain products and the reversal of the onerous contracts

	expense accrual as goods shipped against the onerous customer's purchase orders.
SG&A expenses	SG&A expenses increased in the quarter ended September 30, 2023 as compared to the prior-year period, mostly due to higher legal and consulting fees due to the company seeking advice while exploring strategic options offset by lower information technology costs in the comparable prior-year periods ended September 30, 2022.
Other income (loss)	Other income (expense) is primarily comprised of higher interest expense related to a factory lease extension with higher lease costs that were effective February 1, 2021 and on each anniversary date thereafter and also higher interest rates on variable rate debt.

Corporate

SG&A expenses	SG&A expenses increased in the quarter ended September 30, 2023 compared to the prior-year period primarily because the Company incurred higher consulting, bank, legal and accounting fees related to the refinancing of debt than in the comparable period ended September 30, 2022.
Other income (expense)	The main components of other income (expense) are typically interest expense and foreign exchange gain (loss). Other income (expense) was higher in the quarter September 30, 2023, than in the prior-year period due largely to the higher interest expense due to higher debt and higher interest rates on our short-term borrowings related to the increase in the prime rate as compared to the prior year period.

CHANGES IN FINANCIAL CONDITION

Changes in our financial condition since June 30, 2023, are related to operations in the normal course of business except:

- The Company had an obligation to repay indebtedness owing under the 9.5% senior unsecured debentures of $136,000 and the 8.25% senior unsecured convertible debentures of $2,591,000 maturing on June 6, 2023. The Company secured a temporary 90-day waiver to extend the principal payment deadline from June 6, 2023 to September 4, 2023, and in August 2023 the Company paid the principal to all holders of the debentures prior to that deadline.
- In October 2023, the Company entered into an agreement with Loeb equipment term loan that provided the Company $1.8 million in exchange for a security interest in its machinery and equipment and bears interest at prime plus 6.5% per annum is amortized over five years with interest only payments for the first four weeks, then going forward principal and interest payment

are due weekly. Nonferrous Products, Inc received proceeds of $1,551 from the Loeb Loan which has a 3-year term. IBC Engineered Materials Corp received proceeds of $230 from the Loeb Loan which has a 2-year term. Upon receipt of the proceeds the term loan with Utica was satisfied in full prior to its maturity date of January 4, 2026.

COMMODITY PRICING FOR COPPER

IBC passes the cost of copper through to our customers, and the Company does not hold large inventories. Accordingly, profitability should not be affected by the price of copper in the long term, except to the extent that high copper prices discourage consumption or that competitors lower their margins to obtain business. In the short term, price fluctuations can have a bearing on profitability as the Company realizes gains or losses on inventories. Since copper is a significant component of products sold, the price of copper does materially affect revenues.

Recent indicative copper prices per pound are shown below:

	2023	**2022**
September 30	$3.73	$3.39
June 30	$3.74	$3.69
March 31	$4.08	$4.74
	2022	**2021**
December 31	$3.82	$4.39

Source: COMEX

LIQUIDITY AND CAPITAL RESOURCES

On September 30, 2023, the Company had a working capital deficiency of $6,549,000, including cash of $122,000, as compared to working capital deficiency of $7,182,000, including cash of $83,000 on June 30, 2023. Factors affecting liquidity include:

- The Company has not yet achieved sustained profitable operations.
- The principal and resulted interest under a $1,200,000 credit facility originally due in February 2023 but remain unpaid and continue to accrue interest. On June 26, 2023, the maturity date has been subsequently extended to December 31, 2024.
- The principal and resulted interest under a $1,400,000 credit facility were due August 2023 but remain unpaid and continue to accrue interest. On September 29, 2023, the maturity date has been subsequently extended to December 31, 2024.
- Following the amendments to the Sallyport and Iron Horse credit facilities and entering into the Term loan with Sallyport, proceeds from the refinancing were used to satisfy the 8.25% convertible and 9.5% non-convertible debentures prior to the extended due date of September 5, 2023. The maximum limit under the Iron Horse facility increased to $6,000,000. The Sallyport

facility changed from the ASPA to a bulk factoring facility with an increased maximum limit of $7,000,000.

- In October 2023, the Company entered into an agreement with Loeb equipment term loan that provided the Company $1.8 million in exchange for a security interest in its machinery and equipment and bears interest at prime plus 6.5% per annum is amortized over five years with interest only payments for the first four weeks, then going forward principal and interest payment are due weekly. Nonferrous Products, Inc received proceeds of $1,551 from the Loeb Loan which has a 3-year term. IBC Engineered Materials Corp received proceeds of $230 from the Loeb Loan which has a 2-year term. Upon receipt of the proceeds the term loan with Utica was satisfied in full prior to its maturity date of January 4, 2026.

- A combination of increased inventory and accounts receivable required to support Copper Alloy division growth and operating losses in the Engineered Materials division have constrained operating cash flows. The Company is working to remedy this.

- Interest on the convertible debentures can be settled through the issuance of common shares. In the quarter ended September 30, 2023, settling interest on convertible debentures through the issuance of common shares benefitted cash by $56,000 and in the twelve months ended June 30, 2023, settling interest on convertible debentures through the issuance of common shares benefitted cash by $211,000.

- Under the terms of our second funding loan agreement with Lind Partners, the Company must make monthly payments of C$84,000. Lind may request the issuance of common shares in lieu of cash. In the year ended June 30, 2022, Lind accepted shares in lieu of cash for prepaid accrued interest benefitting cash flow by $40,000.

- Changes in resource prices can have a short-term impact on our manufacturing costs, selling prices, and profitability.

- The Company may be obliged to incur material expenditures on purchases of and repairs to property, plant, and equipment to maintain productive capacity or to service customers.

- The Company manages liquidity risk associated with trade receivables by trading with recognized creditworthy third parties and insuring trade receivables. All sales are conducted in U.S. dollars. In addition, receivable balances are monitored on an on-going basis with the result that our exposure to impaired receivables is not significant.

- Liquidity risk is also managed by investing cash only in obligations of Canada or the U.S. or their respective agencies or obligations of enterprises sponsored by any of the above governments; bankers' acceptances purchased in the secondary market and having received the highest credit rating from a recognized rating agency in Canada or the U.S., with a term of less than 180 days; and bank term deposits and bearer deposit notes, with a term of less than 180 days.

- The Company is contractually committed to purchase, at September 30, 2023 prices, an aggregate of $2,053,000 of raw materials in the year ending June 30, 2024.

- The Company has entered into commercial property and equipment leases. These leases have a weighted average remaining life of 2.3 years, with a certain lease having a renewal option at 95% of fair market value. The future minimum rental payments under non-cancellable operating leases are $654,000 in the period ending June 30, 2024 and $1.4 million in subsequent periods.

The Company may need to raise additional funds in the short-term to finance working capital and additional growth initiatives. The Company may be able to generate additional cash flow through the use of equity markets for raising capital, in addition to adjusting spending, disposing of assets and obtaining other non-equity sources of financing. However, there can be no assurance of success in obtaining such funds.

Related Party Transactions

Except as described below, we do not have any contractual relationships with directors or officers other than employment contracts in the ordinary course of business. The employment contracts are not financially material to its business.

As of September 30, 2023 $147,000 (June 30, 2023 - $364,000) is owing to directors and officers for services and $Nil (June 30, 2023 - $22,000) is owing to officers for expenses paid on the Company's behalf. On July 18, 2023, the Company settled part of its obligation to directors through a share issuance, Share Issuances below.

On August 19, 2022, the Company entered into a credit facility agreement with Mark A. Smith, CEO, and chairman of the board of the Company. The non-revolving credit facility in the amount of up to $1,200,000 included an establishment fee of 2.5% of the amount drawn down with a term expiring on February 19, 2023. The credit facility bears interest at 10% per year calculated monthly in arrears and is payable on the date of the repayment of the loan. The Company has drawn down the full amount of the facility. During the quarter ended September 30, 2023, the Company incurred interest expense of $30,000 (September 30, 2022 - $14,000) on this facility. On June 26, 2023, the maturity date was subsequently extended to December 31, 2024.

On May 31, 2023, the Company entered into a credit facility agreement with Mark A. Smith, CEO, and chairman of the board of the Company. The non-revolving credit facility in the amount of up to $1,400,000 included an establishment fee of 2.5% of the amount drawn down with a term expiring on

August 31, 2023. The credit facility bears interest at 10% per year calculated monthly in arrears and is payable on the date of the repayment of the loan. The Company has drawn down the full amount of the facility. During the quarter ended September 30, 2023, the Company incurred interest expense of $24,000 (September 30, 2022 - $Nil) on this facility. On September 29, 2023, the maturity date was subsequently extended to December 31, 2024.

Financial Instruments and other Instruments

IBC's activities expose the Company to a variety of financial risks, including foreign exchange risk, interest rate risk, commodity price risk, and credit risk. The Company does not have a practice of trading derivatives, using instead a natural hedge for foreign currency by holding funds in the currency in which it expects to spend the monies.

Foreign Exchange Risk

While the majority of our administrative and manufacturing activities occur in the U.S., some corporate administration costs are incurred in Canada and raise equity proceeds in Canadian dollars. Exchange risk is managed on equity capital by converting expected U.S. expenditures to U.S. dollars at the time the money is raised.

Interest Rate Risk

The Company's interest rate risk mainly arises from the interest rate impact on interest expense on the ASPA, the Bulk Accounts Receivable factoring facility and the Real Estate Bridge Loan with Sallyport Commercial Financing, LLC, and with the Utica financing agreement.

Commodity Price Risk

Profitability and long-term viability depend, in some measure, on the market prices of copper, aluminum, and beryllium. The prices for metals can be volatile and are affected by factors beyond our control, including the following: global or regional consumption patterns; the supply of, and demand for, these metals; speculative activities; the availability and costs of metal substitutes; expectations for inflation; and political and economic conditions, including interest rates and currency values. The Company cannot predict the effect of these factors on metal prices and does not engage in hedging but, where possible, structure selling arrangements in a way that passes commodity price risk through to our customer.

Credit Risk

Credit risk is managed by trading with recognized creditworthy third parties and by insuring all trade receivables. In addition, we monitor receivable balances with the result that our exposure to impaired receivables is generally not significant.

Adoption of New Accounting Pronouncements and Recent Developments

The following new standards, interpretations, and amendments to existing standards have been issued by the IASB or IFRC and are effective in the current year and are relevant to the Company.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) - The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The Company applies a directly related cost approach to assess whether a contract is onerous to contracts for which it has not yet fulfilled all its obligations. The amendments to IAS 37 were considered as part of the Company's determination of the onerous contract.

Certain new standards, and amendments to standards and interpretations, are not effective for our current fiscal year and have not been early adopted in preparing these financial statements. The

Company is currently assessing the potential impact, if any, on the Company's financial statements. The following accounting standards and amendments are effective for future periods:

Our fiscal years beginning on July 1, 2023

Classification of Liabilities as Current or Non-current (Amendments to IAS 1) - The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. The amendments are effective for reporting periods beginning on or after January 1, 2023. The Company is still in the process of assessing the impact of these amendment.

NON-IFRS MEASURES

To supplement our audited consolidated financial statements, which are prepared and presented in accordance with IFRS, we use "operating income (loss)" and "Adjusted EBITDA", which are a non-IFRS financial measure.

We believe that operating income (loss) help identify underlying trends in our business that could otherwise be distorted by the effect of certain income or expenses that we include in loss for the period. We further believe that operating income (loss) provides useful information about core operating results, enhances the overall understanding of our past performance and future prospects, and allows for greater visibility with respect to key metrics used by management in our financial and operational decision-making.

We believe that Adjusted EBITDA is a useful indicator for cash flow generated by our business that is independent of our capital structure.

Operating income (loss) and Adjusted EBITDA should not be considered in isolation or construed as an alternative to loss for the period or any other measure of performance or as an indicator of our operating performance. Operating income (loss) and Adjusted EBITDA presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data.

Operating Income (Loss)

Operating income (loss) represents loss for the period, excluding foreign exchange loss, interest expense, interest income, other income (expense) and income taxes that we do not believe are reflective of our core operating performance during the periods presented. A reconciliation of our first fiscal quarter ended September 30, 2023, loss to operating loss follows:

Quarter ended September 30	2023	2022
	($000s)	*($000s)*
Loss for the period	(934)	(2,014)
Foreign exchange (gain) loss	4	5
Interest expense	640	620
(Gain) loss on revaluation of derivative	1	(30)
Other income	(45)	1
Income tax expense (recovery)	-	(4)
Operating loss	(334)	(1,422)

Adjusted EBITDA

Adjusted EBITDA represents our income (loss) for the period before interest, income taxes, depreciation, amortization and share-based compensation. A reconciliation of our first fiscal quarter ended September 30, 2023 loss to Adjusted EBITDA follows:

Quarter ended September 30	2023	2022
	($000s)	*($000s)*
Loss for the period	(934)	(2,014)
Income tax expense (recovery)	-	(4)
Interest expense	640	620
(Gain) loss on revaluation of derivative	1	(30)
Depreciation, amortization, & impairment	373	410
Stock-based compensation expense (non-cash)	39	76
Adjusted EBITDA	119	(942)

BUSINESS RISKS

Some of the risks specific to operations, include the following:

Dependence on Ulba Metallurgical Plant and Sole-source Suppliers

The proprietary Beralcast® castings and many copper alloys use beryllium, which is a specialty metal that is produced by a limited number of companies globally. The Company purchases beryllium from a U.S. producer, from the U.S. National Defense Stockpile, and from Ulba Metallurgical Plant ("Ulba"), owned by Kazatomprom of Kazakhstan. Vacuum-cast beryllium and beryllium copper master alloy are sourced from Ulba, and the Company has entered into long-term beryllium and beryllium copper master alloy supply agreements with Ulba lasting through 2026. Ulba's ability to honor its supply obligations will depend on its ability to source raw materials. Production uses long-term stockpiles; however, any disruptions in Ulba's ability to manufacture beryllium or CTMA (Carbothermic Master Alloy) to the Company's specifications could have a materially adverse effect on IBC's business. The Company's ability to purchase those supplies also is contingent upon a continuation of current U.S. laws and regulation governing such purchases.

The Company is dependent upon several suppliers of base materials and alloying agents as sole-source suppliers. Approximately 80% of materials purchased, including those from Ulba, as described above, are primarily from these sole-source suppliers. Any disruptions in these suppliers' ability to manufacture base materials and alloying agents needed by IBC could have a materially adverse effect on short-term revenue, while we seek to engage alternative sources.

Disruptions of Manufacturing Operations

From time to time, operations are adversely affected by disruptions caused by such things as water line failures, power outages, labor turnover, equipment failures, and adverse weather. These issues normally only cause short-term interruptions but can affect the ability to meet quarterly revenue and profitability objectives.

Need to Meet Product Specifications

Most of the products manufactured are required to conform to a specification. Some of these specifications are very exacting. Small variations in process can cause our products to fall short of the required standards. In addition, customer requirements can change from time to time. If unable to address these specification issues in a timely manner, the Company is at risk of losing short-term revenue and even long-term production contracts.

LEGAL MATTERS

In the normal course of business operations, the Company and subsidiaries are parties, from time to time, to various civil and administrative proceedings. These may include product liability claims, health and safety claims, environmental claims and employee-related matters.

As more fully discussed below, the Company is from time to time involved in a variety of claims, lawsuits, investigations and proceedings concerning securities law, intellectual property law, environmental law, employment law and the Employee Retirement Income Security Act ("ERISA"). The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses potential liability by analyzing litigation and regulatory matters using available information. The Company develops views on estimated losses in consultation with outside counsel handling defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in the determination as to an unfavorable outcome and result in the need to recognize a material accrual or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

- On September 8, 2017, an award was issued in favor of claimant Gerald Hoolahan against IBC Advanced Alloys Corp. The award, in the amount of $1.2 million plus attorney's fees, costs, and expenses in the amount of $155,000 was granted by the American Arbitration Association's International Centre for Dispute Resolution. On March 27, 2019, we received notice of the U.S. District Court for the District Massachusetts affirming the September 8, 2017 arbitration award made in favor of Gerald Hoolahan. We appealed this decision. Subsequently, on January 22, 2020, the U.S. Court of Appeals for the First Circuit affirmed the judgment of the U.S. District Court for the District of Massachusetts, which found in favor of Mr. Hoolahan. We are evaluating its payment options with respect to the award granted to Mr. Hoolahan.

- On January 21, 2014, a subsidiary in the Copper Alloys division, Nonferrous Products, Inc. ("Nonferrous Products") received a "Special Notice Letter of Potential Liability" from the U.S. Environmental Protection Agency ("EPA"). The letter references the EPA's determination that a release of hazardous materials had occurred at the Chemetco Superfund Site located in Hartford, Illinois. Chemetco, Inc. ("Chemetco") operated a secondary smelting operation for recycling and after-market processing of copper-bearing scrap and manufacturing by-products. The EPA has identified Nonferrous Products as a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). Nonferrous Product was identified as PRP due to the EPA's review of Chemetco's records indicating that Nonferrous Products shipped more than 150,000 pounds of material to the Superfund Site. Nonferrous Products has joined a defense group of other PRPs ("Chemetco PRP Group"). The presumed amount of shipped material from Nonferrous Products classifies it as a Tier 3 Group member of four tiers, with Tier 1 consisting of PRPs that shipped the highest volume of material to Chemetco. By joining the PRP Group, Nonferrous Products entered into an Amended Cost Sharing Agreement which requires certain assessments based on an interim allocation according to the Tier Group. To date, Nonferrous Products has paid immaterial amounts related to these assessments and member fees. These assessments will be used to fund further site investigation to determine the amount of materials sent to Chemetco by each party and the best clean-up method. On September 27, 2017, it was brought to the attention of IBC Counsel that the EPA Special Notice Letter was delivered to our subsidiary, Specialloy Copper, LLC, identifying Specialloy Metals Company as a Potentially Responsible Party to the Chemetco Superfund Site. The entity noticed (Specialloy Metals Company) sold assets to Company's subsidiary and was subsequently dissolved. Company's subsidiary is covered under Nonferrous' Insurance policies, and other than the asset purchase transaction has no connection to the entity that was noticed. We are evaluating its options regarding notifying its insurers of potentially increased liability should the EPA and/or Chemetco PRP Group contribution lawsuit's attempt to name our subsidiary, Nonferrous Products as a defendant. Specialloy Metals Company was allocated with over 4 million pounds of material shipped to the Chemetco site, or more than ten times the amount allocated to Nonferrous Products. Should the EPA and/or Chemetco PRP Group contribution lawsuit pursue alter ego theories and name our subsidiary Company, Nonferrous Products, as a defendant, then IBC potentially faces significantly more liability requiring further defensive action.

Environmental and Occupational Safety Issues

IBC melts and machines materials that have the potential, if not controlled and handled appropriately, to have a negative effect on an individual's health and the environment. In addition, operations use materials such as cutting and hydraulic fluids, which have the capacity to cause environmental contamination if left uncontained.

To mitigate these potential risks, we:

- employs a full-time health and safety manager to administer and monitor safety programs;
- employs manufacturing practices to minimize and eliminate dispersal of fumes and dust;
- uses trap basins and fluid reservoirs to capture and retrieve possible overages;
- uses active exhaust vents and hoods located in equipment areas to capture and filter air;
- regularly schedules assessments and maintenance of in-house ventilation systems;
- requires employees to use appropriate personal protective equipment (such as respirators, outer garments, gloves, etc.) selected to limit and protect them from any potential exposures;
- conducts beryllium lymphocyte proliferation tests (BeLPT) to determine employees' potential for sensitivity to beryllium prior to possible exposure;
- undertakes ongoing air quality monitoring and perform periodic employee health exams as per occupational health guidelines; and
- limits access to areas that may have a potential exposure to beryllium dust particles

Despite these procedures, we remain subject to risk in this regard.

As with all industry, the Company is subject to periodic inspection by state and local safety, health and environmental authorities. If during an inspection a failing was noted in the Company's systems, the potential for the temporary or permanent closure of the facilities could exist. If during the periodic employee health screening, an employee displays elevated exposure to metals, it could require us to place the employee on sick leave, which would have the potential to impact both direct and indirect costs and cause a disruption of production. There is also the potential that an inherent safety or environmental exposure, if uncontrolled, could initialize legal action by employees, neighbors or those who visit our facilities.

To minimize the risks arising from pre-acquisition activities, we commissioned phase one environmental reviews prior to acquiring our copper alloys businesses. It is possible that environmental problems remain at our facilities that these phase-one assessments did not uncover.

SHAREHOLDERS' EQUITY

SHARE ISSUANCES

- In July 2023, we issued 800,000 common shares to each of the four directors for director's fees with an issue-date value of C$240,000 in satisfaction of the Fiscal Year ended June 30, 2023 and Fiscal Year ended June 30, 2022 director's fees payable in shares in lieu of cash.
- In September 2023, we issued 952,605 common shares to debenture-holder with an issue-date value of C$76,000 in satisfaction of the September 5, 2023 interest payment in lieu of cash.

OUTSTANDING SHARE DATA

As at the date of this MD&A, we have issued:

- A total of 106,734,573 common shares.
- Warrants to purchase 11,269,444 common shares.
- Share options to purchase 4,377,500 common shares.

The maximum number of shares potentially issuable together with the issued shares is therefore 122,381,517.