



IBC Advanced Alloys

IBC ADVANCED ALLOYS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Expressed in United States Dollars

March 31, 2024



**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed consolidated interim financial statements of IBC Advanced Alloys Corp. for the nine months ended March 31, 2024 have been prepared by the management of the Company and approved by the Company's audit committee.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

IBC ADVANCED ALLOYS CORP.
Condensed Consolidated Interim Statements of Financial Position
(US dollars in thousands)

	Note	March 31 2024 \$	June 30 2023 \$
ASSETS			
Current assets			
Cash		963	83
Receivables, net	6	4,636	5,497
Inventories	7	9,638	9,302
Prepaid expenses and deposits		447	328
Total current assets		15,684	15,210
Non-current assets			
Deposits		295	295
Inventories	7	915	916
Property, plant, and equipment	8	10,844	11,852
Other assets		83	46
Total non-current assets		12,137	13,109
Total assets		27,821	28,319
LIABILITIES			
Current liabilities			
Line of credit	9	5,045	4,809
Accounts payable and accrued liabilities	10, 19, 21, 22	3,182	4,085
AR factoring facility	6	3,013	1,569
Leases payable	12	791	756
Note payable	11	2,737	-
Related party note payable	11, 18	2,532	1,408
Onerous contract liability	17	-	738
Unearned revenue		2,058	4,104
Loan payable	11	285	230
Arbitration award liability	10, 21	1,610	1,549
Debentures, current portion	11	159	3,144
Total current liabilities		21,412	22,392
Non-current liabilities			
Loan payable	11	1,265	368
Related party note payable	11, 18	-	1,304
Leases payable	12	696	1,294
Total non-current liabilities		1,961	2,966
Total liabilities		23,373	25,358
EQUITY			
Share capital	13	62,909	62,667
Reserves	14	10,077	9,971
Accumulated deficit		(68,538)	(69,677)
Total equity		4,448	2,961
Total liabilities and equity		27,821	28,319

Going concern operation 2
Commitments and contingencies 17, 19, 21
Events after the reporting date 23

On behalf of the board of directors:

“Simon Anderson” Director “Mark Smith” Director
Simon Anderson Mark Smith

See accompanying notes

IBC ADVANCED ALLOYS CORP.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(US dollars in thousands, except for share and per share amounts)

	Note	Three months ended March 31		Nine months ended March 31	
		2024	2023	2024	2023
		\$	\$	\$	\$
Revenue	20	10,241	7,755	26,958	21,178
Cost of revenue	7, 8, 17	6,975	6,397	19,687	18,678
Gross profit		3,266	1,358	7,271	2,500
Selling, general, and administrative expenses					
Consulting fees		49	74	195	170
Depreciation	8	69	70	207	206
Director fees, cash portion	18	14	13	45	38
Doubtful debts (recovery)		1	-	1	-
Office and miscellaneous		264	288	966	806
Professional fees		80	142	307	289
Public company costs		33	23	177	93
Rent		1	1	4	5
Salaries, wages, and management fees	18	599	567	1,919	1,714
Share-based compensation and services	15, 18	38	60	110	203
Travel, meals and entertainment		13	37	97	114
		1,161	1,275	4,028	3,638
Income (loss) before other items		2,105	83	3,243	(1,138)
Other income (expense)					
Foreign exchange income (expense)		(6)	13	(7)	5
Interest and accretion expense	6, 9, 11, 12, 18	(710)	(629)	(2,130)	(1,862)
Gain (loss) on disposal of assets		(29)	-	(29)	-
Gain (loss) on revaluation of derivative	11	-	11	(1)	70
Other income (expense)	6	4	16	70	12
Income (loss) before income taxes		1,364	(506)	1,146	(2,913)
Income tax expense					
Current		(3)	(3)	(7)	(6)
		(3)	(3)	(7)	(6)
Income (loss) for the period, net of tax		1,361	(509)	1,139	(2,919)
Other comprehensive loss, net of tax					
Foreign currency translation		404	282	179	168
Total comprehensive income (loss)		1,765	(227)	1,318	(2,751)
Basic and diluted income (loss) per common share	23	0.01	(0.01)	0.01	(0.03)
Weighted average number of common shares outstanding	23	106,734,573	96,750,779	106,293,029	91,492,790

See accompanying notes

IBC ADVANCED ALLOYS CORP.
Condensed Consolidated Interim Statements of Cash Flows
(US dollars in thousands)

Period ended March 31	2024	2023
	\$	\$
Cash flows provided by (used in) operating activities		
Income (loss) for the period, net of tax	1,139	(2,919)
Adjustments for:		
Share-based compensation and services	110	203
(Gain) loss on disposal of assets	29	-
(Gain) loss on revaluation of derivative	1	(70)
Doubtful debts expense (recovery)	1	-
Depreciation	1,120	1,233
Sales returns and allowances expense (recovery)	15	(57)
Foreign exchange expense	7	(5)
Onerous contract expense (recovery)	(738)	-
Interest and accretion expense	2,130	1,862
Write-down (write-up) of inventory	(547)	-
Changes in non-cash working capital items:		
Receivables	860	(419)
Inventories	228	(2,702)
Prepaid expenses and deposits	(119)	(121)
Accounts payable and accrued liabilities	(1,084)	(293)
Unearned revenue	(2,046)	2,867
Net cash provided by (used in) operating activities	1,106	(421)
Cash flows provided by (used in) financing activities		
Net line of credit advances	236	1,068
Interest paid	(1,768)	(1,026)
AR factoring facility proceeds (repayments)	1,444	(40)
Related party note payable proceeds (repayments)	(90)	1,200
Loan repayments	(944)	(120)
Loan proceeds	4,781	-
Loan financing costs	(228)	-
Lease principal repayments	(563)	(529)
Debenture principal repayments	(2,944)	(675)
Options exercised	-	79
Warrants exercised	-	398
Private placement proceeds	-	896
Share issue costs	-	(19)
	(76)	1,232
Cash flows used in investing activities		
Proceeds from sale of property, plant, and equipment	4	-
Purchase of property, plant, and equipment	(147)	(338)
	(143)	(338)
Foreign exchange effect on cash		
	(7)	5
Change in cash during the period	880	478
Cash, beginning of period	83	478
Cash, end of period	963	956
Supplemental Cash Flow Information:		
Interest payments, net of amounts capitalized	(1,768)	(1,026)
Income tax (payments) refunds	(7)	(6)
Non-cash items:		
Issuances of common shares in lieu of services paid in cash	186	-
Fair value of options exercised	-	52
Issuances of common shares in lieu of interest paid in cash	56	-

See accompanying notes

IBC ADVANCED ALLOYS CORP.
Condensed Consolidated Interim Statements of Changes in Equity
(US dollars in thousands)
For the Nine Months Ended March 31, 2024

	Note	Share Capital \$	Reserves \$	Accumulated Deficit \$	Equity \$
At June 30, 2022		60,924	9,698	(63,745)	6,877
Shares issued for options exercised	13	79	-	-	79
Fair value of options exercised	13, 14	52	(52)	-	-
Shares issued for warrants exercised	13	398	-	-	398
Foreign currency translation	14	-	168	-	168
Private placement	14	896	-	-	896
Share issue costs	14	(19)	-	-	(19)
Debentures interest paid in shares	11, 14	112	-	-	112
Share-based compensation	14, 15	-	203	-	203
Loss for the period		-	-	(2,919)	(2,919)
At March 31, 2023		62,442	10,017	(66,664)	5,795
At June 30, 2023		62,667	9,971	(69,677)	2,961
Foreign currency translation	14	-	179	-	179
Shares issued for services	13, 14	186	(183)	-	3
Debentures interest paid in shares	11, 13	56	-	-	56
Share-based compensation	14, 15	-	110	-	110
Income for the period		-	-	1,139	1,139
At March 31, 2024		62,909	10,077	(68,538)	4,448

See accompanying notes

IBC ADVANCED ALLOYS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

1. Corporate Information

IBC Advanced Alloys Corp. (“IBC”) was incorporated under the laws of British Columbia on December 11, 2002. IBC and its subsidiaries are collectively referred to as the “Company”. The Company is engaged in the production and development of specialty alloy products. The Company trades on the TSX Venture Exchange (“TSX-V”) under the symbol “IB” and on the OTCQB International market under the symbol “IAALF”.

IBC is the ultimate parent company of its subsidiary group. IBC’s registered office is located at 595 Burrard Street, Suite 2600, Vancouver, BC V7X 0L3.

2. Basis of Presentation

a) Statement of compliance

These condensed consolidated interim financial statements of the Company for the nine months ended March 31, 2024 have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”) using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), on a basis consistent with the significant accounting policies disclosed in note 3 of the most recent annual financial statements at and for the year ended June 30, 2023 as filed on SEDAR at www.sedarplus.ca. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and were approved and authorized for issue by the audit committee on May 16, 2024.

The financial statements are presented in United States dollars, which is the functional currency of the Company.

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value. The condensed consolidated interim financial statements are presented in United States dollars (“\$”) and all financial amounts, other than per-share amounts, are rounded to the nearest thousand dollars. The functional currency of the parent company is the Canadian dollar (“C\$”), and the functional currency of the subsidiary companies is the United States dollar.

The preparation of condensed consolidated interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

IBC ADVANCED ALLOYS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

2. Basis of Presentation (continued)

c) Going concern of operations

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

At March 31, 2024, the Company had not yet achieved consistently profitable operations, having recognized Income (loss) of \$1,139 (2023 – (\$2,919)) during the nine months ended March 31, 2024. The Company had accumulated losses of \$68,538 (June 30, 2023 - \$69,677) since inception. At March 31, 2024, the Company had a working capital deficiency of \$5,728 (June 30, 2023 – \$7,182). These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon generating positive cash flows from operations, earning sufficient returns on its investments, and upon obtaining additional financing. The outcome of these matters cannot be predicted at this time. These condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

On August 19, 2022, the Company entered into a credit facility agreement with Mark A. Smith, CEO and the chairman of the board of the directors of the Company. The non-revolving credit facility in the amount of up to \$1,200 included an establishment fee of 2.5% of the amount drawn down with a term, as amended, expiring on December 31, 2024. The credit facility bears interest at 10% per annum calculated monthly in arrears and is payable on the date of the repayment of the loan. The Company drew down the full amount of the credit facility in August 2022. In the nine months ended March 31, 2024, The Company paid interest of \$183 (2023 - \$Nil) and principal of \$53 (2023 - \$Nil).

On May 31, 2023, the Company entered into a second credit facility agreement with Mark A. Smith. The non-revolving credit facility in the amount of up to \$1,400 included an establishment fee of 2.5% of the amount drawn down with a term, as amended, expiring on December 31, 2024. The credit facility bears interest at 10% per annum calculated monthly in arrears and is payable on the date of the repayment of the loan. The Company drew down the full amount of the credit facility in June 2023.. In the nine months ended March 31, 2024, the Company paid interest of \$102 (2023 - \$Nil) and principal of \$37 (2023 - \$Nil).

On August 28, 2023, the Company entered into an Amendment no. 3 to the credit and security agreement with Iron Horse Credit, LLC where the maximum revolver amount was increased from \$5,000 to \$6,000. All other terms were substantially the same as the original agreement. The Company also entered into amendments with Sallyport Commercial Finance, LLC ("Sallyport") where the maximum facility was increased from \$4,000 to \$7,000 and the accounts sale and purchase facility was changed to a batch or bulk factoring facility.

Also, on August 28, 2023, the Company entered into a term loan with Sallyport which is governed by a real estate lien note between Nonferrous Products, Inc. and Sallyport which provided the Company with \$3.0 million secured by a mortgage and assignment of rents. The term loan matures on May 27, 2024 and bears interest at prime plus 6.75% per annum with interest-only payments for six months then payments comprising principal of \$150,000 plus interest beginning in month seven.

IBC ADVANCED ALLOYS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

2. Basis of Presentation (continued)

c) Going concern of operations (continued)

On October 26, 2023, the Company's subsidiaries: Nonferrous Products, Inc. and IBC Engineered materials Corp. entered into an agreement with Loeb for an equipment term loan that provided the Company with \$1,781 in exchange for a security interest in its machinery and equipment. The Loeb loan bears interest at prime plus 6.5% is amortized over five years with interest-only payment 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 with a three-year term. IBC Engineered Materials Corp. received proceeds of \$230 from the Loeb loan with a two-year term. Upon receipt of the proceeds, the term loan with Utica was satisfied in full prior to its maturity date.

The Company's continuing operations, ability to discharge its liabilities and fulfill its commitments as they come due are dependent upon several factors. These factors include continued sales of the Company's products, the support of its bank and related parties, and the ability of the Company to continue to obtain equity and debt financing. The Company's continuing operations are dependent, ultimately, upon reaching and maintaining profitable operations at its production facilities. Management plans to continue to develop its production facilities to ensure the Company can generate sustainable, long-term profitability, and obtain additional financing.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

Management believes the Company will be successful at securing additional funding, and, if it successfully sustains profitable operations at its production facilities, would continue as a going concern for the foreseeable future. Accordingly, the consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments other than in the normal course of business and at amounts different from those in the condensed consolidated interim financial statements.

IBC ADVANCED ALLOYS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

2. Basis of Presentation (continued)

d) Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of IBC and its subsidiaries on March 31, 2024. Subsidiaries consist of entities over which IBC is exposed to, or has rights to, variable returns as well as the ability to affect these returns through the power to direct the relevant activities of the entity. To the extent that subsidiaries provide services that relate to the Company's activities, they are fully consolidated from the date control is transferred to IBC and are deconsolidated from the date control ceases. These condensed consolidated interim financial statements include all the assets, liabilities, revenues, expenses and cash flows of IBC and its subsidiaries after eliminating inter-entity balances and transactions. Any other investments in subsidiaries would not be consolidated but measured at fair value through profit or loss in accordance with IFRS 9, but there are no non-consolidated subsidiaries.

The principal subsidiaries are:

Entity	Ownership Percentage	Location	Principal Activity
IBC US Holdings, Inc. ("IBC US")	100%	United States	Holding company
Nonferrous Products, Inc. ("Nonferrous")	100%	United States	Manufacturing
NF Industries, Inc.	100%	United States	Holding company
IBC Engineered Materials Corp. ("EMC")	100%	United States	Manufacturing

Copper Alloys division consist of Nonferrous, NF Industries, Inc. Engineered Materials division consists of EMC.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated fully upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non-controlling interest.
- Derecognizes the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

IBC ADVANCED ALLOYS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

3. New and Amended IFRS Standards that are Effective for the Current Year

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 the Company's reporting periods beginning on July 1, 2023.

New standards, interpretations and amendments not yet effective

Certain new standards, and amendments to standards and interpretations, are not effective in the 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. There are no new accounting standards and amendments effective for future periods affecting the Company.

The Company's next fiscal year begins on July 1, 2024.

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the financial year are discussed in note 25 in the consolidated June 30, 2023 financial statements.

The Company makes critical judgments in the determination of income taxes and critical estimates in computing the value of share-based transactions, depreciation, onerous contract, impairment of non-financial assets and inventory. The Company applies a fixed accrual for uncollectable receivables and corrects the amount quarterly based on the expected credit loss model. Factors which could affect actuals are the macro-economic climate as well as customer disputes over quality and customer bad collections experience.

IBC ADVANCED ALLOYS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

4. Critical Accounting Estimates and Judgments (continued)

Determining cash generating units

For assessing impairment of non-financial assets, the Company must determine its cash-generating units (CGUs). Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. The determination of a CGU is based on management's judgement and is an assessment of the smallest group of assets that generate cash inflows independently of other assets.

Impairment of non-financial assets

The determination of whether indicators of impairment exist is based on management's judgement of whether there are internal and external factors that would indicate that a non-financial asset is impaired. The recoverable amounts used for impairment calculations may require estimates of future net cash flows related to the assets or CGUs, probability of successful contract proposals and estimates of discount rates applied to these cash flows, or consideration of the Company's market capitalization as compared to the CGU's carrying amount in determination of fair value less cost of sales through appraisal. The Company also assess whether there are circumstances that indicate that previously impaired assets are now recoverable and need to be increased to their original carrying values.

Onerous Contract

When it is probable that total contract costs will exceed total contract revenue it is called an onerous contract and the expected loss is recognized as an accrued liability and an expense in cost of sales on the statement of loss and comprehensive loss. Significant estimation assumptions are required to estimate remaining costs of the contract.

Disposal Groups

The business assets of the Engineered Materials division that is being closed (note 21) will comprise a "disposal group", which is defined as a group of assets to be disposed of by sale or otherwise together as a group in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction. The composition of the disposal group which may be a group of CGUs, a single CGU or part of a CGU is based on management's judgement.

Income taxes

The Company must exercise judgment in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for expected tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Useful lives of property, plant and equipment

Property, plant and equipment are amortized or depreciated over their useful lives. Useful lives are based on management's estimate of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of loss and comprehensive loss in specific periods. More details including carrying values are included in note 8.

IBC ADVANCED ALLOYS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

4. Critical Accounting Estimates and Judgments (continued)

Inventory

The Company reviews the net realizable value of, and demand for, its inventory on a quarterly basis to provide assurance that recorded inventory is stated at the lower of cost or net realizable value. Factors that could impact estimated demand and selling prices include the timing and success of future technological innovations, competitor actions, supplier prices and economic trends.

The Company's return policy allows for return of any unsatisfactory product. The inventory return accrual and reserve are determined based on an analysis of the historical rate of returns, which is applied directly against cost of sales.

The valuation of beryllium-rich metal recovered during operations (revert) is based on estimated yields and the costs of the alloy used in the production process during the period. Current portions and non current portions of inventories are based upon estimated projections of processing or forecasted usage of the revert material.

Share-based transactions

The Company must exercise judgement in defining its assumptions for evaluating share-based compensation, (note 15) per IFRS 2 and employs the Black-Scholes option-pricing model and various weighted average assumptions. The Company bases estimates on historical data for volatility, forfeitures, expected option lives, dividend yield, interest rates and actual market price and grant price of the options.

Segmented reporting

The Company must exercise judgement in defining its business segments (note 20) and allocating revenue, expenses, and assets among the segments. The Company bases allocations on the groupings used to manage the business and report to senior management. From time to time, assets and personnel of one division may be used to benefit another division resulting in inaccuracies, but these are not material.

Contingencies

Due to the complexity and nature of the Company's operations, various legal matters arise and are outstanding from time to time. The final outcome with respect to actions outstanding or pending on March 31, 2024, or with respect to future claims, cannot be predicted with certainty and is an area of significant management judgement. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements the date such changes occur (note 19 and 21).

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

5. Capital Management

The board of directors has overall responsibility for the establishment and oversight of the Company's capital management framework. The board of directors has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are regularly reviewed and updated to reflect changes in market conditions and the Company's activities. There were no changes to the Company's approach to capital management during the nine months ended March 31, 2024 from the year ended June 30, 2023.

The Company's primary objectives, when managing its capital, are to maintain adequate levels of funding to support the manufacturing operations of the Company and to maintain corporate and administrative functions. The Company defines capital as bank loans, other short-term and long-term debt, and equity, consisting of the issued common shares, stock options and warrants. The capital structure of the Company is managed to provide sufficient funding for manufacturing and other operating activities. Funds are primarily secured through a combination of debt and equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital and debt in this manner.

The Company invests all capital that is surplus to its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term deposits, which are all held with major financial institutions. The Company's line of credit facilities require that it maintain a minimum net worth and certain ratios indicating debt coverage and debt-to-tangible net worth. The Iron Horse Credit, LLC with which the Company maintains a line of credit facility requires that Company demonstrate positive operating cash flows.

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

6. Receivables, net

	March 31	June 30
	2024	2023
	\$	\$
Trade accounts receivable	1,615	2,533
Trade accounts receivable subject to factoring	3,013	1,569
Net trade accounts receivable	4,628	4,102
Tax refund receivable	-	1,395
Other receivables	8	-
	4,636	5,497

At March 31, 2024, trade accounts receivable of \$2,275 (June 30, 2023 - \$1,569) held by Copper Alloys were factored as part of the accounts sale and purchase agreement (“ASPA”) (notes 9) and trade accounts receivable of \$738 (June 30, 2023 - \$Nil) held by EMC were factored as part of the ASPA (note 9).

On July 29, 2021, the Company entered into an ASPA or Accounts Receivable (AR) factoring facility with Sallyport Commercial Finance LLC and the Company’s subsidiaries. The ASPA bears interest at the prevailing prime plus 2% per annum, additional fees include a 3% factoring fees, a factoring fee of 0.45% (June 30, 2023 - 0.45%) of the receivables balance purchased after 45 days and another 0.45% (June 30, 2023 - 0.45% factoring fee after 90 days). The ASPA can provide up to \$4 million in revolving financing pursuant to the factoring of 90% of the company’s accounts receivable. The Company has retained late payment and credit risk, and therefore continues to recognize the transferred assets in their entirety in its Consolidated Statement of Financial Position. The repayable amount is presented as a liability, AR factoring facility. The initial term is 12 months with an inter-creditor facility with Iron Horse Credit, LLC and Sallyport Commercial Finance which requires that the Company maintain a minimum debt service coverage ratio and positive cash flows at it pertains to the Company’s operations.

The Company was in violation of the minimum debt service coverage ratio for the quarters ended September 30, 2022 and June 30, 2023 but complied with the minimum debt service coverage ratio for the quarters ended December 31, 2022 and March 31, 2023 and December 31, 2023 and March 31, 2024. The Company did not have positive cash flows as it pertains to operations for the quarters ended September 30, 2023 and June 30, 2023 but did have positive cash flows as it pertains to operations for the quarter ended December 31, 2022 and March 31, 2023 and December 31, 2023 and March 31, 2024. On November 3, 2023 the Company received a waiver of the violation of the debt covenants, from Iron Horse, LLC.

On April 28, 2022, the Company entered into an amended agreement and extended the ASPA through July 28, 2023 and the inter creditor facility between Sallyport Commercial Finance LLC and Iron Horse Credit, LLC continues. As at March 31, 2023, the Company has \$3,013 (June 30, 2023 - \$1,569) of its accounts receivable factored as part of this AR factoring facility and during the period has incurred \$260 (March 31, 2023 - \$201) in interest expense as a result of factoring of accounts receivable. Subsequently on August 28, 2023, the Company also entered into amendments with Sallyport Commercial Finance, LLC where the maximum facility was increased from \$4,000 to \$7,000 and the accounts sale and purchase facility was changed to a batch or bulk factoring facility.

The Company accrued a tax refund receivable at June 30, 2023 of \$1,395 having met all of the requirements under the employee retention credit per Section 2301 of the CARES Act, the tax refund receivable is recognized as income per IAS 20. As of March 31, 2024 we have received all expected employee retention credit refunds.

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

7. Inventories, net

	March 31, 2024			June 30, 2023		
	Cost	Valuation Provision	Net	Cost	Valuation Provision	Net
	\$	\$	\$	\$	\$	\$
Current inventories						
Raw materials	5,439	(262)	5,177	4,802	(561)	4,241
Work in process	3,630	(218)	3,412	5,130	(466)	4,664
Finished goods	1,049	-	1,049	397	-	397
	10,118	(480)	9,638	10,329	(1,027)	9,302
Non current inventories						
Raw materials	915	-	915	916	-	916
	11,033	(480)	10,553	11,245	(1,027)	10,218

At March 31, 2024, inventories with cost of \$7,710 (June 30, 2023 - \$9,245) held by Copper Alloys were pledged as collateral for bank loans (note 9) and inventories of \$3,323 (June 30, 2023 - \$2,274) held by EMC were pledged as collateral for notes payable (note 9). A valuation provision to adjust inventory to its net realizable value (NRV) has been recorded at EMC of \$191 (June 30, 2023 - \$191) related to the impairment of unprocessed revert material. A valuation provision has been recorded to adjust inventory to its NRV amount for inventories specifically related to the onerous contracts at EMC for raw materials of \$71 (June 30, 2023 - \$370) and work in process of \$218 (June 30, 2023 - \$466).

During the nine months ended March 31, 2024, cost of sales included materials of \$12,501 (2023 - \$11,637), and labor of \$3,793 (2023 - \$3,616).

In 2018, beryllium-bearing alloys carried in salvage (work in process) inventory were revalued. The adjustment became necessary when a new process was developed allowing recovery of the alloys previously thought to be unrecoverable. The material in question has been stored over time in drums with the belief they would be disposed of. The new process allows the material to be heated in a furnace which allows the usable alloy to be separated from contaminants. As of June 30, 2018, the new process had been tested both determining the usability of the material as well as providing yield estimates for the recovery process. The adjustment to record the value of this inventory resulted in a \$979 increase in raw material inventory values and a corresponding adjustment to cost of goods sold as of June 30, 2018. Since 2018, the Company has continued to refine the process. The estimated value of this material included in raw material inventory was \$1,073 as of March 31, 2024 (June 30, 2023 - \$1,403).

The NRV of this inventory involves significant estimates related to future production and consumption, sales volumes, recovery and operating and capital costs. These estimates are subject to various risks and uncertainties and may have an effect on the NRV estimate and the carrying value of this inventory.

IBC ADVANCED ALLOYS CORP.
Notes to the Condensed Consolidated Interim Financial Statements

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

8. Property, Plant, and Equipment

	Land	Right of Use Asset	Machinery and Equipment	Vehicles	Buildings and Leasehold Improvements	Furniture and Fixtures	Construction in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
At June 30, 2022	420	4,456	11,459	35	8,274	670	160	25,474
Additions	-	-	108	-	-	-	351	459
Construction in progress placed in service	-	-	280	-	12	106	(398)	-
At June 30, 2023	420	4,456	11,847	35	8,286	776	113	25,933
Additions	-	-	25	-	(25)	-	147	147
Construction in progress placed in service	-	-	105	-	45	45	(195)	-
Disposals	-	-	(15)	-	-	-	(34)	(49)
At March 31, 2024	420	4,456	11,962	35	8,306	821	31	26,031
Accumulated depreciation and impairment								
At June 30, 2022	-	1,961	6,655	28	2,120	94	-	10,858
Impairment	-	-	717	-	858	-	-	1,575
Depreciation expense	-	706	534	5	276	127	-	1,648
At June 30, 2023	-	2,667	7,906	33	3,254	221	-	14,081
Depreciation expense	-	529	350	2	141	98	-	1,120
Disposals	-	-	(14)	-	-	-	-	(14)
At March 31, 2024	-	3,196	8,242	35	3,395	319	-	15,187
Net book value								
At June 30, 2022	420	2,495	4,804	7	6,154	576	160	14,616
At June 30, 2023	420	1,789	3,941	2	5,032	555	113	11,852
At March 31, 2024	420	1,260	3,720	-	4,911	502	31	10,844

On March 31, 2024, the Company pledged property, plant, and equipment held by Copper Alloys with a net book value of \$8,544 (June 30, 2023 - \$8,823) and Engineered Materials with a net book value of \$671 (June 30, 2023 - \$798) as collateral for bank loans (notes 9 and 11).

At March 31, 2024, the Company incurred an impairment loss of \$Nil (June 30, 2023 - \$1,575). In accordance with IAS 36, an impairment indicator assessment of the Company's CGUs was completed. Impairment indicators were present at EMC and the recoverable amount of the CGU was estimated. Leasehold improvements and machinery and equipment were impaired to their net recoverable amount. The net recoverable value of the machinery and equipment was based upon the machinery and equipment appraisal conducted.

Presentation of the Company's depreciation expense is included in the following line items:

	Three months ended March 31		Nine months ended March 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Cost of revenue	305	343	913	1,027
Selling, general and administrative expenses	69	70	207	206
Total depreciation expense	374	413	1,120	1,233

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

9. Line of Credit

	March 31 2023 \$	June 30 2023 \$
Line of credit	5,045	4,809

The Company maintains a line of credit agreement with Iron Horse Credit, LLC with a facility limit of \$6,000 which bears interest at 1.166% per month (21.8% effective interest rate) with an initial term of one year. There is an inter-creditor facility between the ASPA with Sallyport Commercial Finance LLC and line of credit facility with Iron Horse Credit, LLC which is secured by inventory and requires that the Company maintain a minimum debt service coverage and positive cash flows as it pertains to the Company's operations.

The Company was in violation of the minimum debt service coverage ratio for the quarters ended September 30, 2022 and June 30, 2023 but complied with the minimum debt service coverage ratio for the quarters ended December 31, 2022 and March 31, 2023 and December 31, 2023 and March 31, 2024. The Company did not have positive cash flows as it pertains to operations for the quarters ended September 30, 2023 and June 30, 2023 but did have positive cash flows as it pertains to operations for the quarters ended December 31, 2022 and March 31, 2023 and December 31, 2023 and March 31, 2024. On November 3, 2023 the Company received a waiver of the violation of the debt covenants, from Iron Horse, LLC.

On April 14, 2022, the Company entered into an amended agreement and extended the line of credit through July 28, 2023 and the inter creditor facility between Sallyport Commercial Finance LLC and Iron Horse Credit, LLC continues. On July 28, 2022, the Company entered into amendment no. 2 to the credit and security agreement with Iron Horse Credit, LLC where the maximum revolver amount has been increased from \$4,000 to \$5,000; with all other terms are substantially the same as the original agreement. On August 28, 2023, the Company entered into an amended agreement and extended the line of credit to August 28, 2024; the inter-creditor facility between Sallyport Commercial Finance LLC and Iron Horse Credit, LLC continues. The Company entered into amendment no. 3 to the credit and security agreement with Iron Horse Credit, LLC where the maximum revolver amount has been increased from \$5,000 to \$6,000; with all other terms remaining substantially the same as the original agreement.

10. Accounts Payable and Accrued Liabilities

	March 31 2023 \$	June 30 2023 \$
Trade accounts payable	1,973	3,126
Employee wages and payroll withholdings	149	118
Accrued liabilities	712	507
Sales returns and allowances	348	334
Accounts payable and accrued liabilities	3,182	4,085
Arbitration award liability	22	1,549

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

11. Debentures, loans and notes payable

	March 31 2024 \$	June 30 2023 \$
Term Loan payable to Sallyport Commercial Finance with 6 interest only monthly payments then beginning in month 7 payments comprised of principal of \$150 plus interest. The Term loan bears interest at a rate of prime plus 6.75% per year and is due May 27, 2024, secured by a mortgage granted by of Nonferrous Products, Inc.	2,737	-
Term Loan payable to Utica with 51 monthly payments of \$24 beginning in November 2021 continuing through the maturity date of January 4, 2026, secured by certain fixed assets of Nonferrous Products, Inc.	-	598
Convertible debentures with monthly accrued interest at 8.25% per year, payable semi-annually in arrears each June 30 and December 31, with principal and any remaining unpaid accrued interest due June 6, 2023, subordinate to all existing and future secured indebtedness.	-	2,658
Debentures with monthly accrued interest at 9.5% per year, payable semi-annually in arrears each June 30 and December 31, with principal and any remaining unpaid accrued interest due June 6, 2023, subordinate to all existing and future secured indebtedness.	-	138
Term loan payable to Loeb Term Solutions has a 3 year term and is secured the machinery and equipment of Nonferrous Products Inc. The term loan bears interest at prime plus 6.5% and is amortized over 5 years interest only payments for the first 4 weeks, then going forward prinipal and interst payments are due weekly of \$8. The maturity date is October 21, 2026.	1,349	-
Term loan payable to Loeb Term Solutions has a 2 year term and is secured the machinery and equipment of IBC Engineered Material Corp. The term loan bears interest at prime plus 6.5% and is amortized over 4 years interest only payments for the first 4 weeks, then going forward prinipal and interst payments are due weekly of \$1. The maturity date is October 22, 2025.	201	-
Convertible debt with monthly principal payments of \$75 beginning in February 2022 and quarterly interest payments of \$24 satisfied by the issuance of shares continuing through the maturity date of October 14, 2023. The effective interest rate is approximately 26%. On September 30, 2023 the outstanding principal was satisfied with cash. ¹	159	348
Related party note payable bears interest at 10% per annum and has a maturity date of December 31, 2024 with interest and principal both payable at maturity.	1,157	1,304
Related party note payable maturing on December 31, 2024 bearing interest at 10% per annum with interest and principal both due at maturity.	1,375	1,408
	<u>6,978</u>	<u>6,454</u>
Financial statement presentation:		
Debentures:		
Gross proceeds and accrued interest from convertible and non-convertible debentures and Lind financing	159	3,154
Unamortized transaction costs and original issued discount (arising from warrants and conversion features) allocated proportionately to convertible and non-convertible debentures	-	(10)
Net debentures	<u>159</u>	<u>3,144</u>
Net debentures (current)	159	3,144
Net debentures (long-term)	-	-
Net debentures	<u>159</u>	<u>3,144</u>
Loans payable (current)	3,022	230
Loan payable (long-term)	1,265	368
Related party note payable (current)	2,532	1,408
Related party note payable (long-term)	-	1,304
Total debentures, loans and notes payable	<u>6,978</u>	<u>6,454</u>

IBC ADVANCED ALLOYS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

11. Debentures, loans and notes payable (continued)

¹ The convertible debt may be converted into common shares a conversion price of C\$0.21 per common share at the option of the holder beginning February 2022. Outstanding pre-paid accrued interest may be converted to common shares quarterly; however, a change in control would allow the holder the option of converting all outstanding pre-paid accrued interest to common shares. The Company may in its sole discretion, buy-back the outstanding amount of the convertible debt at any time. However, the debt holder retains the right to convert 33% of the funded amount outstanding plus all of the outstanding accrued interest into shares. Additionally, approximately 4,270,591 detached warrants were issued to the same holders of the convertible debt, exercisable at C\$0.21 per common share on or before October 14, 2023.

On October 6, 2021, the Company entered into a convertible debt security funding agreement with Lind Global Fund II, LP, (Lind). Under the terms of the agreement, the Company may issue to Lind convertible securities of up to \$2,250 by way of convertible securities with detached warrants. On October 14, 2021 pursuant to the agreement, Lind made an initial investment of \$1,500, less closing fees of \$75 in exchange for a convertible security (The Third Lind Financing) with a face value of \$1,688, representing principal amount of \$1,500 and prepaid interest of \$188. Lind will have the option once every 90 days to convert accrued prepaid interest into common shares of the Company at 90% of the market closing price on the date immediately prior to conversion.

As the convertible note and embedded conversion feature are denominated in US dollars and the Company has a Canadian dollar functional currency, they are within scope of IAS 32 – Financial Statements: Presentation, the value of the conversion feature is subject to changes in value based on the prevailing exchanges rates, resulting in a derivative liability. As at June 30, 2023, the liability was estimated based on Black Scholes option pricing model assuming a risk free rate 0.3%, a duration of 0.62 year, volatility of 114.79%, and based on the USD/C\$ exchange rate of 1.324 as having a no fair value at June 30, 2023. The fair value of the debt host contract was estimated using an effective interest rate of 26% based upon the Company's unsecured borrowing rate without conversion features. As at September 30, 2023 the Company has satisfied all principal obligations under The third Lind Financing and there is no derivative liability.

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

11. Debentures, loans and notes payable (continued)

A summary of debentures activity to March 31, 2024 and 2023 is as follows:

	Convertible Debentures	Non- Convertible Debentures	3rd Lind Financing	Total Debentures
	\$	\$	\$	\$
June 30, 2022	2,487	129	1,031	3,647
Changes in fair value of derivative liability	-	-	(72)	(72)
Amortization of accreted interest	222	11	177	410
Accrued interest	215	12	94	321
Principal paid in cash	-	-	(900)	(900)
Interest paid in shares issued	(199)	(12)	-	(211)
Effect of foreign exchange rate	(67)	(2)	18	(51)
June 30, 2023	2,658	138	348	3,144
Changes in fair value of derivative liability	-	-	1	1
Amortization of accreted interest	-	-	12	12
Accrued interest	35	2	23	60
Principal paid in cash	(2,585)	(134)	(225)	(2,944)
Interest paid in shares issued	(53)	(3)	-	(56)
Effect of foreign exchange rate	(55)	(3)	-	(58)
March 31, 2024	-	-	159	159

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

12. Leases payable

The Company leases office and factory space and has one other lease which is considered a low value lease and as such is included in the statement of comprehensive loss and not the statement of financial position. Interest expense on the lease liabilities amounted to \$57 for the nine months ended March 31, 2024 (March 31, 2023 - \$66). The Company did not incur any variable lease payments and there were not leases with residual value guarantees or leases not yet commenced to which the Company has committed. The expense relating to the low value lease amounted to \$3 for the nine months ended March 31, 2024 (March 31, 2023 - \$3).

Leases payable	June 30, 2023	Principal payments in the period	Reclassification from long term to short term	March 31, 2024
	\$	\$	\$	\$
Leases payable	2,050	(563)	-	1,487
Less: current portion	(756)	563	(598)	(791)
Long-term portion	1,294	-	(598)	696

Undiscounted lease payments	June 30, 2023	Lease payments paid in the period	Reclassification from long term to short term	March 31, 2024
	\$	\$	\$	\$
Not later than 1 year	869	(648)	667	888
Later than 1 year and not later than 5 years	1,425	-	(667)	758
	2,294	(648)	-	1,646

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

13. Share Capital*Authorized capital*

Unlimited number of common shares without par value.

Unlimited number of preferred shares issuable in series without par value. The board of directors may determine the designations, rights, preferences or other variation of each class or series within the preferred shares.

Issued capital

No preferred shares.

	Number of Common Shares	Common Shares \$
June 30, 2022	84,757,459	60,924
Shares issued for options exercised	1,250,000	156
Fair value of options exercised	-	101
Shares issued for warrants exercised	2,248,324	398
Debentures interest paid in shares	3,056,741	211
Private placement	11,269,444	896
Shares issue costs	-	(19)
June 30, 2023	102,581,968	62,667
Shares issued for services	3,200,000	186
Debentures interest paid in shares	952,605	56
March 31, 2024	106,734,573	62,909

IBC ADVANCED ALLOYS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

13. Share Capital (continued)

Fiscal 2024

In July 2023, the Company issued 3,200,000 common shares with a value of \$182 to directors of the Company in settlement of amounts due for services.

In September 2023, 952,605 common shares were issued to debenture holders with an issue-date value C\$76 or \$56 in satisfaction of the September 5, 2023 interest payment in lieu of cash.

Fiscal 2023

In August 2022, 500,000 common shares were issued upon on the exercise of 500,000 options at C\$0.15 with an expiry date of July 7, 2025. In August 2022, 2,373,324 common shares were issued upon the exercise of 62,500 options at C\$0.20 with an expiry date of December 1, 2026 and the exercise of 62,500 options at C\$0.24 with an expiry date of June 7, 2027 and upon the exercise of 2,248,324 warrants at C\$0.23 with an expiry date of June 23, 2023. The Company received \$477 upon the exercise of these options and warrants and the \$51 fair value of the options was reclassified from reserves to share capital.

In December 2022, the Company completed a non-brokered private placement issuing 11,269,444 units at a price of C\$0.108 per common share for gross proceeds of C\$1,217 or \$896 and transaction costs of \$19. Each unit comprised of one common share and one common share purchase warrant, each warrant entitling the holder thereof to acquire one further common share (a "warrant share") at a price of C\$0.135 per warrant share with an expiry date of December 30, 2024.

In January 2023, the Company issued 1,186,786 common shares to debenture holders with an issued-date value of C\$153 or \$112 in satisfaction of the December 31, 2022 interest payment in lieu of cash.

In June 2023, the Company issued 1,869,955 common shares to debenture holders with an issued-date value of C\$133 or \$99 in satisfaction of the June 6, 2023 interest payment in lieu of cash.

In June 2023, 625,000 common shares were issued upon on the exercise of 500,000 options at C\$0.15 with an expiry date of July 7, 2025, the exercise of 62,500 options at C\$0.20 with an expiry date of December 1, 2026 and the exercise of 62,500 options at C\$0.24 with an expiry date of June 7, 2027. The Company received \$77 upon the exercise of these options and the \$50 fair value of the options was reclassified from reserve to share capital.

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

14. Reserves

Reserves comprise the fair value of stock option grants, convertible debentures, and warrants prior to exercise and cumulative unrealized gains and losses on foreign exchange. Reserves also contain shares to be issued to key management for past services provided.

	Warrants and convertible debentures	Share-based compensation reserve	Foreign currency translation reserve	Total
	\$	\$	\$	\$
June 30, 2022	1,756	7,817	125	9,698
Foreign currency translation	-	-	110	110
Fair value of options exercised	-	(101)	-	(101)
Share-based compensation	-	264	-	264
June 30, 2023	1,756	7,980	235	9,971
Foreign currency translation	-	-	179	179
Shares issued for services	-	(183)	-	(183)
Share-based compensation	-	110	-	110
March 31, 2024	1,756	7,907	414	10,077

15. Share-Based Payments

IBC's board of directors has adopted a rolling stock option plan, subsequently amended and approved by shareholders, under which the Company is authorized to grant options to directors, employees and consultants to acquire up to 10% of the issued and outstanding common shares. The exercise price of each option is based on the market price of the Company's stock for a period preceding the date of grant. The options can be granted for a maximum term of ten years and vest as determined by the board of directors. The Company's practice is to grant share options with a term of five years that vest in increments over a three-year period. The Company's shares trade in Canadian dollars and options granted to date have been denominated in Canadian funds.

The Company's shareholders re-approved the stock option plan at the December 2023 shareholders' meeting.

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

15. Share-Based Payments (continued)*Option Grants*

A summary of stock option activity to March 31, 2024 is as follows:

	Stock Options Outstanding	Weighted Average Exercise Price C\$
At June 30, 2022	6,668,250	0.21
Exercised	(1,250,000)	0.16
Forfeited	(306,500)	0.21
At June 30, 2023	5,111,750	0.22
Expired	(621,750)	0.31
Forfeited	(222,500)	0.00
At December 31, 2023	4,267,500	0.21

During the nine months ended March 31, 2024 the Company recognized share-based compensation and share-based services of \$110 (March 31, 2023 - \$203).

The weighted average trading price on date of exercise for the stock options exercised during the nine months ended March 31, 2024 was C\$Nil (March 31, 2023 – C\$0.19).

On March 31, 2024, the Company had outstanding, and exercisable stock options as follows:

Grant Date	Expiry Date	Fair Value Per Option C\$	Exercise Price C\$	Outstanding Options			Exercisable Options		
				Number	Weighted Average Remaining Life	Weighted Average Exercise Price C\$	Number	Weighted Average Remaining Life	Weighted Average Exercise Price C\$
26-Jun-20	26-Jun-25	0.11	0.16	40,000	1.2 years	0.16	40,000	1.2 years	0.16
15-Jul-20	15-Jul-25	0.13	0.21	600,000	1.3 years	0.21	600,000	1.3 years	0.21
30-Oct-20	30-Oct-25	0.10	0.15	730,000	1.6 years	0.15	730,000	1.6 years	0.15
1-Dec-21	1-Dec-26	0.13	0.20	1,267,500	2.7 years	0.20	928,750	2.7 years	0.20
8-Jun-22	7-Jun-27	0.16	0.24	1,630,000	3.2 years	0.24	777,500	3.2 years	0.24
				4,267,500	2.5 years	0.21	3,076,250	2.3 years	0.20

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

15. Share-Based Payments (continued)

The Company employed the Black-Scholes option-pricing model using the following weighted average assumptions to determine share-based compensation:

	2022
Annualized expected stock price volatility	104.9%
Risk-free interest rate	3.1%
Expected option lives	3.1 years
Expected forfeiture rate	7.9%
Weighted average fair value of awards	C\$0.14
Grant price	C\$0.24
Market price	C\$0.24
Dividend yield	0.0%

There is a rebuttable presumption for non-employees under IFRS 2 - Share Based Payments that share-based awards for goods and services should be valued based on the fair value of the goods or services provided, not the computed value of the share-based award. The Company has employed an equity-based approach to determining the value of certain option awards as the parties concerned normally provide their services for a combination of cash and share options, with the result that there is not a reliable measure of market compensation on a cash-payment basis only.

The expected volatility is determined by reference to the historical volatility of the Company's shares.

16. Warrants

	Financing Warrants		Broker Warrants	
	Warrants Outstanding	Weighted Average Exercise Price C\$	Warrants Outstanding	Weighted Average Exercise Price C\$
June 30, 2022	32,864,928	0.24	1,086,253	0.37
Issued	11,269,444	0.14	-	-
Exercised	(2,248,324)	0.23	-	-
Expired	(26,346,013)	0.25	(1,086,253)	0.37
June 30, 2023	15,540,035	0.16	-	-
Expired	(4,270,591)	0.21	-	-
March 31, 2024	11,269,444	0.14	-	-

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

16. Warrants (continued)

On March 31, 2024, warrants were outstanding enabling holders to acquire common shares or units as follows:

Number of Financing Warrants	Number of Broker Warrants	Exercise Price C\$	Issue Date	Expiry Date	
11,269,444	-	0.135	December 30, 2022	December 30, 2024	1,521,374.94

The Company has not assigned any value to financing warrants issued as part of unit financings as, in most cases, the pricing of the units was determined by reference to the Company's share price and no premium was attributed to the attached warrant rights. In some instances, a value was assigned to the warrant in offering documents, but the value was not material.

17. Onerous Contract Liability

The Company entered into production contracts. The unavoidable costs of meeting the obligations under certain of these contracts exceed associated expected future net benefits; consequently, an onerous contract liability has been recognized. The calculation involved the use of estimates. The onerous contract provision is calculated by taking the expected future costs that will be incurred under the contracts and deducting any estimated revenues. The onerous contract provision for the period ended March 31, 2024 is \$Nil (June 30, 2023 - \$738). The onerous contracts are with Customer A – Engineered Materials (Note 20).

18. Related Parties Transactions

Key management personnel compensation was:

	Three months ended March 31,		Nine months ended March 31,	
Three months ended September 30,	2024	2023	2024	2023
	\$	\$	\$	\$
Salaries, wages, and management fees	401	353	1,366	1,121
Director fees	14	13	45	38
Share-based compensation and services	38	51	122	170
	453	417	1,533	1,329

The short-term employee benefits were paid or accrued directly to employees and directors of the Company.

As of March 31, 2024, \$70 (June 30, 2023 - \$364) is owing to directors and officers for services and \$Nil (June 30, 2023 - \$22) is owing to officers for expenses paid on the Company's behalf. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

As of March 31, 2024, \$2,532 (June 30, 2023 - \$2,712) is owing to a director and officer of the Company for notes payable principal and interest (note 11). During the nine months ended March 31, 2024, the Company incurred interest expense of \$194 (March 31, 2023 - \$74) on amounts due to related parties.

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

19. Commitments and Contingencies

The Company has entered into commercial property leases. These leases have an average remaining life of 1.8 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 on March 31, 2024 are:

Period ending June 30	\$
<hr/>	
2024	221
2025	895
2026	530
	<hr/>
	1,646

The Company is contractually committed to purchase, on March 31, 2024 prices, an aggregate of \$3,429 (June 30, 2023 - \$3,250) in raw materials. The estimated commitment in the fiscal period is as follows:

Period ending June 30	\$
<hr/>	
2024	1,715
2025	1,714
	<hr/>
	3,429

Refer to note 21 for documentation on additional contingencies.

20. Segment Reporting

As of March 31, 2024, the Company had three reportable segments: Copper Alloys, Engineered Materials and Corporate. As of March 31, 2024, the Company had two manufacturing segments: Copper Alloys and Engineered Materials. The manufacturing segments produce beryllium copper, Beralcast® and other specialty alloy products. Corporate oversees and administers the operating divisions.

The accounting policies of the segments are the same as described in note 25 of the June 30, 2023 audited consolidated financial statements. IBC's management evaluates performance based on income (loss) before other items ("operating income (loss)").

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

20. Segment Reporting (continued)

Three months ended March 31, 2024	Copper Alloys	Engineered Materials	Corporate	Total
	\$	\$	\$	\$
Revenue from external customers	6,627	3,614	-	10,241
Depreciation	135	214	25	374
Share-based compensation and shared-based services	4	3	31	38
Operating income (loss)	1,293	1,230	(418)	2,105
Foreign exchange loss	-	-	(5)	(5)
Interest and accretion expense	(378)	(183)	(149)	(710)
Gain (loss) on disposal of assets	-	(29)	-	(29)
Other income	3	-	-	3
Income (loss) before income taxes	918	1,018	(572)	1,364
Income tax (expense) recovery	(3)	-	-	(3)
Capital expenditures	77	5	-	82

Three months ended March 31, 2023	Copper Alloys	Engineered Materials	Corporate	Total
	\$	\$	\$	\$
Revenue from external customers	5,925	1,830	-	7,755
Depreciation	129	260	24	413
Share-based compensation and shared-based services	8	6	46	60
Operating income (loss)	1,290	(885)	(322)	83
Foreign exchange gain (loss)	-	-	13	13
Interest and accretion expense	(306)	(126)	(197)	(629)
Gain (loss) on revaluation of derivative	-	-	11	11
Other income (expense)	(1)	7	10	16
Income (loss) before income taxes	983	(1,004)	(485)	(506)
Income tax (expense) recovery	(3)	-	-	(3)
Capital expenditures	264	-	-	264

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

20. Segment Reporting (continued)

Nine months ended March 31, 2024	Copper Alloys	Engineered Materials	Corporate	Total
	\$	\$	\$	\$
Revenue from external customers	18,614	8,344	-	26,958
Depreciation	404	643	73	1,120
Share-based compensation and shared-based services	15	1	94	110
Operating income (loss)	2,766	1,618	(1,141)	3,243
Foreign exchange loss	-	-	(7)	(7)
Interest and accretion expense	(1,098)	(488)	(544)	(2,130)
Gain (loss) on revaluation of derivative	-	-	(1)	(1)
Gain (loss) on disposal of assets	-	(29)	-	(29)
Other income	19	-	51	70
Income (loss) before income taxes	1,687	1,101	(1,642)	1,146
Income tax (expense) recovery	(7)	-	-	(7)
Capital expenditures	127	20	-	147

Nine months ended March 31, 2023	Copper Alloys	Engineered Materials	Corporate	Total
	\$	\$	\$	\$
Revenue from external customers	16,035	5,143	-	21,178
Depreciation	381	779	73	1,233
Share-based compensation and shared-based services	34	21	148	203
Operating income (loss)	2,231	(2,793)	(576)	(1,138)
Foreign exchange gain (loss)	-	-	6	6
Interest and accretion expense	(556)	(271)	(1,035)	(1,862)
Gain (loss) on revaluation of derivative	-	-	70	70
Other income (expense)	(2)	18	(5)	11
Income (loss) before income taxes	1,673	(3,046)	(1,540)	(2,913)
Income tax (expense) recovery	(4)	-	(2)	(6)
Capital expenditures	338	-	-	338

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

20. Segment Reporting (continued)

Capital expenditures include additions to property, plant and equipment but exclude right of use assets.

Total assets employed by each division are:

	March 31 2023 \$	June 30 2023 \$
Copper Alloys	20,097	20,583
Engineered Materials	6,129	5,486
Corporate	1,581	2,250
	<u>27,807</u>	<u>28,319</u>

Total liabilities recognized by each division are:

	March 31 2023 \$	June 30 2023 \$
Copper Alloys	9,314	7,294
Engineered Materials	5,965	6,516
Corporate	8,094	11,548
	<u>23,373</u>	<u>25,358</u>

The geographical division of the Company's revenues based on the customer's country of origin is as follows:

	Three months ended		Nine months ended	
	March 31		March 31	
	2024 \$	2023 \$	2024 \$	2023 \$
United States	8,947	7,294	23,102	18,641
China	336	-	1,275	-
Canada	85	31	148	33
Japan	148	-	495	-
Malaysia	124	155	305	22
Singapore	165	-	468	21
The Netherlands	288	-	657	-
All others	148	275	508	2,461
	<u>10,241</u>	<u>7,755</u>	<u>26,958</u>	<u>21,178</u>

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

20. Segment Reporting (continued)

The following customers represented more than 10% of sales:

For the nine months ended	March 31, 2024		March 31, 2023	
	Amount	%	Amount	%
	\$		\$	
Customer A - Engineered Materials	7,101	26.3	3,640	17.2
Customer B - Copper Alloys	2,889	10.7	-	-

All of the Company's long-lived assets are located in the United States.

21. Engineered Materials Division Closure

In April 2024, the Company's board of directors decided to close the Company's Engineered Materials division and sell the underlying equipment as the Company does not expect to sell the division as a going concern. The division's non-current assets relate solely to its Massachusetts production facility. Engineered Materials is a reportable segment.

The business assets will continue in use until production ceases in the summer of 2024. The net book value of plant and equipment at March 31, 2024 was \$671,000 but the amount to be realized from the sale of those assets may be lower. In addition, there is a related right-of-use asset regarding the plant premises lease with a net book value of \$1,294,000 and a related lease commitment of \$1,646,000 at March 31, 2024.

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

22. Financial Risk Management

The Company's activities expose it to a variety of financial risks, including foreign exchange risk, interest rate risk, commodity price risk, credit risk and liquidity risk. From time to time, the Company may use foreign exchange contracts, commodity price contracts and interest rate swaps to manage exposure to fluctuations in foreign exchange, metal prices and interest rates. The Company does not have a practice of trading derivatives.

Fair Values

The Company does not hold any financial instruments at fair value subject to level 1 or 2 fair value measurements. There were no changes in level 1 or 2 financial instruments during the period ended March 31, 2024. The Company's derivative liability is subject to level 3 fair value measurements.

Foreign Exchange Risk

Most of the Company's activities are in the United States, but the Company conducts business in other countries from time to time. The principal foreign exchange risk exposure arises from transactions denominated in C\$ dollars.

Below is the sensitivity analysis if holding all other variables constant, the following changes would have the following effects:

	Profit or loss		Profit or loss	
	March 31, 2024		June 30, 2023	
	Increase	(Decrease)	Increase	(Decrease)
	\$	\$	\$	\$
10% movement in cash flows	(18)	18	(312)	312
1% movement in Candian \$ per US \$	(2)	2	(31)	31

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

22. Financial Risk Management (continued)*Foreign Exchange Risk (continued)*

Exposure to the Canadian dollar on financial instruments is as follows:

Balances at March 31, 2024	C\$
Cash	18
Accounts payable and accrued liabilities	258
Balances at June 30, 2023	C\$
Cash	2
Accounts payable and accrued liabilities	430
Debentures	3,707

Interest Rate Risk

The Company's interest rate risk mainly arises from the variable interest rate impact on interest expense on the ASPA and the Term Loan with Sallyport Commercial Financing, LLC and with the Loeb Machinery and Equipment financing agreement. All other debentures, loans, notes payable, related party notes payable and line of credit facilities bear interest at fixed interest rates per annum.

Below is the sensitivity analysis if holding all other variables constant, the following changes would have the following effects:

	Profit or loss		Profit or loss	
	March 31, 2024		June 30, 2023	
	Increase	(Decrease)	Increase	(Decrease)
	\$	\$	\$	\$
10% movement in cash flows	(97)	97	(35)	35
1% movement in interest rate index	(57)	57	(40)	40

IBC ADVANCED ALLOYS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

22. Financial Risk Management (continued)

Commodity Price Risk

The Company's profitability depends, in part, on the market prices of copper, aluminium and beryllium. The market prices for metals can be volatile and are affected by factors beyond the Company's control, including 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. The Company does not engage in hedging but, where possible, structures selling arrangements in a way that passes commodity price risk through to the customer.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's credit risk arises primarily with respect to its trade accounts receivable and cash.

The Company manages credit risk by trading with recognized creditworthy third parties and insuring trade receivables. In addition, receivable balances are monitored on an on-going basis with the result that the Company's exposure to impaired receivables is not significant.

The Company also manages its credit risk by investing its cash only in obligations of Canada or the United States or their respective agencies, 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 United States, 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's maximum exposure to credit risk at the reporting date is the carrying value of cash, and receivables.

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

22. Financial Risk Management (continued)*Liquidity Risk*

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. If necessary, it may raise funds through the issuance of debt, equity, or monetization of non-core assets. To ensure that there is sufficient capital to meet obligations, the Company continuously monitors and reviews actual and forecasted cash flows and matches the maturity profile of financial assets to development, capital and operating needs.

March 31, 2024	Less than three months \$	Three to 12 months \$	One to five years \$	Total \$
Accrued payables and accrued liabilities	2,876	306	-	3,182
Line of credit	5,045	-	-	5,045
AR factoring facility	-	3,013	-	3,013
Notes payable, related parties	-	2,532	-	2,532
Leases payable (undiscounted)	215	673	758	1,646
Loan payable	129	388	1,033	1,550
Note payable	-	2,737	-	2,737
Arbitration award liability	1,610	-	-	1,610
Convertible debentures	159	-	-	159
	10,034	9,649	1,791	21,474
June 30, 2023	Less than three months \$	Three to 12 months \$	One to five years \$	Total \$
Accrued payables and accrued liabilities	3,848	237	-	4,085
Line of credit	4,809	-	-	4,809
AR factoring facility	-	1,569	-	1,569
Notes payable, related parties	-	1,408	1,304	2,712
Leases payable (undiscounted)	215	654	1,425	2,294
Loan payable	73	220	330	623
Arbitration award liability	1,549	-	-	1,549
Convertible debentures	3,015	-	-	3,015
Debentures	139	-	-	139
	13,648	4,088	3,059	20,795

IBC ADVANCED ALLOYS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

22. Financial Risk Management (continued)

Legal Matters

As more fully discussed below, we are 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”). We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. We assess our potential liability by analyzing our litigation and regulatory matters using available information. We develop our views on estimated losses in consultation with outside counsel handling our 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 our 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 \$1,240 plus attorney’s fees, costs, and expenses in the amount of \$155, was granted by the American Arbitration Association’s International Centre for Dispute Resolution. The amount has been accrued and the matter was under appeal. On March 27, 2019, the Company received notice of the Court affirming the September 8, 2017 arbitration award made in favor of Gerald R. Hoolahan. IBC has filed an appeal of the District Court’s decision. Subsequently, on January 22, 2020 United States Court of appeals for the First Circuit affirmed the judgment of the United States District Court for the District of Massachusetts in the case of Gerald R. Hoolahan v. IBC Advanced Alloys Corp., which found in favor of the petitioner, Mr. Hoolahan. The Company is evaluating its payment options with respect to the award granted to Mr. Hoolahan. As at September 30, 2023 the Company has recorded accrued interest of \$215 from the judgement date, September 8, 2017.

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. 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 Products has joined a defense group of other PRPs. 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. The Company is evaluating its options regarding notifying its insurers of potentially increased liability should the EPA and/or Chemetco PRP Group contribution lawsuit attempt to name Company’s subsidiary 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 PRP Group contribution lawsuit pursue alter ego theories and name the Company’s subsidiary Company, Nonferrous Products as a defendant, then IBC potentially faces significantly more liability requiring further defensive action.

Fair Value

The fair value of the Company’s financial assets and financial liabilities approximate the carrying value due to the short-term maturities of the instruments, except for the debentures issued on June 6, 2018 and maturing June 6, 2023 but extended to September 4, 2023 and debenture issued on November 25, 2020 and October 14, 2021 with conversion features and/or warrants as discussed in note 11. The fair value of these debentures was determined using an estimate range of the expected market interest rate (June 6, 2018 – 17.5% to 20.5%, November 25, 2020 – 32.5% to 35.5% and October 14, 2021 – 33.3% to 36.3%) for the Company of a non-convertible debenture issued without warrants.

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

23. Income (loss) per Share

	Three months ended		Nine months ended	
	March 31		March 31	
	2024	2023	2024	2023
<i>Three months ended September 30</i>				
Income (loss) for the period (\$000)	1,361	(509)	1,139	(2,919)
Weighted average number of common shares outstanding	106,734,573	96,750,779	106,293,029	91,492,790
Income (loss) per share, basic and diluted				
Basic and diluted income (loss) per common share	0.01	(0.01)	0.01	(0.03)
Numerator				
Income (loss) for the period (\$000)	1,361	(509)	1,139	(2,919)
Add: Distributed earnings from warrants conversion	¹ -	-	-	-
Net Income (loss) available to common shareholders, diluted	1,361	(509)	1,139	(2,919)
Denominator				
Weighted average number of commons shares outstanding	106,734,573	96,750,779	106,293,029	91,492,790
Effect of contingently issued shares upon warrants conversion	¹ -	-	-	11,269,444
Effect of contingently issued shares upon options exercise	² -	-	-	706,295
Weighted average number of common shares outstanding, diluted	106,734,573	96,750,779	106,293,029	103,468,529
Diluted income (loss) pers share (\$ per share)	0.01	anti-dilutive	0.01	anti-dilutive

1 - if converted method

2 - treasury stock method

Diluted income per share for the nine months ended March 31, 2024 is the same as basic income per share as there are no share options or warrants were in the money. Diluted loss per share for the three months ended March 31, 2023 is the same as basic loss per share for the nine months ended March 31, 2023 as the exercise of the 735,426 share options and 11,269,444 warrants would be anti-dilutive. Diluted loss per share for the nine months ended March 31, 2024 and 2023 is the same as basic loss per share as the exercise of Nil share options (March 31, 2023 – 663,978) and Nil warrants (March 31, 2023 – 11,269,444) would be anti-dilutive.

IBC ADVANCED ALLOYS CORP.**Notes to the Condensed Consolidated Interim Financial Statements**

(US dollars in thousands, except for share and per share amounts)

For the Nine Months Ended March 31, 2024

24. Subsequent Events

On April 25, 2024, the Company announced that it will cease production at its Massachusetts beryllium-aluminium alloy plant because of insufficient long-term demand for cast beryllium-aluminium alloy products. The Company expects to incur a charge to operations in respect of the plant closure. See Note 21 for additional details.

On April 30, 2024, the Company's subsidiary: Nonferrous Products, Inc. entered into a sale leaseback agreement with Flatbay Fund I ("Flatbay") that provided the subsidiary with \$3,850 in exchange for its production facility in Franklin, Indiana. The Flatbay sale leaseback agreement has a five-year term during which the Nonferrous Products, Inc. can repurchase the property from Flatbay. Nonferrous Products will make monthly payments ranging from \$46 - \$50 depending on the debt service coverage ratio of the Company.