IBC ADVANCED ALLOYS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Expressed in United States Dollars

December 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 three and six months ended December 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)

As at	Note	December 31, 2024 $	June 30, 2024 $
ASSETS			
Current assets			
Cash		306	1,415
Receivables	5	1,957	3,342
Inventories	6	7,720	7,348
Prepaid expenses and deposits		396	354
Total current assets		10,379	12,459
Non-current assets			
Deposits	10	535	535
Inventories	6	893	1,863
Property, plant, and equipment	7	8,856	9,663
Other assets		-	17
Total non-current assets		10,284	12,078
Total assets		20,663	24,537
LIABILITIES			
Current liabilities			
Line of credit	8	3,881	3,461
Accounts payable and accrued liabilities	9,13	2,316	3,312
Factoring facility	5	1,577	2,036
Leases payable	11	827	803
Loans payable	10	338	333
Related party loans	10,13	2,634	2,494
Unearned revenue		4	3
Arbitration award liability	14	1,667	1,631
Total current liabilities		13,244	14,073
Non-current liabilities			
Loans payable	10	4,443	4,686
Leases payable	11	71	491
Total non-current liabilities		4,514	5,177
Total liabilities		17,758	19,250
EQUITY			
Share capital	12	63,318	62,911
Reserves	12	9,634	9,950
Foreign currency translation reserve		539	405
Accumulated deficit		(70,586)	(67,979)
Total equity		2,905	5,287
Total liabilities and equity		20,663	24,537

Going concern of operations	1
Commitment and contingencies	11,12,14
Subsequent events	8, 10(c),12(b)

On behalf of the Board of Directors:

"Simon Anderson" Director *"Mark Smith"* Director
Simon Anderson Mark Smith

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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 December 31, 2024	Three months ended December 31, 2023 (Note 16)	Six months ended December 31, 2024	Six months ended December 31, 2023 (Note 16)
		$	$	$	$
Revenue	15	3,561	7,082	8,460	11,987
Cost of revenue	6,7	2,999	5,391	7,040	9,432
Gross profit		562	1,691	1,420	2,555
Selling, general, and administrative expenses					
Consulting fees		22	51	97	109
Depreciation	7	31	27	63	57
Director fees, cash portion	13	12	13	25	31
Office and miscellaneous		259	256	524	497
Professional fees		104	62	167	175
Public company costs		88	90	106	144
Rent		-	2	-	2
Salaries, wages, and management fees	13	430	514	990	986
Share-based compensation and services	12,13	28	38	57	74
Travel, meals and entertainment		16	21	45	42
		990	1,074	2,074	2,117
Gain (loss) before other items		(428)	617	(654)	438
Other income (expense)					
Foreign exchange gain (loss)		(159)	3	(129)	(1)
Interest and accretion expense	5,8,10,11,14	(540)	(625)	(1,005)	(1,115)
Loss on revaluation of derivative	10	-	-	-	(1)
Other income		-	21	10	66
Gain (loss) before income taxes		(1,127)	16	(1,778)	(613)
Income tax expense:					
Current		-	(4)	(1)	(4)
Net income (loss) from continuing operations		(1,127)	12	(1,779)	(617)
Net income (loss) from discontinued operations	19	(265)	700	(828)	395
Total Income (Loss)		(1,392)	712	(2,607)	(222)
Foreign currency translation from continuing operations		170	43	134	146
Total comprehensive income (loss) from continuing operations		(957)	54	(1,645)	(469)
Total comprehensive income (loss) from discontinued operations		(265)	701	(828)	393
Total comprehensive income (loss)		(1,222)	755	(2,473)	(76)
Net earnings (loss) per common share from continuing operations, basic and diluted	19	$(0.01)	$0.00	$(0.02)	$(0.01)
Net earnings (loss) per common share from discontinued operations, basic and diluted	19	$(0.00)	$0.01	$(0.01)	$0.01
Total earnings (loss) per common share - basic and diluted	19	$(0.01)	$0.01	$(0.02)	$0.00
Weighted average number of common shares outstanding from continuing operations:					
Basic and Diluted	19	113,452,596	106,734,573	113,041,405	106,074,657
Weighted average number of common shares outstanding from discontinued operations:					
Basic and Diluted	19	113,452,596	106,734,573	113,041,405	106,074,657

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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

Six months ended December 31	2024 (Note 16) $	2023 (Note 16) $
Operating activities		
Loss from continuing operations, net of tax	(1,779)	(617)
Adjustments for:		
Share-based compensation and services	57	74
Gain on revaluation of derivative	-	1
Depreciation	335	318
Sales returns and allowances recovery	-	8
Foreign exchange expense	-	1
Interest and accretion expense	1,005	1,115
Changes in non-cash working capital items:		
Receivables	186	1,742
Inventories	587	567
Prepaid expenses and deposits	(82)	(115)
Accounts payable and accrued liabilities	(1,869)	(316)
Unearned revenue	1	(1,657)
Net cash provided by (used in) operating activities from continuing operations	(1,559)	1,121
Net cash provided by operating activities from discontinued operations	1,469	242
Cash provided by (used in) operating activities	**(90)**	**1,363**
Financing activities		
Net line of credit advances	550	994
Interest paid	(694)	(988)
Factoring facility proceeds (repayments)	708	(88)
Related party note repayments	-	(11)
Loan repayments	(224)	-
Loan proceeds	-	3,796
Loan financing costs	-	(138)
Debenture principal repayments	-	(2,944)
Options exercised	38	-
Net cash provided by financing activities from continuing operations	378	621
Net cash used in financing activities from discontinued operations	(1,953)	(229)
Cash flows provided by (used in) financing activities	**(1,575)**	**392**
Investing activities		
Purchase of property, plant, and equipment	(47)	(52)
Net cash used in investing activities from continuing operations	(47)	(52)
Net cash provided by (used in) investing activities from discontinued operations	484	(13)
Cash flows provided by (used in) investing activities	**437**	**(65)**
Foreign exchange effect on cash	119	(1)
Change in cash during the period	(1,109)	1,689
Cash, beginning of period	1,415	83
Cash, end of period	306	1,772
Supplemental Cash Flow Information:		
Interest payments	(694)	(988)
Income tax (payments) refunds	-	-
Non-cash items:		
Common shares issued for services	136	187
Common shares issued for bonus	255	-
Common shares issued for interest	-	57

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

IBC ADVANCED ALLOYS CORP.
Condensed Consolidated Interim Statements of Changes in Equity
(US dollars in thousands)
For the Six Months Ended December 31, 2024 and 2023

	Note	Number of common shares	Share Capital $	Warrants and convertible debenture reserve $	Share based compensation reserve $	Foreign currency translation reserve $	Accumulated Deficit $	Total $
At June 30, 2023		102,581,968	62,667	1,756	7,980	235	(69,677)	2,961
Shares issued for services	12	3,200,000	187	-	(187)	-	-	-
Debentures interest paid in shares	10(a),12	952,605	57	-	-	-	-	57
Share-based compensation	12	-	-	-	72	-	-	72
Foreign currency translation		-	-	-	-	148	-	148
Loss for the period from continuing operations		-	-	-	-	-	(617)	(617)
Income for the period from discontinued operations		-	-	-	-	-	395	395
At December 31, 2023	12	106,734,573	62,911	1,756	7,865	383	(69,899)	3,016
At June 30, 2024	12	106,734,573	62,911	1,756	8,194	405	(67,979)	5,287
Shares issued for services	12	1,714,284	89	-	(89)	-	-	-
Shares issued for bonus	12	4,982,000	255	-	(255)	-	-	-
Options exercised	12	250,000	63	-	(25)	-	-	38
Share-based compensation	12	-	-	-	53	-	-	53
Foreign currency translation		-	-	-	-	134	-	134
Loss for the period from continuing operations		-	-	-	-	-	(1,779)	(1,779)
Loss for the period from discontinued operations		-	-	-	-	-	(828)	(828)
At December 31, 2024	12	113,680,857	63,318	1,756	7,878	539	(70,586)	2,905

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. Nature and continuance of operations

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.

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.

For the six months ended December 31, 2024, the Company had not yet achieved consistently profitable operations, having incurred a net loss from continuing operations of $1,779 during the six months ended December 31, 2024 (December 31, 2023 – $617). The Company had accumulated losses of $70,586 (June 30, 2024 – $67,979) since inception. At December 31, 2024, the Company has a working capital deficit of $2,865 (June 30, 2024 – $1,614).

The Company was in violation of the minimum debt service coverage ratio covenant on its line of credit for the quarter ended December 31, 2024, and had negative cash flows as it pertains to operations for the same period. The Company is seeking a waiver of the violation of the debt covenants; if it is unsuccessful, the lender may call the line of credit facility or seize the Company's inventory (Note 8). 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 its operations and to realize assets at their carrying values is dependent upon its ability to raise adequate financing from external sources and generate profits and positive cash flows from operations in order to carry out its business objectives. The Company will require additional financing for continuing operations, to evaluate strategic opportunities, and for working capital purposes. However, there is no assurance that the Company will be able to secure such financing on favourable terms. These condensed consolidated interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the Company's condensed consolidated interim financial statements. Such adjustments could be material.

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. We have given consideration as to the impact of these geopolitical events and global economic challenges on the Company's business, future operations and financial results. Our assessment and the related disclosures in the condensed consolidated interim financial statements are appropriate in the circumstances and provide accurate and complete disclosure of the known or potential impact and related uncertainties.

2. Basis of Presentation

a) Statement of compliance

These condensed consolidated interim financial statements of the Company for the three and six months ended December 31, 2024 have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's Board of Directors approved the release of these condensed consolidated interim financial statements on February 27, 2025.

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

2. Basis of Presentation (continued)

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 preparation of these condensed consolidated interim financial statements is in compliance with IFRS and 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 condensed consolidated interim financial statements are disclosed in note 4.

c) Discontinued Operations

During the year ended June 30, 2024, the Company decided to discontinue its IBC Engineered Materials Corp. ("EMC") business unit. In line with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, the condensed consolidated interim statements of loss and comprehensive loss and cash flows for the three and six months ended December 31, 2023, have been restated to separately report the EMC financial results as discontinued operations. In the prior periods these assets and liabilities had been considered continuing operations (Note 16). The restatement has no effect on the net assets as at June 30, 2024 nor on the loss and comprehensive loss and change in cash flows for the three and six months ended December 31, 2023.

d) Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of IBC and its subsidiaries on December 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. Subsidiaries are included in the financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. 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.

The subsidiaries are:

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

3. Material Accounting Policies

The accounting policies followed by the Company are set out in note 3 to the audited consolidated financial statements for the year ended June 30, 2024, and have been consistently followed in the preparation of these condensed consolidated interim financial statements, except for the following accounting policies adopted as of July 1, 2024:

a) New standards, interpretations and amendments adopted in the year

Amendments to IAS 1, Non-current liabilities with Covenants

The amendments to IAS 1 seek to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The impact to these condensed consolidated interim financial statements is not material.

Amendments to IFRS 16, Leases on sale and leaseback

The amendments to IFRS 16 introduced key changes including:

- **Lease Liability Measurement**: The lease liability is measured at the present value of lease payments, using the rate implicit in the lease or the entity's incremental borrowing rate if the implicit rate is not readily determinable.
- **Recognition of Gains and Losses**: In a sale classified under IFRS 15, any gain or loss from the sale is initially recognized and then deferred. The recognized gain is reduced from the carrying amount of the right-of-use asset and is recognized over the lease term as the asset is utilized.
- **Disclosure Requirements**: Entities must disclose the nature and terms of sale and leaseback transactions, including the amount of any gain or loss recognized and its accounting treatment.

The impact to these condensed consolidated interim financial statements is not material.

4. Critical Accounting Estimates and Judgments

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the Company's accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

The estimates and judgments applied in the condensed consolidated interim financial statements, including the key sources of uncertainty, were the same as those applied and set out in note 4 to the Company's audited consolidated financial statements for the year ended June 30, 2024.

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

5. Receivables

	December 31, 2024 $	June 30, 2024 $
Trade accounts receivable	348	1,281
Trade accounts receivable subject to factoring	1,577	2,036
Net trade accounts receivable	1,925	3,317
Sales tax	32	25
	1,957	3,342

On July 29, 2021, the Company entered into an Account Sale and Purchase Agreement ("ASPA") or accounts receivable (AR) factoring facility with Sallyport Commercial Finance LLC. 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, 2024 - 0.45%) of the receivables balance purchased after 45 days and another 0.45% (June 30, 2024 - 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 Statements of Financial Position. The repayable amount is presented as a liability, 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.

On August 28, 2023, the Company 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 (i.e. invoice specific) was changed to a batch or "bulk" factoring facility, such that the Company is required to provide a weekly Accounts Receivable Eligibility Certificate, as opposed to a schedule of accounts listing each specific invoice.

On September 12, 2024, the Company entered into an amended agreement and extended the ASPA through July 28, 2025 and the inter creditor facility between Sallyport Commercial Finance LLC and Iron Horse Credit, LLC continues.

During the six months ended December 31, 2024, the Company is not in compliance with the covenant of maintaining positive cash flows, and the required minimum debt service coverage ratio. The Company has applied to the creditors for a waiver regarding this non-compliance.

As at December 31, 2024, the Company has $1,577 (June 30, 2024 - $2,036) of its accounts receivable factored as part of this factoring facility and during the period has incurred $132 (December 31, 2023 - $170) in interest expense as a result of factoring of accounts receivable.

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

6. Inventories

Current inventories	December 31, 2024 $	June 30, 2024 $
Raw materials	5,352	4,887
Work in process	1,504	1,271
Finished goods	864	1,190
	7,720	7,348
Non-current inventories		
Raw materials	893	1,863
	8,613	9,211

At December 31, 2024, inventories with a value of $8,613 (June 30, 2024 – $9,211) held by the Company were pledged as collateral for the Iron Horse and Sallyport facilities (Note 8).

During the three and six months ended December 31, 2024, cost of sales in continuing operations included materials of $1,982 and $4,835 (December 31, 2023 – $3,347 and $5,974), respectively, and labor of $666 and $1,324 (December 31, 2023 – $725 and $1,410), respectively.

During the three and six months ended December 31, 2024, cost of sales in discontinued operations included materials of $Nil and $Nil (December 31, 2023 – $1,262 and $2,285), respectively, and labor of $Nil and $Nil (December 31, 2023 – $586 and $1,124), respectively.

The Company's discontinued EMC business unit recovered beryllium as a by-product of its manufacturing process. From time to time, the Company recorded adjustments to raw materials inventory value based on the estimated value of beryllium recovered. The recovery process was revised again during the year ended June 30, 2024 when Nonferrous assumed responsibility for completing the recovery process. The inventory valuation adjustment in the period ended December 31, 2024 was $nil (2023 - $133).

The net realizable value 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 net realizable value estimate and the carrying value of this inventory.

During the year ended June 30, 2024, the Company recognized an impairment for slow-moving inventory of $121 (June 30, 2023 - $Nil).

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

7. 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, 2023	420	4,456	11,847	35	8,286	776	113	25,933
Additions	-	-	251	-	87	-	207	545
Disposals	-	-	(96)	-	(48)	(45)	(44)	(233)
Construction in progress placed in service	-	-	25	-	-	45	(70)	-
At June 30, 2024	420	4,456	12,027	35	8,325	776	206	26,245
Additions	-	-	6	-	-	-	41	47
Disposals	-	-	(3,714)	-	(16)	(74)	-	(3,804)
Construction in progress placed in service	-	-	206	-	-	-	(206)	-
At December 31, 2024	420	4,456	8,525	35	8,309	702	41	22,488
Accumulated depreciation and impairment								
At June 30, 2023	-	2,667	7,906	33	3,254	221	-	14,081
Impairment	-	1,083	60	-	8	40	-	1,191
Depreciation expense	-	706	471	2	187	133	-	1,499
Disposals	-	-	(96)	-	(48)	(45)	-	(189)
At June 30, 2024	-	4,456	8,341	35	3,401	349	-	16,582
Impairment	-	-	-	-	-	35	-	35
Depreciation expense	-	-	177	-	97	61	-	335
Disposals	-	-	(3,230)	-	(16)	(74)	-	(3,320)
At December 31, 2024	-	4,456	5,288	35	3,482	371	-	13,632
Net book value								
At June 30, 2023	420	1,789	3,941	2	5,032	555	113	11,852
At June 30, 2024	420	-	3,686	-	4,924	427	206	9,663
At December 31, 2024	420	-	3,237	-	4,827	331	41	8,856

As at December 31, 2024, the Company pledged property, plant, and equipment held by Copper Alloys with a net book value of $3,937 (June 30, 2024 - $4,051) and Engineered Materials with a net book value of $Nil (June 30, 2024 - $439) as collateral for bank loans (Note 10).

During the year ended June 30, 2024, the Company made a decision to discontinue the operations of its Engineered Material division (Note 16). As a result, the Company recorded an impairment loss of $1,191 on the CGU. During the six months ended December 31, 2024, the Company made a further impairment of $35. The recoverable amount was determined with reference to the fair value less cost to sell which was estimated based on the proceeds received from the sale of EMC assets.

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

From continuing operations:	Three months ended December 31, 2024 $	Three months ended December 31, 2023 $	Six months ended December 31, 2024 $	Six months ended December 31, 2023 $
Cost of revenue	132	131	272	260
Selling, general and administrative expenses	31	28	63	58
Total depreciation expense	163	159	335	318

From discontinued operations:	Three months ended December 31, 2024 $	Three months ended December 31, 2023 $	Six months ended December 31, 2024 $	Six months ended December 31, 2023 $
Cost of revenue	-	174	-	348
Selling, general and administrative expenses	-	40	-	81
Total depreciation expense	-	214	-	429

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

8. Line of Credit

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. As at December 31, 2024 the line of credit balances were $3,881 (June 30, 2024 - $3,461).

The Company was in violation of the minimum debt service coverage ratio for the quarter ended December 31, 2024, and had negative cash flows as it pertains to operations for the same period. The Company is seeking a waiver of the violation of the debt covenants, if it is unsuccessful, Iron Horse, LLC may call the line of credit facility or seize the Company's inventory.

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 an amendment 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.

During the subsequent period, Iron Horse Credit, LLC, agreed to extend the line of credit to July 28, 2026. The maximum revolver amount has been adjusted to $4,500, with all other terms remaining substantially the same as the original agreement.

9. Accounts Payable and Accrued Liabilities

	December 31, 2024 $	June 30, 2024 $
Trade accounts payable	1,201	1,905
Employee wages and payroll withholdings	351	663
Accrued liabilities	553	482
Sales returns and allowances	211	262
Accounts payable and accrued liabilities	2,316	3,312

10. Borrowings

(a) Debentures

	Convertible Debentures $	Non-Convertible Debentures $	Lind financing $	Total $
June 30, 2023	**2,658**	**138**	**348**	**3,144**
Changes in fair value of derivative liability	-	-	(1)	(1)
Amortization of accreted interest	-	-	14	14
Accrued interest	35	2	23	60
Repayments paid in cash	(2,586)	(134)	(384)	(3,104)
Interest paid in shares issued	(53)	(4)	-	(57)
Effect of foreign exchange rate	(54)	(2)	-	(56)
June 30, 2024	**-**	**-**	**-**	**-**
December 31, 2024	**-**	**-**	**-**	**-**

10. Borrowings (continued)

(a) Debentures (continued)

Convertible debentures

The Company issued convertible debentures on June 6, 2018 for proceeds of C$3,797 ($2,877).

The convertible debentures were redeemable on or after June 6, 2020, at the option of the Company, provided the volume weighted average trading price of the common shares on the TSX Venture Exchange equal or exceed C$0.62 for the 30 consecutive trading days preceding the date of notice. These convertible debentures were convertible into common shares at a conversion price of C$0.31 per common share at the option of the holder. Additionally, 2,300 detached warrants were issued for each multiple of C$1 to holders of the convertible debentures.

The convertible debentures had 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.

On initial recognition, these convertible debentures were determined to be a financial instrument comprising an equity classified conversion feature and equity classified warrants with a host debt component.

On August 2023, the Company satisfied its convertible debenture through payment of C$3,499 in cash and 898,772 common shares to satisfy C$72 of outstanding interest.

During the three and six months ended December 31, 2024, the Company had interest expenses of $Nil and $Nil (December 31, 2023 – $Nil and $35), respectively, in relation to these convertible debts.

Non-Convertible debentures

The Company issued non-convertible debentures on June 6, 2018 for proceeds of C$182 ($138).

The debentures were redeemable on or after June 6, 2020, at the option of the Company, provided the volume weighted average trading price of the common shares on the TSX Venture Exchange equal or exceed C$0.62 for the 30 consecutive trading days preceding the date of notice. Additionally, 2,300 detached warrants were issued for each multiple of C$1 to holders of the debentures.

These debentures had a 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.

On initial recognition, these debentures were determined to be a financial instrument comprising equity classified warrants with a host debt component.

On August 2023, the Company satisfied this non-convertible debenture through payment of C$182 in cash and 53,833 common shares to satisfy C$4 of outstanding interest.

During the three and six months ended December 31, 2024, the Company had interest expenses of $Nil and $Nil (December 31, 2023 – $Nil and $2), respectively, in relation to the non-convertible debenture.

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

10. Borrowings (continued)

(a) Debentures (continued)

Lind financing

The Company issued convertible debt in relation to the Lind financing on October 6, 2021, for proceeds of $1,500. The convertible debt was convertible 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 was convertible 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 could in its sole discretion, buy-back the outstanding amount of the convertible debt at any time. However, the debt holder retained 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 initial recognition, these debentures were determined to be a financial instrument comprising equity classified warrants and liability classified conversion feature with a host debt component.

In April 2024, the lenders opted for a repayment in cash and the Company settled the outstanding Lind convertible debentures with a cash payment of $159.

During the three and six months ended December 31, 2024, the Company had interest expenses of $Nil and $Nil (December 31, 2023 – $Nil and $23), respectively, and accretion of $Nil and $Nil (December 31, 2023 – $Nil and $14), respectively in relation to these convertible debts. The Company recognized $Nil and $Nil (December 31, 2023 – $Nil and $1 gain), respectively, in relation to the extinguishment of the derivative liability component.

(b) Loans payable

	Utica loan $	Loeb loan $	Sallyport loan $	Flatbay financing arrangement $	Total $
June 30, 2023	**598**	**-**	**-**	**-**	**598**
Gross proceeds received	-	1,780	3,000	3,850	8,630
Transaction costs	-	(158)	-	(349)	(507)
Accrued interest	77	211	411	12	711
Settlement costs	39	-	-	-	39
Repayments paid in cash	(714)	(327)	(3,411)	-	(4,452)
June 30, 2024	**-**	**1,506**	**-**	**3,513**	**5,019**
Accrued interest	-	138	-	352	490
Settlement costs	-	7	-	-	7
Repayments paid in cash	-	(433)	-	(302)	(735)
December 31, 2024	**-**	**1,218**	**-**	**3,563**	**4,781**
June 30, 2024					
Current	**-**	**236**	**-**	**97**	**333**
Non-current	**-**	**1,270**	**-**	**3,416**	**4,686**
December 31, 2024					
Current	**-**	**231**	**-**	**107**	**338**
Non-current	**-**	**987**	**-**	**3,456**	**4,443**

10. Borrowings (continued)

(b) Loans payable (continued)

Utica Loan

The Company entered into a term loan payable to Utica on October 4, 2021 for proceeds of C$900. The term loan had a maturity date of January 4, 2026, and an effective interest rate of 15.24% per year. The loan is secured by certain fixed assets of Nonferrous.

Pursuant to the terms of the term loan, the Company would make 51 monthly instalment payments of $24 until the maturity date. On October 26, 2023, the Company agreed with Utica to repay the outstanding loan prior to maturity, and incurred $39 in settlement costs for the loan. The Company repaid the outstanding interest, loan balance and settlement costs of $714 to Utica in order to settle the loan.

Loeb Loan

In October 2023, the Company entered into an agreement with Loeb equipment term loan (“Loeb Loan”) that provided the Company with total proceeds of $1,780 in exchange for a security interest in its machinery and equipment. The loan bears interest at prime plus 6.5% per annum with interest only payments for the first four weeks, then going forward principal and interest payment are due weekly. Nonferrous received proceeds of $1,550 from the Loeb Loan which has a 3-year term and incurred transaction costs of $138. EMC received proceeds of $230 from the Loeb Loan which had a 2-year term and incurred transaction costs of $20.

On July 11, 2024, the Company repaid the balances owed by EMC in respect to the Loeb loan by a repayment of $209, inclusive of settlement costs of $7.

Sallyport Loan

In August 28, 2023, the Company entered into a loan agreement with Sallyport for proceeds of $3,000. The proceeds were used by the Company to settle convertible debt obligations (Note 10(a)). The loan had a maturity date of November 28, 2024, and carried interest at prime plus 6.75%. The loan is secured by certain fixed assets of Nonferrous.

Pursuant to the terms of the loan, the Company made six interest-only monthly payments initially, and interest plus $150 principal monthly payments thereafter until the maturity date. The Company made payments totalling $907 during the year ended June 30, 2024. On May 27, 2024, the Company agreed with Sallyport to repay the outstanding loan prior to maturity, and repaid the outstanding loan and accrued interest balance of $2,504 to Sallyport in order to settle the loan.

Flatbay Financing Arrangement

In May 2024, the Company entered into an agreement with Flatbay Fund I, LLC (“Flatbay”) in which it sold its property consisting of land and buildings situated in Franklin, Indiana for $3,850 with the option to repurchase the property during the period the Company leases the property from Flatbay. The terms set forth the following prices of repurchase as follows:

- During the first year of the lease – $4,100;
- During the second year of the lease – $4,043;
- During the third year of the lease – $3,927;
- Thereafter, until the end of the lease – $3,850.

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

10. Borrowings (continued)

(b) Loans payable (continued)

From that day the Company began to lease the property from Flatbay and pays monthly amounts of $50 for the first six months and variable monthly amounts of $45 to $50 being payable thereafter depending on the debt service coverage ratio of the Company. The Company incurred transaction costs of $349 surrounding the closing of the Flatbay financing agreement which will be amortized over the life of the liability. Based on the terms and conditions of the transaction, management concluded that it should be classified as a financing arrangement rather than a sale and leaseback under IFRS 16 since the transfer of the property did not qualify as a sale in terms of IFRS 15 – *Revenue from contracts with customers*.

Pursuant to the lease agreement, the Company has paid to Flatbay a security deposit equal to five months' base rent amounting to $250 for faithful performance and observance of the agreement by the Company. The security deposit would be applied against the repurchase price of the property, should the Company exercise its option to repurchase. This security deposit is recognized as a non-current deposit in the consolidated statements of financial position of the Company.

(c) Related party notes

	Related party loan 1 $	Related party loan 2 $	Total $
June 30, 2023	**1,304**	**1,408**	**2,712**
Accrued interest	118	139	257
Repayments paid in cash	(284)	(191)	(475)
June 30, 2024	**1,138**	**1,356**	**2,494**
Accrued interest	87	103	190
Repayments paid in cash	(50)	-	(50)
December 31, 2024	**1,175**	**1,459**	**2,634**
June 30, 2024			
Current	**1,138**	**1,356**	**2,494**
Non-current	**-**	**-**	**-**
December 31, 2024			
Current	**1,175**	**1,459**	**2,634**
Non-current	**-**	**-**	**-**

As of December 31, 2024 a loan amounting to $2,634 (June 30, 2024 - $2,494) was owing to a director and officer of the Company and was included in the borrowings balance. This loan is secured by IBC Holdings shares and accrues interest at the rate of 10% per annum based on the principal outstanding balance and has a maturity date of June 30, 2025. The loan had a maturity date of December 31, 2024, and was extended on December 31, 2024 to June 30, 2025. On October 1, 2024, the Company made a repayment of $50 on these related party notes payable.

11. 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 income (loss) and not the statement of financial position. Interest expense on the lease liabilities amounted to $21 and $46, respectively, for the three and six months ended December 31, 2024 (December 31, 2023 - $42 and $57, respectively). The Company did not incur any variable lease payments and there were no leases with residual value guarantees or leases not yet commenced to which the Company has committed. The expense relating to the low value leases amounted to $Nil (December 31, 2023 - $3).

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

11. Leases payable (continued)

	$
As at June 30, 2023	**2,050**
Finance costs	103
Payments	(859)
As at June 30, 2024	**1,294**
Finance costs	46
Payments	(442)
As at December 31, 2024	898

Allocated as:	December 31, 2024 $	June 30, 2024 $
Current	827	803
Non-current	71	491
	898	1,294

Minimum lease payments for each fiscal year:		
2025	**$**	453
2026		531
Amount representing interest		(86)
	$	**898**

12. Share Capital

(a) Authorized capital

Authorized share capital of the Company consists of an unlimited number of common and preferred shares with no 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

As at December 31, 2024, there were 113,680,857 (June 30, 2024 – 106,734,573) common shares issued and outstanding.

There were no preferred shares outstanding.

Transactions during the six months ended December 31, 2024:

On July 11, 2024, the Company issued 1,714,284 common shares with a value of $89 to directors of the Company in settlement of amounts due for services. The Company also issued 4,982,000 common shares with a value of $255 to the CEO as a bonus payment in consideration for certain guarantees made by the CEO for the Company's credit facilities.

On December 23, 2024, the Company issued 250,000 common shares upon the exercise of 125,000 options with an exercise price of C$0.20 and 125,000 options with an exercise price of C$0.24 by the CEO. The Company received $38 upon the exercise of these options, and $25 in fair value of the options was reclassified from reserves to share capital.

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

12. Share Capital (continued)

(a) Authorized capital (continued)

Transactions during the six months ended December 31, 2023:

In July 2023, the Company issued 3,200,000 common shares with a value of $187 to directors of the Company in settlement of amounts due for services.

In September 2023, 952,605 common shares were issued to debenture holders in settlement of interest amounting to C$76 or $57 (Note 10(a)).

(b) Stock options

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 2024 shareholders' meeting.

Option Grants

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

	Stock Options Outstanding	Weighted Average Exercise Price C$
June 30, 2023	5,111,750	0.22
Expired	(621,750)	0.31
Forfeited	(222,500)	0.20
June 30, 2024	4,267,500	0.21
Exercised	(250,000)	0.22
Forfeited	(355,000)	0.21
December 31, 2024	3,662,500	0.21

During the three and six months ended December 31, 2024 the Company recognized share-based compensation relating to stock options of $1 and $6 (December 31, 2023 - $38 and $74), respectively.

During the subsequent period, the Company granted 2,975,000 stock options to its directors, officers, employees, and consultants. The stock options are exercisable at C$0.09 per share and expire in 5 years from the grant date. A further 100,000 stock options were granted to employees and these stock options are exercisable at $C0.085 and also expire 5 years from the grant date.

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

12. Share Capital (continued)

(b) Stock options

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

				Outstanding Options			Exercisable Options		
Grant Date	Expiry Date	Fair Value per Option C$	Exercise Price CAD	Number	Weighted Average Remaining Life	Weighted Average Exercise Price CAD	Number	Weighted Average Remaining Life	Weighted Average Exercise Price CAD
26-Jun-20	26-Jun-25	0.11	$0.16	40,000	0.5 years	$0.16	40,000	0.5 years	$0.16
15-Jul-20	15-Jul-25	0.13	$0.21	600,000	0.5 years	$0.21	600,000	0.5 years	$0.21
30-Oct-20	30-Oct-25	0.10	$0.15	675,000	0.8 years	$0.15	675,000	0.8 years	$0.15
1-Dec-21	1-Dec-26	0.13	$0.20	1,017,500	1.9 years	$0.20	1,017,500	1.9 years	$0.20
8-Jun-22	7-Jun-27	0.16	$0.24	1,330,000	2.4 years	$0.24	1,050,000	2.4 years	$0.24
				3,662,500	1.66 years	$0.21	3,382,500	1.60 years	$0.20

In the six months ended December 31, 2024, 105,000 unvested stock options were forfeited by employees as a result of the termination of employment relationship with the Company. A further 250,000 vested stock options were forfeited, pursuant to the terms of the stock option agreements with former employees, upon the lapse of the grace period ranging from 90 days to 12 months after the termination date of employment.

(c) Warrants

	Financing Warrants	
	Warrants Outstanding	Weighted Average Exercise Price C$
June 30, 2023	15,540,035	0.16
Expired	(4,270,591)	0.21
June 30, 2024	11,269,444	0.14
Expired	(11,269,444)	0.14
December 31, 2024	-	-

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.

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

13. Related Parties Transactions

Key management personnel compensation was:

	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
	$	$	$	$
Salaries, wages, and management fees	409	555	870	905
Director fees	13	12	25	25
Share-based compensation and services	25	39	54	81
	447	606	949	1,011

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

As of December 31, 2024, $55 (June 30, 2024 - $89) in share-based compensation is owing to directors and officers for services and $11 (June 30, 2024 - $1) is owing to officers for expenses paid on the Company's behalf.

As of December 31, 2024, $Nil (June 30, 2024 - $255) in share-based compensation, and $64 (June 30, 2024 - $60) is owing to key management employees, for bonuses to be paid in shares and retention bonus, respectively, and $Nil (June 30, 2024 - $5) is owing to key management employees for related payroll taxes on the accrued bonuses. The amounts are unsecured and non-interest bearing.

As of December 31, 2024, $2,634 (June 30, 2024 - $2,494) is owing to a director and officer of the Company for notes payable principal and interest (Note 10(c)). During the three and six months ended December 31, 2024, the Company incurred interest expense of $128 and $190 (December 31, 2023 - $66 and $131), respectively, on amounts due to related parties.

14. Commitments and Contingencies

Legal Matters

As more fully discussed below, the Company is 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 from an arbitrator which was then confirmed by the United States District Court for the District of Massachusetts, affirming the September 8, 2017 arbitration award made in favor of Gerald R. Hoolahan. As at December 31, 2024 the Company has recorded accrued interest of $272 from the judgement date, September 8, 2017.

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

14. Commitments and Contingencies (continued)

On January 21, 2014, Nonferrous 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 as a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). Nonferrous was identified as a PRP due to the EPA's review of Chemetco's records indicating that Nonferrous shipped more than 849,000 pounds of material to the Superfund Site. Nonferrous has joined a defense group of other PRPs. To date, insurers of Nonferrous has paid legal fees and PRP Group assessments associated with the claim. 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 Nonferrous as a defendant due to purchase of certain assets of Specialloy. Specialloy was allocated over 5 million pounds of material shipped to the Chemetco site, or more than five times the amount allocated to Nonferrous. Should the EPA and/or PRP Group contribution lawsuit pursue alter ego theories and allege that Nonferrous is responsible for the potential liabilities of Specialloy, the Company potentially faces significantly more liability requiring further defensive action.

The outcome of potential litigation and amounts cannot be determined at this time and has not been accrued for in these condensed consolidated interim financial statements.

15. Segment Reporting

As of December 31, 2024, the Company had two reportable segments: Copper Alloys and Corporate. As of December 31, 2024, the Company had one manufacturing segment which is the Copper Alloys division. In the prior year the Company had another manufacturing segment, the Engineered Materials Division which ceased operations during the year ended June 30, 2024 and has been classified as a discontinued operation (Note 16). The manufacturing segment produces specialty alloy products while Corporate administers the operating divisions.

The accounting policies of the segments are the same as described in note 3 of these condensed consolidated interim financial statements. IBC's management evaluates performance based on income before other items.

Three months ended December 31, 2024	Copper Alloys $	Corporate $	Total $
Revenue from external customers	3,561	-	3,561
Depreciation	136	27	163
Share-based compensation and share-based services	3	25	28
Income (loss) before other items	154	(582)	(428)
Foreign exchange loss	-	(159)	(159)
Interest and accretion expense	(409)	(131)	(540)
Other income	-	-	-
Loss before income taxes	(257)	(870)	(1,127)
Income tax recovery	-	-	-
Capital expenditures	41	-	41

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

15. Segment Reporting (continued)

Three months ended December 31, 2023	Copper Alloys $	Corporate $	Total $
Revenue from external customers	7,082	-	7,082
Depreciation	135	24	159
Share-based compensation and share-based services	5	33	38
Income (loss) before other items	1,136	(519)	617
Foreign exchange loss	-	3	3
Interest and accretion expense	(485)	(140)	(625)
Gain on revaluation of derivative	-	-	-
Other income	17	4	21
Income (loss) before income taxes	668	(652)	16
Income tax expense	(4)	-	(4)
Capital expenditures	-	-	-

Six months ended December 31, 2024	Copper Alloys $	Corporate $	Total $
Revenue from external customers	8,460	-	8,460
Depreciation	281	54	335
Share-based compensation and share-based services	5	52	57
Income (loss) before other items	476	(1,130)	(654)
Foreign exchange loss	-	(129)	(129)
Interest and accretion expense	(812)	(193)	(1,005)
Other income	10	-	10
Loss before income taxes	(327)	(1,451)	(1,778)
Income tax expense	(1)	-	(1)
Capital expenditures	47	-	47

Six months ended December 31, 2023	Copper Alloys $	Corporate $	Total $
Revenue from external customers	11,987	-	11,987
Depreciation	269	48	317
Share-based compensation and share-based services	11	63	74
Income (loss) before other items	1,473	(1,035)	438
Foreign exchange loss	-	(1)	(1)
Interest and accretion expense	(720)	(395)	(1,115)
Gain on revaluation of derivative	-	(1)	(1)
Other income	17	49	66
Income (loss) before income taxes	770	(1,383)	(613)
Income tax expense	(4)	-	(4)
Capital expenditures	50	-	50

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

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

15. Segment Reporting (continued)

Total assets employed by each division are:

	December 31, 2024 $	June 30, 2024 $
Copper Alloys	19,662	20,460
Corporate	666	1,958
	20,328	22,418

Total liabilities recognized by each division are:

	December 31, 2024 $	June 30, 2024 $
Copper Alloys	7,593	6,934
Corporate	6,850	6,387
	14,443	13,321

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

	Three months ended December 31,		Six months ended December 31,	
	2024 $	2023 $	2024 $	2023 $
United States	3,006	6,072	6,439	9,909
The Netherlands	316	132	1,048	369
Germany	-	89	194	169
Japan	-	149	189	347
China	-	524	180	938
Canada	153	42	288	62
Taiwan	35	20	35	55
All others	51	54	87	138
	3,561	7,082	8,460	11,987

The following customers represented more than 10% of sales:

	December 31, 2024		December 31, 2023	
	Amount $	%	Amount $	%
Customer A – Copper Alloys Division	1,048	12.5	-	-
Customer B – Copper Alloys Division	-	-	2,889	24.1

All of the Company's property, plant and equipment are located in the United States.

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

15. Segment Reporting (continued)

Discontinued operations:

The geographical division of the Company’s revenues from discontinued operations (Note 16) based on the customer’s country of origin is as follows:

	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
	$	$	$	$
United States	-	2,675	-	4,246
Malaysia	-	71	-	181
Singapore	-	222	-	303
	-	2,968	-	4,730

The following customers represented more than 10% of sales in discontinued operations (note 16):

	December 31, 2024		December 31, 2023	
	Amount		Amount	
	$	%	$	%
Customer C – Engineered Materials	-	-	3,800	80.3

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

16. Discontinued Operations

On June 24, 2024, the Company discontinued the operations of EMC. As a result, EMC was classified as a discontinued operation in accordance with *IFRS 5 – Non-Current Assets Held for Sales and Discontinued Operations* for the years ended June 30, 2024, and 2023. The loss and comprehensive loss from discontinued operations (EMC) for the periods ended December 31, 2024, and 2023 comprise the following:

	Note	Three months ended December 31, 2024 $	Three months ended December 31, 2023 $	Six months ended December 31, 2024 $	Six months ended December 31, 2023 $
Revenue	16	-	2,968	-	4,730
Cost of revenue	6,7	-	1,708	-	3,280
Gross profit		-	1,260	-	1,450
Selling, general, and administrative expenses					
Consulting fees		-	12	13	37
Depreciation	7	-	40	-	80
Office and miscellaneous		55	99	280	206
Professional fees		9	28	33	52
Rent		-	-	-	1
Salaries, wages, and management fees	13	166	206	374	334
Share-based compensation and services	12	(4)	(5)	(4)	(2)
Travel, meals and entertainment		5	25	11	42
		231	405	707	750
Income (loss) before other items		(231)	855	(707)	700
Other income (expense)					
Interest and accretion expense	5,10,11	(40)	(155)	(104)	(305)
Impairment loss	7	-	-	(35)	-
Other income		6	-	18	-
Net income (loss) before income taxes		(265)	700	(828)	395
Total income (loss) for the period, net of tax		(265)	700	(828)	395

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

16. Discontinued Operations (continued)

Cash flows from EMC are as follows:

Six months ended December 31,	2024 $	2023 $
Cash flows provided by (used in) operating activities		
Net income (loss) from discontinued operations, net of tax	(828)	395
Adjustments for:		
Share-based compensation and services	(4)	(2)
Depreciation	-	429
Impairment loss	35	-
Onerous contract recovery	-	(598)
Interest and accretion expense	102	305
Write-down of inventory	-	(133)
Changes in non-cash working capital items:		
Receivables	1,201	776
Inventories	11	(1,214)
Prepaid expenses and deposits	58	(19)
Accounts payable and accrued liabilities	894	(605)
Unearned revenue	-	908
Net cash provided by operating activities	1,469	242
Cash flows used in financing activities		
Interest paid	(67)	(67)
Factoring facility proceeds (repayments)	(1,299)	11
Lease principal repayments	(396)	(373)
Loan proceeds (repayments)	(191)	200
Net cash used in financing activities	(1,953)	(229)
Cash flows provided by (used in) investing activities		
Proceeds from sale of property, plant, and equipment	484	-
Purchase of property, plant, and equipment	-	(13)
Net cash provided by (used in) investing activities	484	(13)
Change in cash during the year	-	-
Supplemental Cash Flow Information:		
Interest payments	(67)	(67)

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

17. 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 six months ended December 31, 2024 from the year ended June 30, 2024.

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.

18. 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 December 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	December 31, 2024		December 31, 2023	
	Increase $	(Decrease) $	Increase $	(Decrease) $
10% movement in cash flows	24	(24)	(23)	23
1% movement in C$ per $	(2)	2	(2)	2

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

18. Financial Risk Management (continued)

Foreign Exchange Risk (continued)

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

Balances at December 31, 2024	C$
Cash	5
Accounts payable and accrued liabilities	351

Balances at December 31, 2023	C$
Cash	2
Accounts payable and accrued liabilities	307

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	December 31, 2024		December 31, 2023	
	Increase $	(Decrease) $	Increase $	(Decrease) $
10% movement in cash flows	(32)	32	(85)	85
1% movement in interest rate index	(28)	28	(61)	61

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.

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

18. Financial Risk Management (continued)

Credit Risk (continued)

The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, and receivables.

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.

December 31, 2024	Less than three months $	Three to twelve months $	One to five years $	Total $
Accounts payables and accrued liabilities	2,276	40	-	2,316
Line of credit	3,881	-	-	3,881
Accounts receivable factoring facility	-	1,577	-	1,577
Notes payable, related parties	-	2,634	-	2,634
Leases payable (undiscounted)	225	683	76	984
Loan payable (undiscounted)	261	792	5,811	6,864
Arbitration award liability	1,667	-	-	1,667
	8,310	5,726	5,887	19,923

June 30, 2024	Less than three months $	Three to twelve months $	One to five years $	Total $
Accounts payables and accrued liabilities	2,772	540	-	3,312
Line of credit	3,461	-	-	3,461
Accounts receivable factoring facility	-	2,036	-	2,036
Notes payable, related parties	-	2,494	-	2,494
Leases payable (undiscounted)	221	674	531	1,426
Loan payable (undiscounted)	251	871	6,504	7,626
Arbitration award liability	1,631	-	-	1,631
	8,336	6,615	7,035	21,986

19. Loss per Share

From continuing operations:

Three months ended December 31		**2024**		**2023**
Net income (loss) for the period ($000)		(1,127)		12
Weighted average number of common shares outstanding		113,452,596		106,734,573
Basic and diluted loss per common share	$	(0.01)	$	0.00

Six months ended December 31		**2024**		**2023**
Net loss for the period ($000)		(1,779)		(617)
Weighted average number of common shares outstanding		113,041,405		106,074,657
Basic and diluted loss per common share	$	(0.02)	$	(0.01)

From discontinued operations:

Three months ended December 31		**2024**		**2023**
Net income (loss) for the period ($000)		(265)		700
Weighted average number of common shares outstanding		113,452,596		106,734,573
Basic and diluted earnings (loss) per common share	$	(0.00)	$	0.01

Six months ended December 31		**2024**		**2023**
Net income (loss) for the period ($000)		(828)		395
Weighted average number of common shares outstanding		113,041,405		106,074,657
Basic and diluted earnings (loss) per common share	$	(0.01)	$	0.01

Total:

Three months ended December 31		**2024**		**2023**
Income (loss) for the year ($000)		(1,392)		712
Weighted average number of common shares outstanding		113,452,596		106,734,573
Basic and diluted income (loss) per common share	$	(0.01)	$	0.01

Six months ended December 31		**2024**		**2023**
Loss for the year ($000)		(2,607)		(222)
Weighted average number of common shares outstanding		113,041,405		106,074,657
Basic and diluted income (loss) per common share	$	(0.02)	$	(0.00)

For the three and six months ended December 31, 2024 and 2023, the Company's options and warrants were not included in the calculation of continuing or discontinued diluted earnings per share as their inclusion was anti-dilutive.