IBC ADVANCED ALLOYS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED SEPTEMBER 30, 2025

FISCAL FIRST QUARTER OF 2026

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The following is management's discussion and analysis ("MD&A") of IBC Advanced Alloys Corp. and its subsidiaries, prepared as of December 1, 2025. This MD&A should be read together with the unaudited interim financial statements for the period ended September 30, 2025, and the audited consolidated financial statements and related notes for the year ended June 30, 2025. Financial amounts are presented in United States dollars ("$") unless indicated otherwise. Canadian dollar amounts are denoted by "C$". The terms "IBC", "we", "us", and "our" refer to IBC Advanced Alloys Corp. and its subsidiaries, unless the context otherwise requires.

This MD&A contains "forward-looking information", "forward-looking statements", and "forward-looking forecast" within the meaning of applicable securities legislation, concerning future financial or operating performance of IBC and its business and operations. Forward-looking statements include information concerning future strategic objectives, business prospects, anticipated savings, financial results (including expenses, earnings, liquidity, cash flow and capital expenditures), industry or market conditions, demand for and pricing of our products, acquisitions and divestitures, anticipated results of litigation and regulatory developments, or general economic conditions. Words such as "plans", "expects", "budget", "scheduled", "estimates", "projects", "forecasts", "intends", "anticipates", "believes" and future or conditional verbs such as "will", "may", "could", "would", "should", or as well

as any other statement that necessarily depends on future events, are intended to identify forward-looking statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur, or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and are effective only as of the date of this MD&A. These assumptions, which include management's current expectations, estimates, and assumptions about certain projects and the markets in which we operate, the global economic environment, interest rates, exchange rates, our business strategy, plans, outlook, shareholder value, projections, targets and expectations, and our ability to manage our assets and operating costs, may prove to be incorrect.

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

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

The financial statements for the period ended September 30, 2025 have been prepared in accordance with IAS 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), using accounting policies consistent with IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee. Additional information relating to IBC, including the most recent Annual Information Form, is available for view on SEDAR at www.sedarplus.com.

EXECUTIVE SUMMARY

On June 24, 2024, we discontinued production operations at our Engineered Materials ("EM") division's sole operating plant in Wilmington, Mass., where we produced beryllium-aluminum (Be-Al) alloy products, as a result of insufficient long-term demand for these products. In this MD&A, we report both on the "discontinued operations"

at the Massachusetts facility and on "continuing operations" at our Copper Alloy division. Except as noted, all financial amounts are determined in accordance with IFRS.[1]

SELECTED RESULTS: ($000s)		
	Quarter Ended 9-30-2025	*Quarter Ended 9-30-2024*
CONTINUING OPERATIONS		
Revenue	$4,171	$4,899
Operating loss	$(67)	$(226)
Net Loss	$(573)	$(652)
Adjusted EBITDA	$51	$14
Gross Profit	$791	$858
Gross Margin	19%	18%
DISCONTINUED OPERATIONS		
Operating loss	$(106)	$(476)
Net Loss	$(129)	$(563)
Adjusted EBITDA	$(106)	$(463)
CONSOLIDATED OPERATIONS		
Revenue	$4,171	$4,899
Operating loss	$(173)	$(702)
Net Loss	$(702)	$(1,215)
Adjusted EBITDA	$(55)	$(449)

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

1. Our Copper Alloys division sales dropped by 14.8% in the three-month period ended September 30, 2025, over the comparable prior-year period. This was mainly due to current economic conditions.

2. Gross profit in the Copper Alloys division decreased by 7.8% year-over-year (Y/Y) while gross margin increased by 1%, for the three-month period ended September 30, 2025.

3. On a consolidated basis, operating income and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") in the quarter ended September 30, 2025, increased year-over-year, which was driven by lower costs by the EM division after its operations ceased.

4. On a consolidated basis, our consolidated loss for the quarter ended September 30, 2025, of $702,000 was largely due to (1) ongoing closing costs at the EM division, (2) lower sales at the Copper Division, and (3) interest costs.

BUSINESS

We are engaged in developing and manufacturing advanced copper and copper alloy-based products for a variety of customers in commercial and defense sectors. We operate a vertically integrated copper alloy manufacturing facility in Franklin, Ind. that employs 39 people. Industries we serve include the industrial welding, oil and gas, plastic mold, metal melting, marine defense, electronic, aerospace, and industrial equipment markets. Our Company was formed by an amalgamation under the laws of British Columbia on December 11, 2002 and the common shares listed on the TSX Venture Exchange (the "TSX-V") under the symbol "IB" and on the OTCQB market under "IAALF".

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business. As disclosed in our consolidated financial statements for the quarter ended September 30, 2025, there is a material uncertainty that may cast significant doubt on our ability to continue as a going concern. We are assessing various strategic and financial options to address this uncertainty.

MANUFACTURING OPERATIONS

We manufacture and distribute a wide variety of forged (wrought) copper alloys, including aluminum bronzes, beryllium copper, chrome copper, copper nickels, oxygen-free high-conductivity copper as plate, discs, bar, rods, rings, and specialty copper alloy forgings for various markets and applications. We also offer cast component parts in these alloys utilizing air-set sand molds. These products are sold directly to end users and serve various markets through a network of established dealers and distributors. Our products are manufactured in Franklin, Indiana, where we maintain foundry, forge (hammer, press, and ring rolling), heat-treating, and machining operations.

We have strong technical and manufacturing engineering resources in the highly specialized copper alloy industry. Our foundry in Indiana has furnaces and associated equipment that have been adapted to meet the specialized requirements of copper alloy manufacturing. We offer our customers a full range of manufacturing and support services, including for master alloy products, semi-continuous cast input billets, and wrought products. We also manufacture beryllium alloys utilizing certified beryllium-copper master alloy.

We produce material and buy other billets and slabs from independent third-party foundries and mills. Copper alloys are sourced as cast billet, slab, or ingot from mills in North America, Europe, and Asia, and converted into usable industrial products serving the industrial welding, oil and gas, plastic mold, metal melting, marine defense,

electronic, and industrial equipment markets. We also provide tooling components for the North American automotive industry, the European and North American consumer plastic tooling producers, the global oil and gas service industry, the prime North American submarine and aircraft carrier producers and repair facilities, including the U.S. Navy, electronics industries, and general equipment manufacturers.

Until June 24, 2024, our EM division supplied high-performance Be-Al components to defense, aerospace, high-tech manufacturing, and other sectors. We manufactured the Beralcast® family of metal matrices used in commercial and defense applications that require complex, lightweight, high-stiffness parts.

RECENT CORPORATE DEVELOPMENTS, BUSINESS INITIATIVES, AND SUBSEQUENT EVENTS

During the year ended June 30, 2025, we received notices of exercise for a total of 1,000,000 common share options from the CEO, consisting of 125,000 options with an exercise price of C$0.20, 125,000 options with an exercise price of C$0.24 and 750,000 options with an exercise price of C$0.09. In connection with these exercises, we received gross proceeds of $86,000. The 1,000,000 common shares underlying these option exercises were issued during the three months ended September 30, 2025.

In April 2025, we borrowed $452,500 from our CEO to fund working capital. See Related Party Transactions on page 13.

On October 15, 2025, we announced that the board of directors had approved the issuance of 705,880 common shares in the capital (the "Common Shares"), to our directors in consideration of their service for the period from July 2024 through June 2025. The issuance of the Common Shares, at a deemed price per Common Share of C$0.17, being the closing price of the Common Shares on October 15, 2025, is subject to the approval of the TSX-V.

On October 22, 2025, we announced that we had completed the casting of a 0.2% aluminum-scandium (Al-Sc) alloy in collaboration with NioCorp Developments Ltd. The activity is part of an ongoing initiative to develop a U.S.-based scandium alloy supply chain.

On October 24, 2025, we announced the appointment of Chris Huskamp to the board of directors.

FINANCIAL RESULTS AND OUTLOOK

SELECTED QUARTERLY INFORMATION

During the most recent eight quarters, our continuing operations generated profits in four of those periods:

Quarter Ended	Revenue for the period *($000s)*	Income (loss) for the period from continuing operations *($000s)*	Income (loss) per share from continuing operations (basic and diluted) $	Income (loss) per share from continuing and discontinued operations (basic and diluted) $
December 31, 2023	7,082	150	0.00	0.01
March 31, 2024	6,627	343	0.00	0.01
June 30, 2024	7,050	18	0.00	0.01
September 30, 2024	4,899	(652)	(0.01)	(0.00)
December 31, 2024	3,561	(1,127)	(0.01)	(0.00)
March 31, 2025	4,516	(532)	(0.01)	(0.00)
June 30, 2025	4,787	96	0.00	(0.00)
September 30, 2025	4,171	(573)	0.00	(0.00)

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

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

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

1. Sales for Copper Alloys have been lower in recent periods, primarily due to market conditions that impact demand for our products.

2. The EM division did not generate sales after June 30, 2024.

RESULTS OF CONTINUING OPERATIONS: FOR THE QUARTER ENDED SEPTEMBER 30, 2025

We incurred a loss, net of tax, of $573,000 for the quarter ended September 30, 2025, compared to a loss, net of tax, of $652,000 in the comparative period. A summary of results of operations, and a reconciliation of loss to Adjusted EBITDA, follow. Amounts are shown net of intercompany transactions.

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024
	Consolidated *($000s)*	Consolidated *($000s)*
Revenue	4,171	4,899
Cost of revenue		
Materials	2,375	2,853
Labor	693	658
Subcontract	93	101
Overhead	386	301
Depreciation	130	140
Change in finished goods	(297)	(12)
	3,380	4,041
Gross profit	791	858
Gross margin	19%	18%
SG&A expenses		
Operations	598	536
Corporate	260	548
	858	1,084
Loss before other items	(67)	(226)
Other expense and taxes	(506)	(426)
Loss for the period, net of tax	(573)	(652)
Adjusted EBITDA:		
Add back (deduct):		
Tax recovery	2	1
Interest expense	439	464
Depreciation, amortization & impairment	160	172
Stock-based compensation expense (non-cash)	23	29
Adjusted EBITDA	51	14

RESULTS OF DISCONTINUED OPERATIONS: FOR THE QUARTER ENDED SEPTEMBER 30, 2025

We generated a loss from discontinued operations, net of tax, of $129,000 for the quarter ended September 30, 2025, compared to a loss, net of tax, of $563,000 in the comparative period. A summary of results of operations, and a reconciliation of loss to Adjusted EBITDA, follow. Amounts are shown net of intercompany transactions.

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024
	Eng. Mat. *($000s)*	Eng. Mat. *($000s)*
SG&A expenses	106	476
(Loss) income before other items	(106)	(476)
Other expense	(23)	(87)
Loss for the period, net of tax	(129)	(563)
Adjusted EBITDA:		
Add back (deduct):		
Interest expense	23	65
Impairment loss	-	35
Adjusted EBITDA	(106)	(463)

SEGMENT ANALYSIS: THREE MONTHS ENDED SEPTEMBER 30, 2025

In the quarter ended September 30, 2025, the main factors affecting our financial performance were (1) decreased sales in our Copper Alloys division due to weak market demand, and (2) continuing closing costs related to the discontinuation of EM Division operations.

Continuing Operation division:

Sales	Sales decreased the quarter ended September 30, 2025, of Copper Alloys product lines mostly due to decreased market demand for our product.
Gross profit	As sales decreased, fixed operating costs were spread over a smaller volume of production resulting in a lower gross profit.
SG&A expenses	SG&A expenses decreased in the quarter September 30, 2025, and over the comparable prior-year period, primarily due to lower salaries, wages and management fees.
Other income (expense)	The main components of other income (expense) are typically interest expense and foreign exchange gain (loss). Other expenses increased in the quarter ended September 30, 2025, compared to the prior-year period due largely to unfavorable foreign exchange.

Engineered Materials Division Results (Discontinued Operations):

SG&A expenses	SG&A expenses decreased in the quarter ended September 30, 2025, as compared to the prior quarter period, mainly due to the fewer additional costs associated with the closing of operations.
Other income (loss)	Other income (expense) decreased in the quarter ended September 30, 2025. This is primarily due to the absence of impairment and less interest expense recognized in the period ending September 30, 2025, compared to the prior period.

COMMODITY PRICING FOR COPPER

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

Recent indicative copper prices per pound are shown below:

	2025	2024
September 30	$4.80	$4.57
June 30	$5.03	$4.39

	2024	2023
December 31	$4.02	$3.89
September 30	$4.57	$3.73

Source: COMEX

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2025, we had a working capital deficiency of $5,136,000, including cash of $159,000, compared to a working capital deficiency of $4,509,000, including cash of $619,000 as of June 30, 2025.

Our cash flows for the three months ended September 30, 2025, and 2024 are summarized below.

Year ended	September 30, 2025 ($000s)	September 30, 2024 ($000s)
Cash provided by (used in) operating activities from continuing operations	617	(1,272)
Cash provided by (used in) operating activities from discontinued operations	-	1,248
Cash provided by (used in) operating activities	**617**	**(24)**
Cash provided by (used in) financing activities from continuing operations	(103)	884
Cash provided by (used in) financing activities from discontinued operations	-	(1,732)
Cash provided by (used in) financing activities	**(103)**	**(848)**
Cash provided by (used in) investing activities from continuing operations	(1,002)	(6)
Cash provided by (used in) investing activities from discontinued operations	-	484
Cash provided by (used in) investing activities	**(1,002)**	**478**
Foreign exchange effect on cash	28	(32)
Change in cash during the period	**(460)**	**(426)**
Cash, beginning of the period	619	1,415
Cash, end of the period	**159**	**989**

Key Factors Affecting Liquidity

1. Drawdown and repayment of debt:
   We plan to pay down our debt and will seek cheaper sources of financing as they become available.

2. Related Party Debt:
   As of September 30, 2025, we had $3,302,000 outstanding related party debt that matures on December 31, 2025. We plan to continue paying down the related party notes payable to the CEO. However, in April 2025, it was necessary to borrow an additional $452,500 from our CEO to support operations.

3. Working Capital Constraints:
   We discontinued operations at our EM division's Massachusetts plant on June 24, 2024, leaving it with closing costs related to the division and its plant. Despite the closure, increased inventory and accounts receivable to support growth in the Copper Alloy division have further constrained operating cash flow.

We are now actively addressing these constraints by carefully managing our cash flow every week and reducing costs where appropriate.

4. Lease:
   We remain responsible for the lease on the Massachusetts plant until January 1, 2026, even though the facility no longer generates revenue. While efforts are underway to find a tenant for the facility, no tenant has been secured as of the reporting date. This ongoing lease obligation, combined with the search for a new tenant, continues to place a financial burden on us.

5. Resource Price Volatility:
   Fluctuations in resource prices, particularly copper, beryllium, and other inputs, can have a short-term impact on our manufacturing costs, selling prices, and profitability.

6. Capital Expenditures:
   We may be required to make material capital expenditures on property, plant, and equipment to maintain production capacity or service customer needs.

7. Liquidity Risk Management:
   We manage liquidity risk related to trade receivables by trading with recognized, creditworthy third parties and by insuring these receivables when we can, but we still incur payment delays from time to time.

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

RELATED PARTY TRANSACTIONS

Key management personnel compensation was:

Three months ended September 30,	2025 $	2024 $
Salaries, wages, and management fees	251	461
Director fees	13	13
Share-based compensation and services	23	29
	287	503

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

1. As of September 30, 2025, $117,000 (June 30, 2025 - $94,000) and $13,000 (June 30, 2025 - $34,000) in share-based compensation and cash, respectively, are owing to directors and officers for services and $Nil (June 30, 2025 - $11,000) is owing to officers for expenses paid on our behalf.

2. As of September 30, 2025, $Nil (June 30, 2025 - $Nil), and $125,000 (June 30, 2025 - $125,000) is owing to key management employees for bonuses to be paid in shares and retention bonus, respectively,

and $Nil (June 30, 2025 - $Nil) is owing to key management employees for related payroll taxes on the accrued bonuses. The amounts are unsecured.

3. On August 19, 2022, we entered into a credit facility agreement with Mark A. Smith, CEO and Chairman of the board. The non-revolving credit facility in the amount of up to $1,200,000 included an establishment fee of 2.5% of the amount drawn down with a term expiring on February 19, 2023. On March 31, 2025, the maturity date of the loan was extended from March 31, 2025, to June 30, 2025, and on May 2, 2025, it was further extended to December 31, 2025. The credit facility bears interest at 10% per year calculated monthly in arrears and is payable when the loan is repaid. We have drawn down the full amount of the facility. During the three-month period ended September 30, 2025, we incurred interest expense of $30,000 (2024 - $28,000) on this facility.

4. On May 31, 2023, we entered into a credit facility agreement with Mark A. Smith, CEO and Chairman of the Board. The non-revolving credit facility in the amount of up to $1,400,000 included an establishment fee of 2.5% of the amount drawn down with a term expiring on August 31, 2023. On March 31, 2025, the maturity date of the loan was extended from March 31, 2025 to June 30, 2025 and on May 1, 2025 it was further extended to December 31, 2025. The credit facility bears interest at 10% per year calculated monthly in arrears and is payable when the loan is repaid. We have drawn down the full amount of the facility. During the three-month period ended September 30, 2025, we incurred interest expense of $51,000 (2024 - $34,000) on this facility.

5. In April 2025, we borrowed $452,500 from our CEO and Chairman of the Board. This amount has the same interest and repayment terms as the other balances due to him.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Our activities expose us to a variety of financial risks, including foreign exchange risk, interest rate risk, commodity price risk, and credit risk. We do not have a practice of trading derivatives, using instead a natural hedge for foreign currency by holding funds in the currency in which we expect to spend the monies.

Foreign Exchange Risk

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

Interest Rate Risk

Our interest rate risk mainly arises from the variable interest rate impact on interest expense on the Iron Horse Credit LLC agreement, the Loeb Machinery and Equipment financing agreement, and with the Loeb term loan. These loans charge interest based on the prime rate in effect from time to time.

Commodity Price Risk

Profitability and long-term viability depend, in some measure, on the market prices of copper, beryllium, and other materials. The prices for metals can be volatile and are affected by factors beyond our control, including the following: global or regional consumption patterns; the supply of, and demand for, these metals; speculative activities; the availability and costs of metal substitutes; expectations for inflation; and political and economic conditions, including interest rates and currency values. We cannot predict the effect of these factors on metal

prices and does not engage in hedging but, where possible, structure selling arrangements in a way that passes commodity price risk through to our customer.

Credit Risk

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

Adoption of New Accounting Pronouncements and Recent Developments

IFRS 18, Presentation and Disclosure in Financial Statements
IFRS 18 introduces three defined categories for income and expenses—operating, investing, and financing—to improve the structure of the income statement, and requires all companies to provide new defined subtotals, including operating profit. The improved structure and new subtotals will give investors a consistent starting point for analyzing companies' performance and make it easier to compare companies.

IFRS 18 requires companies to disclose explanations of those company-specific measures that are related to the income statement, referred to as management-defined performance measures. The new requirements will improve the discipline and transparency of management-defined performance measures and make them subject to audit.

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

We are still in the process of the assessing the potential impact, if any, from the aforementioned new standards and amendments on its consolidated financial statements.

NON-IFRS MEASURES

To supplement our consolidated financial statements, which are prepared and presented in accordance with IFRS, we use "Adjusted EBITDA", which is a non-IFRS financial measure. We believe that Adjusted EBITDA is a useful indicator for cash flow generated by our business independent of our capital structure.

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make certain judgements, 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. The significant accounting estimates and judgements are set out in Note 4 to the audited consolidated financial statements for the year ended June 30, 2025.

MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the financial statements are in Note 3 of the audited financial statements for the year ended June 30, 2025.

BUSINESS RISKS

Some of the risks specific to operations include the following:

Dependence on Ulba Metallurgical Plant and Sole-source Suppliers

Some of our copper alloys use beryllium, which is a specialty metal that is produced by a limited number of companies globally. We purchase beryllium from Ulba Metallurgical Plant ("Ulba"), owned by Kazatomprom of Kazakhstan. Beryllium copper master alloy is sourced from Ulba, and we have a beryllium-copper master alloy supply agreement with Ulba lasting through 2026. Ulba's ability to honor its supply obligations will depend on its ability to source raw materials. Production uses long-term stockpiles; however, any disruptions in Ulba's ability to manufacture master alloy to our specifications could have a materially adverse effect on our business. Our ability to purchase those supplies also is contingent upon a continuation of current U.S. laws and regulation governing such purchases.

Approximately 10% of materials purchased as described above are from a sole-source supplier. Any disruptions in this supplier's ability to manufacture material and alloying agents needed by us could have a materially adverse effect on short-term revenue while we seek to engage alternative sources.

Disruptions of Manufacturing Operations

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

Need to Meet Product Specifications

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

Recent Imposition of Tariffs

The United States government has levied tariffs on imported goods. We rely on imported metal as inputs to our operations and our profitability would be adversely affected if we were unable to pass our increased costs on to customers. It is also likely that increased selling prices would reduce demand for our products. The effect, if any, of tariffs cannot be estimated at the date of this MD&A.

LEGAL MATTERS

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

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

On September 8, 2017, an Award was issued in favor of Claimant Gerald Hoolahan against us. The Award, in the amount of $1.2 million plus attorney's fees, costs, and expenses in the amount of $155,000, was granted by the American Arbitration Association's International Centre for Dispute Resolution. The amount has been accrued and the matter was under appeal. On March 27, 2019, we 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. At September 30, 2025 we recorded accrued interest of $322,000 from the judgment date, September 8, 2017.

On January 21, 2014, our subsidiary in the Copper Alloys division, Nonferrous Products, Inc. ("Nonferrous Products") received a "Special Notice Letter of Potential Liability" from the U.S. Environmental Protection Agency ("EPA"). The letter references the EPA's determination that a release of hazardous materials had occurred at the Chemetco Superfund Site located in Hartford, Illinois. Chemetco, Inc. ("Chemetco") operated a secondary smelting operation for recycling and after-market processing of copper-bearing scrap and manufacturing by-products. The EPA has identified Nonferrous Products as a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). Nonferrous Product was identified as PRP due to the EPA's review of Chemetco's records indicating that Nonferrous Products shipped more than 849,000 pounds of material to the Superfund Site. Nonferrous Products has joined a defense group of other PRPs ("Chemetco PRP Group"). The presumed amount of shipped material from Nonferrous Products classifies it as a Tier 3 Group member of four tiers, with Tier 1 consisting of PRPs that shipped the highest volume of material to Chemetco. By joining the PRP Group, Nonferrous Products entered into an Amended Cost Sharing Agreement which requires certain assessments based on an interim allocation according to the Tier Group. To date, insurers of Nonferrous Products have paid legal fees and PRP Group assessments associated with the Chemetco PRP Group. These assessments will be used to fund further site investigation to determine the amounts of materials sent to Chemetco by each party and the best clean-up method. On September 27, 2017, it was brought to the attention of our Counsel that the EPA Special Notice Letter was delivered to our subsidiary, Specialloy Copper, LLC, identifying Specialloy Metals Company as a Potentially Responsible Party to the Chemetco Superfund Site. The entity noticed (Specialloy Metals Company) sold assets to our subsidiary and was subsequently dissolved. Our subsidiary is covered under Nonferrous' Insurance policies, and other than the asset purchase transaction, has no connection to the entity that was noticed. We are evaluating options regarding notifying its insurers of potentially increased liability should the EPA and/or Chemetco PRP Group contribution lawsuit's attempt to name our subsidiary, Nonferrous Products, as a defendant. Specialloy

Metals Company was allocated over 5 million pounds of material shipped to the Chemetco site, or more than five times the amount allocated to Nonferrous Products. Should the EPA and/or Chemetco PRP Group contribution lawsuit pursue alter ego theories and name our subsidiary Company, Nonferrous Products, as a defendant, then we potentially face 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 the consolidated financial statements.

ENVIRONMENTAL AND OCCUPATIONAL SAFETY ISSUES

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

To mitigate these potential risks, we:

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

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

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

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

SHAREHOLDERS' EQUITY

SHARE ISSUANCES IN FISCAL YEAR 2026

During the three months ended September 30, 2025, the company issued 1,000,000 relating to an option exercise from the prior year. As a result of this share issuance, $148 was transferred from obligation to issue shares to share capital.

OUTSTANDING SHARE DATA

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

1. A total of 114,430,857 common shares.
2. Options to purchase 5,105,000 common shares.

The maximum number of shares potentially issuable together with the issued shares is therefore 119,535,857.