



IBC Advanced Alloys

**IBC ADVANCED ALLOYS CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Expressed in United States Dollars

**March 31, 2026**



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

The accompanying unaudited condensed consolidated interim financial statements of IBC Advanced Alloys Corp. for the nine months ended March 31, 2026, have been prepared by the management of the Company and approved by the Company's board of directors.

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	March 31, 2026 \$	June 30, 2025 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		441	619
Receivables	5	2,772	2,226
Inventories	6	7,131	6,585
Prepaid expenses and deposits		336	198
<b>Total current assets</b>		<u>10,680</u>	<u>9,628</u>
<b>Non-current assets</b>			
Deposits		250	249
Inventories	6	1,803	2,127
Property, plant, and equipment	7	8,351	8,667
<b>Total non-current assets</b>		<u>10,404</u>	<u>11,043</u>
<b>Total assets</b>		<u>21,084</u>	<u>20,671</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Line of credit	8	3,726	3,480
Accounts payable and accrued liabilities	9,11,13	3,782	2,635
Factoring facility	5	2,117	2,236
Leases payable	11	-	491
Loans payable	10	605	372
Related party loans	10,13	3,366	3,221
Unearned revenue		50	1
Arbitration award liability	14	1,748	1,701
<b>Total current liabilities</b>		<u>15,394</u>	<u>14,137</u>
<b>Non-current liabilities</b>			
Loans payable	10	4,016	4,347
Convertible debt	10	821	-
Embedded derivative	10	234	-
<b>Total non-current liabilities</b>		<u>5,071</u>	<u>4,347</u>
<b>Total liabilities</b>		<u>20,465</u>	<u>18,484</u>
<b>EQUITY</b>			
Share capital	12	63,515	63,255
Reserves	12	9,995	9,798
Obligation to issue shares	12	-	148
Foreign currency translation reserve		415	378
Accumulated deficit		(73,306)	(71,392)
<b>Total equity</b>		<u>619</u>	<u>2,187</u>
<b>Total liabilities and equity</b>		<u>21,084</u>	<u>20,671</u>

Going concern of operations	1
Commitment and contingencies	14
Subsequent events	11 and 20

**On behalf of the Board of Directors:**

<u>"Simon Anderson"</u>	Director	<u>"Mark Smith"</u>	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		Nine months ended	
		March 31, 2026	2025 (Note 16)	March 31, 2026	2025 (Note 16)
		\$	\$	\$	\$
<b>Revenue</b>	15	4,773	4,516	13,807	12,976
<b>Cost of revenue</b>	6,7	3,973	3,591	11,279	10,631
<b>Gross profit</b>		800	925	2,528	2,345
<b>Selling, general, and administrative expenses</b>					
Consulting fees		14	31	48	128
Depreciation	7	30	30	91	93
Director fees, cash portion	13	15	13	43	38
Doubtful debts		-	-	-	-
Office and miscellaneous		181	233	665	757
Professional fees		112	138	314	305
Public company costs		30	25	77	131
Salaries, wages, and management fees	13	359	357	1,104	1,347
Share-based compensation and services	12,13	247	175	298	232
Travel, meals and entertainment		5	4	37	49
		993	1,006	2,677	3,080
<b>Loss before other items</b>		(193)	(81)	(149)	(735)
<b>Other income (expense)</b>					
Foreign exchange gain (loss)		(60)	3	(68)	(126)
Interest and accretion expense	5,8,10,11	(496)	(455)	(1,457)	(1,460)
Gain on revaluation of derivative	10	100	-	100	-
Loss on disposal of fixed assets	7	(3)	-	(3)	-
Other income		-	-	-	10
<b>Loss before income taxes</b>		(652)	(533)	(1,577)	(2,311)
<b>Income tax expense:</b>					
Current		-	-	(2)	(1)
Net loss from continuing operations		(652)	(533)	(1,579)	(2,312)
Net loss from discontinued operations	19	(80)	(192)	(335)	(1,020)
<b>Total loss</b>		(732)	(725)	(1,914)	(3,332)
Foreign currency translation from continuing operations		62	(6)	37	128
<b>Total comprehensive loss from continuing operations</b>		(590)	(539)	(1,542)	(2,184)
<b>Total comprehensive loss from discontinued operations</b>		(80)	(192)	(335)	(1,020)
<b>Total comprehensive loss</b>		(670)	(731)	(1,877)	(3,204)
Net loss per common share from continuing operations, basic and diluted	19	\$(0.006)	\$(0.005)	\$(0.014)	\$(0.02)
Net loss per common share from discontinued operations, basic and diluted	19	\$(0.001)	\$(0.001)	\$(0.003)	\$(0.009)
<b>Total loss per common share - basic and diluted</b>	19	\$(0.007)	\$(0.006)	\$(0.017)	\$(0.029)
<b>Weighted average number of common shares outstanding from continuing operations:</b>					
Basic and Diluted	19	115,236,737	113,680,857	114,602,459	113,251,444
<b>Weighted average number of common shares outstanding from discontinued operations:</b>					
Basic and Diluted	19	115,236,737	113,680,857	114,602,459	113,251,444

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)

Nine months ended March 31	2026 (Note 16) \$	2025 (Note 16) \$
<b>Operating activities</b>		
Loss from continuing operations, net of tax	(1,579)	(2,312)
Adjustments for:		
Share-based compensation and services	298	232
Loss on disposal of assets	3	-
Gain on revaluation of derivative	(100)	-
Depreciation	472	493
Interest and accretion expense	1,457	1,460
Changes in non-cash working capital items:		
Receivables	(549)	(229)
Inventories	(222)	667
Prepaid expenses and deposits	(139)	(263)
Accounts payable and accrued liabilities	214	(516)
Unearned revenue	49	11
Net cash used in operating activities from continuing operations	(96)	(457)
Net cash provided by operating activities from discontinued operations	-	1,469
<b>Cash (used in) provided by operating activities</b>	<b>(96)</b>	<b>1,012</b>
<b>Financing activities</b>		
Net line of credit advances	(188)	(390)
Interest paid	(302)	(361)
Factoring facility proceeds	(114)	1,007
Loan repayments	(550)	(855)
Debenture proceeds	1,188	-
Options exercised	11	38
Net cash provided by (used in) financing activities from continuing operations	45	(561)
Net cash used in financing activities from discontinued operations	-	(1,953)
<b>Cash flows provided by (used in) financing activities</b>	<b>45</b>	<b>(2,514)</b>
<b>Investing activities</b>		
Purchase of property, plant, and equipment	(159)	(87)
Net cash used in investing activities from continuing operations	(159)	(87)
Net cash provided by investing activities from discontinued operations	-	484
<b>Cash flows (used in) provided by investing activities</b>	<b>(159)</b>	<b>397</b>
<b>Foreign exchange effect on cash</b>	<b>32</b>	<b>108</b>
<b>Change in cash during the period</b>	<b>(178)</b>	<b>(997)</b>
<b>Cash, beginning of period</b>	<b>619</b>	<b>1,415</b>
<b>Cash, end of period</b>	<b>441</b>	<b>418</b>
Supplemental Cash Flow Information:		
Interest payments	(564)	(1,026)
Income tax payments	-	(1)
Non-cash items:		
Common shares issued for services	-	89
Common shares issued for bonus	-	255
Lease payments reclassified to accounts payable and accrued liabilities	531	-

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 Nine Months Ended March 31, 2026

	Note	Number of common shares	Share Capital \$	Obligation to issue shares \$	Reserves \$	Foreign currency translation reserve \$	Accumulated Deficit \$	Total \$
At June 30, 2024	12	106,734,573	62,911	-	9,950	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	-	-	63	(25)	-	-	38
Share-based compensation	12	-	-	-	228	-	-	228
Foreign currency translation		-	-	-	-	128	-	128
Loss for the period from continuing operations		-	-	-	-	-	(2,312)	(2,312)
Loss for the period from discontinued operations		-	-	-	-	-	(1,020)	(1,020)
At March 31, 2025	12	113,430,857	63,255	63	9,809	533	(71,311)	2,349
At June 30, 2025	12	113,430,857	63,255	148	9,798	378	(71,392)	2,187
Shares issued for services	12	705,880	94	-	(94)	-	-	-
Options exercised	12	1,100,000	166	(148)	(7)	-	-	11
Share-based compensation	12	-	-	-	298	-	-	298
Foreign currency translation		-	-	-	-	37	-	37
Loss for the period from continuing operations		-	-	-	-	-	(1,579)	(1,579)
Loss for the period from discontinued operations		-	-	-	-	-	(335)	(335)
At March 31, 2026	12	115,236,737	63,515	-	9,995	415	(73,306)	619

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

## **IBC ADVANCED ALLOYS CORP.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

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

For the Nine Months Ended March 31, 2026

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#### **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 nine months ended March 31, 2026, the Company had not yet achieved consistently profitable operations, having incurred a loss from continuing operations of \$1,579 during the nine months ended March 31, 2026 (March 31, 2025 – \$2,312). The Company had accumulated losses of \$73,306 (June 30, 2025 – \$71,392) since inception. At March 31, 2026, the Company has a working capital deficit of \$4,714 (June 30, 2025 – \$4,509).

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 consolidated 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 consolidated 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, tariffs, 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 consolidated 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 nine months ended March 31, 2026 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 May 29, 2026.

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

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

For the Nine Months Ended March 31, 2026

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**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 discontinued operations at its IBC Engineered Materials Corp. ("EMC") business unit.

## d) Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of IBC and its subsidiaries on March 31, 2026. 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, which are all located in the United States, are:

Entity	Ownership Percentage (2025)	Ownership Percentage (2024)	Principal Activity
IBC US Holdings, Inc. ("IBC US")	100%	100%	Holding company
Nonferrous Products, Inc. ("Nonferrous")	100%	100%	Manufacturing
NF Industries, Inc.	100%	100%	Holding company
IBC Engineered Materials Corp. ("EMC")	100%	100%	Inactive

## **IBC ADVANCED ALLOYS CORP.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

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

For the Nine Months Ended March 31, 2026

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#### **3. Material Accounting Policies**

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at June 30, 2025.

Other than the accounting policies included in this section, the accounting policies adopted are consistent with those of the previous financial year.

##### Convertible debt Accounting policy

The Company accounts for convertible debt in accordance with IFRS 9 Financial Instruments and IAS 32 Financial Instruments: Presentation.

Upon issuance, the Company assesses the terms of convertible debt to determine the appropriate classification of the instrument and its components as financial liabilities, equity instruments, or derivative financial liabilities.

The embedded conversion feature is assessed to determine whether it meets the criteria for equity classification under IAS 32. Where the conversion feature does not meet the fixed-for-fixed criterion, the conversion option is bifurcated from the host debt instrument and accounted for as a derivative financial liability.

Prepayment and other contingent settlement features are assessed to determine whether their economic characteristics and risks are closely related to those of the host debt instrument. Where such features are not considered closely related, they are bifurcated and accounted for separately as derivative financial liabilities at fair value through profit or loss.

The debt host component is initially recognized at fair value; net of directly attributable transaction costs allocated to the liability component and is subsequently measured at amortized cost using the effective interest method.

Derivative financial liabilities are initially recognized at fair value and are subsequently remeasured to fair value at each reporting date, with changes in fair value recognized in profit or loss within finance expense (income). Fair value is determined using valuation techniques that maximize the use of observable market inputs where available. The Company uses option pricing models, including the Black-Scholes option pricing model, in determining the fair value of embedded derivative liabilities.

Warrants issued in connection with convertible debt are classified as equity instruments when the warrants meet the definition of equity under IAS 32. Equity-classified warrants are measured at fair value on the issuance date and recorded in contributed surplus. Equity-classified warrants are not subsequently remeasured.

The proceeds received from the issuance of convertible debt are allocated among the derivative liabilities, debt host liability, and equity components, in that order, upon initial recognition. Transaction costs directly attributable to the issuance are allocated to each component based on their relative fair values.

Subsequent to initial recognition:

- the derivative liabilities are remeasured at fair value at each reporting date;
- the debt host liability is accreted to the principal amount over the term of the instrument using the effective interest method; and
- the equity component is not remeasured.

Upon conversion, extinguishment, or maturity of the convertible debt, the carrying amounts of the related components are derecognized.

## IBC ADVANCED ALLOYS CORP.

### Notes to the Condensed Consolidated Interim Financial Statements

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

For the Nine Months Ended March 31, 2026

#### 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.

Other than the judgments included in this section, the significant estimates and critical judgments applied in preparing these condensed interim financial statements were the same as those applied to the audited financial statements as at and for the year ended June 30, 2025.

##### *Debentures issued with conversion features or derivative liability and/or warrants*

Significant judgment is applied in determining the classification of the convertible debt components, including whether the conversion feature meets the criteria for equity classification under IAS 32 Financial Instruments: Presentation. Management determined that the conversion feature did not meet the fixed-for-fixed criterion and therefore accounted for it as an embedded derivative liability measured at fair value through profit or loss. The warrants issued in connection with the financing were determined to meet the criteria for equity classification.

The fair value of the embedded derivative liability is determined using the Black-Scholes option pricing model, which requires management to make estimates and assumptions regarding expected volatility, expected term, risk-free interest rates, dividend yield and the Company's share price. Changes in these assumptions could materially impact the fair value of the derivative liability and the related gain or loss recognized in profit or loss.

#### 5. Receivables

	March 31, 2026	June 30, 2025
	\$	\$
Trade accounts receivable	366	-
Trade accounts receivable subject to factoring	2,117	2,226
Net trade accounts receivable	2,483	2,226
Other receivables	289	-
	2,772	2,226

The Company previously maintained an account sale and purchase agreement ("ASPA"), or accounts receivable factoring facility, with Sallyport Commercial Finance LLC ("Sallyport"). Under this arrangement, which had been amended from time to time, Sallyport provided up to \$7,000 in revolving financing through the factoring of 90% of the Company's accounts receivable.

During the nine months ended March 31, 2026, the Company terminated its ASPA with Sallyport and entered into a new integrated line of credit and factoring agreement with Iron Horse Credit LLC ("Iron Horse") (Note 8). Under this combined facility, Iron Horse provides up to \$6,000 in total revolving availability, which covers both the Company's line of credit and the factoring of up to 90% of eligible accounts receivable. Accordingly, the Company's prior separate line-of-credit and factoring arrangements have been consolidated into a single financing facility with Iron Horse.

The revised agreement with Iron Horse bears interest at the secured overnight financing rate plus 6% per annum. Additional fees include a 1% facility fee, and a service fee of 0.15%. This agreement is set to expire on September 30, 2026.

The revised financing arrangements with Iron Horse Credit, LLC also include updated financial covenants that replace the prior minimum debt service coverage and positive cash flow requirements.

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

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

For the Nine Months Ended March 31, 2026

**5. Receivables (continued)**

Under the new covenants, (i) the Company's equity, calculated as total equity less prepaid expenses, must not be less than negative \$500 and (ii) the ratio of earnings before taxes, depreciation, and amortization ("EBTDA") to interest payable to Iron Horse must be no less than 1.30.

During the nine months ended March 31, 2026, the Company was in compliance with the covenants.

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 related factoring facility liability is recognized for cash advances related to factored receivables.

As at March 31, 2026, the Company has \$2,117 (June 30, 2025 - \$2,226) of its accounts receivable factored as part of this factoring facility and during the three and nine months ended March 31, 2026 incurred \$133 and \$434 (three and nine months ended March 31, 2025 - \$166 and \$382) in interest expense as a result of factoring of accounts receivable.

**6. Inventories**

	March 31, 2026	June 30, 2025
Current inventories	\$	\$
Raw materials	4,789	5,090
Work in process	1,907	587
Finished goods	435	908
	<u>7,131</u>	<u>6,585</u>
Non-current inventories		
Raw materials	1,803	2,127
	<u>8,934</u>	<u>8,712</u>

At March 31, 2026, inventories with a value of \$8,934 (June 30, 2025 - \$8,712) held by the Company were pledged as collateral for the Iron Horse and Sallyport facilities (Note 8).

During the three and nine months ended March 31, 2026, cost of revenue in continuing operations included materials of \$2,841 and \$7,536 (March 31, 2025 - \$2,137 and \$6,972), respectively, and labor of \$691 and \$2,093 (March 31, 2025 - \$614 and \$1,938).

The Company recovers beryllium from production by-products and uses the recovered material in its manufacturing operations. The Company adjusts the value of recovered beryllium from time to time depending on its end use, resulting in changes to the carrying value.

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.

## IBC ADVANCED ALLOYS CORP.

### Notes to the Condensed Consolidated Interim Financial Statements

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

For the Nine Months Ended March 31, 2026

#### 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
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
At June 30, 2024	420	4,456	12,027	35	8,325	776	206	26,245
Additions	-	-	6	-	-	-	169	175
Disposals	-	-	(3,714)	-	(16)	(74)	-	(3,804)
Construction in progress placed in service	-	-	200	-	-	-	(200)	-
At June 30, 2025	420	4,456	8,519	35	8,309	702	175	22,616
Additions	-	-	6	-	-	-	153	159
Disposals	-	-	(26)	-	-	-	-	(26)
At March 31, 2026	420	4,456	8,499	35	8,309	702	328	22,749
<b>Accumulated depreciation and impairment</b>								
At June 30, 2024	-	4,456	8,341	35	3,401	349	-	16,582
Impairment	-	-	-	-	-	35	-	35
Depreciation expense	-	-	343	-	187	122	-	652
Disposals	-	-	(3,230)	-	(16)	(74)	-	(3,320)
At June 30, 2025	-	4,456	5,454	35	3,572	432	-	13,949
Depreciation expense	-	-	244	-	137	91	-	472
Disposals	-	-	(23)	-	-	-	-	(23)
At March 31, 2026	-	4,456	5,675	35	3,709	523	-	14,398
<b>Net book value</b>								
At June 30, 2025	420	-	3,065	-	4,737	270	175	8,667
At March 31, 2026	420	-	2,824	-	4,600	179	328	8,351

As at March 31, 2026, the Company pledged property, plant, and equipment held by Nonferrous with a net book value of \$3,762 (June 30, 2025 - \$3,893).

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

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2026	2025	2026	2025
	\$	\$	\$	\$
Cost of revenue	126	128	381	400
Selling, general and administrative expenses	30	30	91	93
Total depreciation expense	156	158	472	493

#### 8. Line of Credit

As part of the Company's financing arrangements with Iron Horse (see Note 5), the Company maintains a line of credit agreement. Under the previous terms, the facility provided a maximum borrowing limit of \$4,500, bore interest at 1.166% per month (14% effective annual interest rate). The agreement also included certain financial covenants, including a minimum debt service coverage ratio and the requirement to maintain positive cash flows from operations.

In September 2025, the Company revised its agreement with Iron Horse and terminated its separate factoring facility with Sallyport (see Note 5). Following this termination, Iron Horse became the Company's sole provider of both factoring and line-of-credit financing. As at March 31, 2026, the outstanding balance on the line of credit was \$3,726 (June 30, 2025 - \$3,480).

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

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

For the Nine Months Ended March 31, 2026

**8. Line of Credit (continued)**

During the three and nine months ended March 31, 2026, the Company incurred interest expense of \$133 and \$434 (three and nine months ended March 31, 2025 – \$166 and \$382) related to the line of credit.

**9. Accounts Payable and Accrued Liabilities**

	March 31, 2026	June 30, 2025
	\$	\$
Trade accounts payable	1,765	1,240
Accrued liabilities	1,857	1,156
Sales returns and allowances	160	239
Accounts payable and accrued liabilities	<u>3,782</u>	<u>2,635</u>

**10. Borrowings***(a) Loans payable*

	Loeb loan	Flatbay financing arrangement	Total
	\$	\$	\$
<b>June 30, 2024</b>	<b>1,506</b>	<b>3,513</b>	<b>5,019</b>
Accrued interest	255	702	957
Repayments paid in cash	(653)	(604)	(1,257)
<b>June 30, 2025</b>	<b>1,108</b>	<b>3,611</b>	<b>4,719</b>
Accrued interest	145	540	685
Repayments paid in cash	(331)	(452)	(783)
<b>March 31, 2026</b>	<b>922</b>	<b>3,699</b>	<b>4,621</b>
<b>June 30, 2025</b>			
<b>Current</b>	<b>254</b>	<b>118</b>	<b>372</b>
<b>Non-current</b>	<b>854</b>	<b>3,493</b>	<b>4,347</b>
<b>March 31, 2026</b>			
<b>Current</b>	<b>-</b>	<b>605</b>	<b>605</b>
<b>Non-current</b>	<b>922</b>	<b>3,094</b>	<b>4,016</b>

Loeb Loan

In October 2023, the Company entered into an agreement with Loeb Term Solutions LLC. To enter into an 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, with a final balloon payment due at maturity. 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.

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

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

For the Nine Months Ended March 31, 2026

**10. Borrowings (continued)***(a) Loans payable (continued)*

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.

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; and
- Thereafter, until the end of the lease – \$3,850.

From that day the Company began to lease the property from Flatbay and pays monthly amounts of \$50 for the first nine 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.

*(b) Related party loans*

	Related party loan 1	Related party loan 2	Total
	\$	\$	\$
<b>June 30, 2024</b>	<b>1,138</b>	<b>1,356</b>	<b>2,494</b>
Accrued interest	143	181	324
Gross proceeds received	-	453	453
Repayments paid in cash	(50)	-	(50)
<b>June 30, 2025</b>	<b>1,231</b>	<b>1,990</b>	<b>3,221</b>
Accrued interest	81	133	214
Repayments paid in cash	(69)	-	(69)
<b>March 31, 2026</b>	<b>1,243</b>	<b>2,123</b>	<b>3,366</b>
<b>June 30, 2025</b>			
<b>Current</b>	<b>1,231</b>	<b>1,990</b>	<b>3,221</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>March 31, 2026</b>			
<b>Current</b>	<b>1,243</b>	<b>2,123</b>	<b>3,366</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>	<b>-</b>

## IBC ADVANCED ALLOYS CORP.

### Notes to the Condensed Consolidated Interim Financial Statements

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

For the Nine Months Ended March 31, 2026

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#### 10. Borrowings (continued)

##### *(b) Related party loans (continued)*

As of March 31, 2026, loans amounting to \$3,366 (June 30, 2025 - \$3,221) are owing to a director and officer of the Company. The loans are secured by IBC Holdings shares and accrue interest at the rate of 10% per annum based on the principal outstanding balance and had a maturity date of December 31, 2024. The maturity date was extended on December 31, 2024 to June 30, 2025, on May 1, 2025 to December 31, 2025, and again on December 23, 2025 to December 31, 2026.

##### *(c) Convertible debt*

On February 17, 2026, the Company entered into a convertible debt security funding agreement with a lender. The convertible debt security has a face value of \$1,500, consisting of principal proceeds of \$1,250 and prepaid interest of \$250, and is convertible at a fixed price of C\$0.205 per common share. The loan is unsecured and subordinated to the Company's existing senior lenders. The Company may repurchase the outstanding principal balance and any prepaid interest at any time without penalty. If the Company exercises this repurchase right, the lender may elect to convert up to 33% of the outstanding principal into common shares at the agreed conversion price together with 100% of the accrued prepaid interest. In the event of a buy-back or change of control transaction, the lender is entitled to receive the full prepaid interest amount of \$250, including both accrued and unaccrued portions. In addition, the lender may, once every 90 days, elect to convert accrued interest into common shares at 90% of the market closing price on the trading day immediately preceding conversion.

No specific assets of the Company were pledged as collateral under the agreement. In connection with the financing, the Company issued 3,943,948 detached warrants to the lender on February 20, 2026. Each warrant is exercisable at C\$0.2526 per common share and expires on February 17, 2028. The lender advanced gross proceeds of \$1,250, less closing fees of \$62.

Management determined that the convertible debt contains multiple embedded derivative features requiring separate accounting treatment under International Financial Reporting Standards and International Accounting Standard 32 / IFRS 9, including:

- the conversion feature associated with the principal amount of the debt, which does not meet the "fixed-for-fixed" criterion as the debt is denominated in U.S. dollars while the conversion price is fixed in Canadian dollars;
- the Company's option to buy-back the amount outstanding at any time for an amount equal to the buy-back amount for the convertible debt ("prepayment feature"). If elected to exercise this right, the lender will have the option to convert up to 33% of the C\$ equivalent amount of the principal plus an amount equal to 100% of the outstanding amount of the accrued interest into shares at their discretion.
- the lender's option to convert accrued interest into common shares ("interest conversion feature") at a variable conversion price equal to 90% of the market closing price immediately prior to conversion, resulting in a variable number of shares being issued; and

The embedded derivative features did not satisfy the "fixed-for-fixed" criterion and were therefore classified as derivative liabilities, measured at fair value through profit or loss. As at March 31, 2026, the fair value of the conversion and prepayment embedded derivative liabilities was estimated using the Black-Scholes option pricing model based on the following assumptions:

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

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

For the Nine Months Ended March 31, 2026

**10. Borrowings (continued)***Convertible debt (continued)*

	<b>As at</b>	
	<b>February 17, 2026</b>	<b>March 31, 2026</b>
Risk-free interest rate	2.45%	2.79%
Expected annual volatility	124.48%	118.16%
Expected life (in years)	2	1.88
Expected dividend yield	0%	0%
Exercise price	C\$0.205	C\$0.205
Share price at valuation date	C\$0.20	C\$0.19

A fair value of \$916 and \$582 was determined for the conversion and prepayment features respectively resulting in a net balance of \$334.

As at March 31, 2026 the conversion and prepayment embedded derivatives were revalued and was determined to have a net balance of \$224 and a gain of \$110 was recognized in profit and loss.

As at March 31, 2026, the fair value of the interest conversion feature was estimated at \$10, which was recognized as a loss in profit and loss. The fair value was determined using the Black-Scholes option pricing model based on the following assumptions:

	<b>As at March 31, 2026</b>
Risk-free interest rate	2.79%
Expected annual volatility	118.16%
Expected life (in years)	1.88
Expected dividend yield	0%
Exercise price	C\$0.17
Share price at valuation date	C\$0.19

The warrants were allocated a \$Nil fair value based on the residual method.

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

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

For the Nine Months Ended March 31, 2026

**10. Borrowings (continued)***Convertible debt (continued)*

Upon initial recognition, the host liability component was measured at fair value by discounting the expected future cash flows of the debt instrument using an effective interest rate of 15%, representing the estimated market rate for a comparable non-convertible debt instrument without embedded derivative feature. The fair value of the host liability was determined to be \$916.

Below is a continuity schedule for the host liability:

	\$
<b>As at June 30, 2025</b>	-
Proceeds from issuance of convertible debt	1,250
Conversion feature	(334)
Transaction costs allocated to host liability	(128)
Accretion	19
Interest expense	14
<b>As at March 31, 2026</b>	<b>821</b>

The Company incurred total transaction costs of \$175, of which \$47 was allocated to the embedded derivative liabilities and \$128 was allocated to the host liability based on their relative fair values.

**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 \$5 and \$40 respectively, for the three and nine months ended March 31, 2026 (March 31, 2025 - \$21 and \$46). 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. During the nine months ended March 31, 2026, \$531 (2025 - \$Nil) of unpaid lease payments were reclassified to accounts payable.

	\$
<b>As at June 30, 2024</b>	<b>1,294</b>
Finance costs	68
Payments	(442)
Reclassification to accounts payable and accrued liabilities	(429)
<b>As at June 30, 2025</b>	<b>491</b>
Finance costs	40
Payments	-
Reclassification to accounts payable and accrued liabilities	(531)
<b>As at March 31, 2026</b>	<b>-</b>

Unpaid lease amounts were reclassified to accounts payable and accrued liabilities.

Allocated as:	March 31, 2026	June 30, 2025
	\$	\$
Current	531	491
Non-current	-	-
	<u>531</u>	<u>491</u>

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

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

For the Nine Months Ended March 31, 2026

**11. Leases payable (continued)**

<b>Minimum lease payments for each fiscal year:</b>	
2026	\$ 258
2027	774
	<b>\$ 1,034</b>

During the subsequent period, the Company entered into an agreement with the landlord for the settlement of the outstanding balance and an amount of \$86 per month for 12 months from the settlement date was agreed upon.

**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.

*(b) Issued capital*

As at March 31, 2026, there were 115,236,737 (June 30, 2025 – 113,430,857) common shares issued and outstanding.

There were no preferred shares outstanding.

*Transactions during the nine months ended March 31, 2026:*

On December 2, 2025, the Company issued 705,880 common shares with a value of \$94 to directors of the Company in settlement of amounts due for services.

During the nine months ended March 31, 2026, the company issued 1,000,000 common shares 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. The Company also received a notice of exercise for a total of 100,000 common shares options with an exercise price of C\$0.15. In connection with this exercise, the Company received gross proceeds of \$11. In addition, \$7 representing the fair value of the options was reclassified from reserves to share capital.

*Transactions during the nine months ended March 31, 2025:*

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.

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

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

For the Nine Months Ended March 31, 2026

**12. Share Capital (continued)***(c) 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 shares trade in Canadian dollars and options granted to date have been denominated in Canadian funds.

On April 21, 2025, the Board of Directors approved an amendment to the stock option plan which did not impact the terms or valuation of any existing awards. The Company's shareholders re- approved the stock option plan at the December 2025 shareholders' meeting.

*Option Grants*

A summary of stock option activity to March 31, 2028 is as follows:

	Stock Options Outstanding	Weighted Average Exercise Price C\$
June 30, 2024	4,267,500	0.21
Granted	3,075,000	0.09
Exercised	(1,000,000)	0.12
Forfeited	(597,500)	0.20
Expired	(40,000)	0.16
June 30, 2025	5,705,000	0.16
Granted	1,800,000	0.22
Exercised	(100,000)	0.15
Forfeited	(38,000)	0.22
Expired	(1,065,000)	0.18
March 31, 2026	6,302,000	0.17

During the three and nine months ended March 31, 2026 the Company recognized share-based compensation relating to stock options of \$247 and \$298 (March 31, 2025 - \$175 and \$228).

On March 31, 2026, the Company had outstanding, and exercisable stock options as follows:

Grant Date	Expiry Date	Fair Value per Option C\$	Exercise Price C\$	Outstanding Options		Exercisable Options			
				Number	Weighted Average Remaining Life	Weighted Average Exercise Price C\$	Number	Weighted Average Remaining Life	Weighted Average Exercise Price C\$
1-Dec-21	1-Dec-26	0.13	\$0.20	945,000	0.67 years	\$0.20	945,000	0.67 years	\$0.20
8-Jun-22	7-Jun-27	0.16	\$0.24	1,270,000	1.19 years	\$0.24	1,270,000	1.19 years	\$0.24
27-Jan-25	27-Jan-30	0.07	\$0.09	2,225,000	3.83 years	\$0.09	2,225,000	3.83 years	\$0.09
10-Feb-25	10-Feb-30	0.07	\$0.09	100,000	3.87 years	\$0.09	100,000	3.87 years	\$0.09
20-Jan-26	20-Jan-31	0.17	\$0.22	1,762,000	4.81 years	\$0.22	1,762,000	4.81 years	\$0.22
				6,302,000	3.10 years	\$0.17	6,302,000	3.10 years	\$0.17

In the year ended June 30, 2025, 432,500 unvested stock options were forfeited by employees as a result of the termination of their employment relationship with the Company. A further 165,000 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.

In the nine months ended March 31, 2026, 38,000 vested options were forfeited by employees as a result of the termination of their employment relationship with the Company.

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

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

For the Nine Months Ended March 31, 2026

**12. Share Capital (continued)***(c) Warrants*

	Financing Warrants	
	Warrants Outstanding	Weighted Average Exercise Price C\$
June 30, 2024	11,269,444	0.14
Expired	(11,269,444)	0.14
June 30, 2025	-	-
Granted	3,943,948	0.25
March 31, 2026	3,943,948	0.25

The outstanding warrants relate to the convertible debt (Note 10) and the Company has not assigned any value to these warrants based on the residual value method. As at March 31, 2026 the warrants have a remaining life of 1.89 years.

**13. Related Parties Transactions**

Key management personnel compensation was:

	Three months ended		Nine months ended	
	2026	March 31, 2025	2026	March 31, 2025
	\$	\$	\$	\$
Salaries, wages, and management fees	278	197	801	1,067
Director fees	15	13	43	38
Share-based compensation and services	179	112	230	166
	472	322	1,074	1,271

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

The employment agreements of various officers of the Company contain change in control clauses, wherein should a change in control of the Company occur, the officers may terminate their employment without cause. In the event of termination, the officers would receive severance, which constitutes the officers' earned salary through to the date of termination, an amount equal to the salary which would have otherwise been payable to the officer for the 24-month period following the date of termination, and any remaining or outstanding stocks grants, options, or awards shall fully vest.

As of March 31, 2026, \$80 (June 30, 2025 - \$94) and \$43 (June 30, 2025 - \$34) in share-based compensation and cash, respectively, are owing to directors and officers for services, and \$Nil (June 30, 2025 - \$11) is owing to officers for expenses paid on the Company's behalf.

As of March 31, 2026, \$Nil (June 30, 2025 - \$Nil) in share-based compensation, and \$104 (June 30, 2025 - \$125) is owing to key management employees, for bonuses to be paid in shares and retention bonus, respectively. The amounts are unsecured.

As of March 31, 2026, \$3,366 (June 30, 2025 - \$3,221) is owing to a director and officer of the Company for notes payable principal and interest (Note 10(b)). During the three and nine months ended March 31, 2026, the Company incurred interest expense of \$68 and \$214 (March 31, 2025 - \$61 and \$185) on amounts due to related parties.

## **IBC ADVANCED ALLOYS CORP.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

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

For the Nine Months Ended March 31, 2026

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#### **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 awarded plus costs has been accrued for in these consolidated financial statements. 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 March 31, 2026 the Company has also recorded accrued interest of \$353 from the judgment date, September 8, 2017.

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 consolidated financial statements.

#### **15. Segment Reporting**

As of March 31, 2026, the Company had one reportable segment. Up until June 30, 2024, the Company operated a second manufacturing division, the Engineered Materials division, which ceased operations during that year and has been classified as a discontinued operation (Note 16).

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

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

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

For the Nine Months Ended March 31, 2026

**15. Segment Reporting (continued)**

Three months ended March 31, 2026	Continuing operations \$	Discontinued operations \$	Total \$
Revenue from external customers	4,773	-	4,773
Depreciation	156	-	156
Share-based compensation and share-based services	247	-	247
Loss before other items	(193)	(65)	(258)
Foreign exchange loss	(60)	-	(60)
Interest and accretion expense	(496)	(15)	(511)
Loss before income taxes	(652)	(80)	(732)
Income tax recovery	-	-	-
Capital expenditures	52	-	52
Nine months ended March 31, 2026	Continuing operations \$	Discontinued operations \$	Total \$
Revenue from external customers	13,807	-	13,807
Depreciation	472	-	472
Share-based compensation and share-based services	298	-	298
Loss before other items	(149)	(278)	(427)
Foreign exchange loss	(68)	-	(68)
Interest and accretion expense	(1,457)	(57)	(1,514)
Loss before income taxes	(1,577)	(335)	(1,912)
Income tax expense	(2)	-	(2)
Capital expenditures	159	-	159
Three months ended March 31, 2025	Continuing operations \$	Discontinued operations \$	Total \$
Revenue from external customers	4,516	-	4,516
Depreciation	158	-	158
Share-based compensation and share-based services	175	-	175
Loss before other items	(81)	(175)	(256)
Foreign exchange gain	3	-	3
Interest and accretion expense	(455)	(29)	(484)
Other income	-	12	12
Loss before income taxes	(533)	(192)	(725)
Income tax recovery	-	-	-
Capital expenditures	40	-	40

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

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

For the Nine Months Ended March 31, 2026

**15. Segment Reporting (continued)**

Nine months ended March 31, 2025	Continuing operations	Discontinued operations	Total
	\$	\$	
Revenue from external customers	12,976	-	12,976
Depreciation	493	-	493
Share-based compensation and share-based services	232	(4)	228
Loss before other items	(149)	(882)	(1,031)
Foreign exchange loss	(126)	-	(126)
Interest and accretion expense	(1,460)	(133)	(1,593)
Other income	10	-	10
Loss before income taxes	(1,577)	(1,020)	(2,597)
Income tax expense	(1)	-	(1)
Capital expenditures	87	-	87

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

As at March 31, 2026, total assets employed by the continuing operations are \$21,084 (June 30, 2025 - \$20,671) while the discontinued operation has \$Nil assets employed (June 30, 2025 - \$Nil).

Total liabilities recognized by each segment are:

	March 31, 2026	June 30, 2025
	\$	\$
Continuing operations	17,479	15,674
Discontinued operations	2,986	2,810
	20,465	18,484

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

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2026	2025	2026	2025
	\$	\$	\$	\$
United States	4,612	3,303	12,718	9,742
The Netherlands	40	520	184	1,568
Germany	-	86	-	280
Japan	-	-	-	189
China	53	-	98	180
Canada	38	689	659	977
Taiwan	-	-	-	35
All others	30	(82)	148	5
	4,773	4,516	13,807	12,976

The following customers represented more than 10% of sales:

	March 31, 2026		March 31, 2025	
	Amount	%	Amount	%
	\$	%	\$	%
Customer A – Copper Alloys Division	1,506	12.3	-	-
Customer B – Copper Alloys Division	-	-	1,568	12.5

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

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

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

For the Nine Months Ended March 31, 2026

**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, 2025, and 2024. The loss and comprehensive loss from discontinued operations (EMC) for the three and nine months ended March 31, 2026, and 2025 comprise the following:

	Note	Three months ended March 31,		Nine months ended March 31,	
		2026 \$	2025 \$	2026 \$	2025 \$
<b>Selling, general, and administrative expenses</b>					
Consulting fees		-	1	2	14
Office and miscellaneous		45	149	208	429
Professional fees		20	1	68	34
Salaries, wages, and management fees	13	-	24	-	398
Share-based compensation and services		-	-	-	(4)
Travel, meals and entertainment		-	-	-	11
		65	175	278	882
<b>Loss before other items</b>		(65)	(175)	(278)	(882)
<b>Other income (expense)</b>					
Interest and accretion expense	5,10,11	(15)	(29)	(57)	(133)
Impairment loss	7	-	-	-	(35)
Other income		-	12	-	30
<b>Net loss before income taxes</b>		(80)	(192)	(335)	(1,020)
<b>Total loss for the period, net of tax</b>		(80)	(192)	(335)	(1,020)

Cash flows from EMC are as follows:

Nine months ended March 31,	2026 \$	2025 \$
<b>Cash flows provided by (used in) operating activities</b>		
Net income (loss) from discontinued operations, net of tax	(335)	(1,020)
Adjustments for:		
Share-based compensation and services	-	(4)
Impairment loss	-	35
Interest and accretion expense	57	133
Changes in non-cash working capital items:		
Receivables	-	1,221
Inventories	-	11
Prepaid expenses and deposits	-	86
Accounts payable and accrued liabilities	278	1,007
Net cash provided by operating activities	-	1,469
<b>Cash flows (used in) provided by financing activities</b>		
Interest paid	-	(67)
Factoring facility repayments	-	(1,299)
Lease principal repayments	-	(396)
Loan repayments	-	(191)
Net cash used in financing activities	-	(1,953)
<b>Cash flows provided by investing activities</b>		
Proceeds from sale of property, plant, and equipment	-	484
Net cash provided by investing activities	-	484
<b>Change in cash during the period</b>	-	-
Supplemental Cash Flow Information:		
Interest payments	-	(67)

## IBC ADVANCED ALLOYS CORP.

### Notes to the Condensed Consolidated Interim Financial Statements

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

For the Nine Months Ended March 31, 2026

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#### 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 period ended March 31, 2026 from the year ended June 30, 2025.

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 intends to invest 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. 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. Iron Horse Credit, LLC with which the Company maintains a line of credit facility requires the Company to 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, 2 or 3 fair value measurements. There were no changes in level 1, 2 or 3 financial instruments during the nine months ended March 31, 2026.

##### *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 Canadian dollars.

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

Profit or loss	March 31, 2026		March 31, 2025	
	Increase	(Decrease)	Increase	(Decrease)
	\$	\$	\$	\$
10% movement in cash flows	337	(337)	36	(36)
1% movement in C\$ per \$	(34)	34	(4)	4

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

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

For the Nine Months Ended March 31, 2026

**18. Financial Risk Management (continued)**

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

	C\$
Related party loans	4,689
Accounts payable and accrued liabilities	700
Balances at March 31, 2026	5,389

*Interest Rate Risk*

The Company's interest rate risk mainly arises from the variable interest rate impact on interest expense on the Iron Horse agreement, the Loeb Machinery and Equipment financing agreement and in the prior period the ASPA with Sallyport. All other debentures, loans, notes payable, related party notes payable and line of credit facilities bear interest at fixed interest rates.

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

Profit or loss	March 31, 2026		March 31, 2025	
	Increase	Decrease	Increase	(Decrease)
	\$	\$	\$	\$
10% movement in cash flows	(31)	31	(35)	35
1% movement in interest rate index	(30)	30	(31)	31

*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.

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

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

For the Nine Months Ended March 31, 2026

**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.

March 31, 2026	Less than three months \$	Three to twelve months \$	One to five years \$	Total \$
Accounts payables and accrued liabilities	3,737	45	-	3,782
Line of credit	3,726	-	-	3,726
Accounts receivable factoring facility	-	2,117	-	2,117
Notes payable, related parties	-	3,366	-	3,366
Loan payable (undiscounted)	253	1,308	3,964	5,525
Convertible debentures	46	79	1,299	1,424
Arbitration award liability	1,748	-	-	1,748
	9,510	6,915	5,263	21,688

June 30, 2025	Less than three months \$	Three to twelve months \$	One to five years \$	Total \$
Accounts payables and accrued liabilities	2,556	79	-	2,635
Line of credit	3,480	-	-	3,480
Accounts receivable factoring facility	-	2,236	-	2,236
Notes payable, related parties	-	3,221	-	3,221
Leases payable (undiscounted)	228	303	-	531
Loan payable (undiscounted)	261	784	5,272	6,317
Arbitration award liability	1,701	-	-	1,701
	8,226	6,623	5,272	20,121

**19. Loss per Share***From continuing operations:*

<b>Three months ended March 31</b>	<b>2026</b>	<b>2025</b>
Net loss for the period (\$000)	(652)	(533)
Weighted average number of common shares outstanding	115,236,737	113,680,857
Basic and diluted loss per common share	\$ (0.006)	\$ (0.005)

<b>Nine months ended March 31</b>	<b>2026</b>	<b>2025</b>
Net loss for the period (\$000)	(1,579)	(2,312)
Weighted average number of common shares outstanding	114,602,459	113,251,444
Basic and diluted loss per common share	\$ (0.014)	\$ (0.02)

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

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

For the Nine Months Ended March 31, 2026

**19. Loss per Share (continued)***From discontinued operations:*

<b>Three months ended March 31</b>	<b>2026</b>	<b>2025</b>
Net loss for the period (\$000)	(80)	(192)
Weighted average number of common shares outstanding	115,236,737	113,680,857
Basic and diluted loss per common share	\$ (0.001)	\$ (0.001)

<b>Nine months ended March 31</b>	<b>2026</b>	<b>2025</b>
Net loss for the period (\$000)	(335)	(1,020)
Weighted average number of common shares outstanding	114,602,459	113,251,444
Basic and diluted loss per common share	\$ (0.003)	\$ (0.009)

*Total:*

<b>Three months ended March 31</b>	<b>2026</b>	<b>2025</b>
Net loss for the year (\$000)	(732)	(725)
Weighted average number of common shares outstanding	113,680,857	113,680,857
Basic and diluted loss per common share	\$ (0.007)	\$ (0.006)

<b>Nine months ended March 31</b>	<b>2026</b>	<b>2025</b>
Net loss for the year (\$000)	(1,914)	(3,332)
Weighted average number of common shares outstanding	113,251,444	113,251,444
Basic and diluted loss per common share	\$ (0.017)	\$ (0.029)

For the three and nine months ended March 31, 2026 and 2025, 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.

**20. Subsequent Events**

Subsequent to period end, the Company entered into an amendment to the existing credit and security agreement with Sallyport. Pursuant to the amendment, the maximum available credit facility was increased from \$6,000 to \$7,000 and the maturity date was extended to September 30, 2028. All other terms of the credit agreement remained unchanged.

Subsequent to period end, the Company entered into an agreement with EMC's landlord for the settlement of the outstanding lease balance of \$960. From April 2026 to April 2027, the Company will pay \$86 per month. If the Company fails to make a payment interest shall accrue upon such delinquent amounts owed by at a rate equal to the lesser of 12% per annum or the maximum interest rate allowed by Massachusetts law.