

IBC ADVANCED ALLOYS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 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 October 15, 2026. This MD&A should be read together with the audited consolidated financial statements and related notes for the year ended June 30, 2026. 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 its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

The audited consolidated financial statements for the year ended June 30, 2026 have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("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 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 6-30-2026	*Quarter Ended 6-30-2025*	*Year Ended 6-30-2026*	*Year Ended 6-30-2025*
CONTINUING OPERATIONS				
Revenue	$5,698	$4,787	$19,505	$17,763
Income (loss) before other items	$150	$250	$1	$(485)
Income (loss)	$(345)	$96	$(1,924)	$(2,216)
Adjusted EBITDA	$252	$732	$802	$603
Gross Profit	$1,266	$1,164	$3,794	$3,509
Gross Margin	22%	24%	19%	20%
DISCONTINUED OPERATIONS				
Revenue	-	-	-	-
Income (loss) before other items	$67	$(152)	$(211)	$(1,030)
Income (loss)	$49	$(177)	$(285)	$(1,197)
Adjusted EBITDA	$67	$(147)	$(211)	$(1,003)
CONSOLIDATED OPERATIONS				
Revenue	$5,698	$4,787	$19,505	$17,763
Income (loss) before other items	$217	$98	$(210)	$(1,515)
Loss	$(296)	$(81)	$(2,209)	$(3,413)
Adjusted EBITDA	$319	$585	$591	$(400)

1. Our Copper Alloys division sales increased by 9.8% in the year ended June 30, 2026, over the comparable prior-year period, driven by increased demand from the naval defense and electronics sectors and increases in the price of copper, which is passed on to customers.

2. Gross profit in the Copper Alloys division increased by 8.12% year-over-year (Y/Y) while gross margin decreased to 19% for the year ended June 30, 2026. This was driven by higher labor and overhead costs as a proportion of revenue when compared to the comparative year.

3. On a consolidated basis, adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") for the quarter ended June 30, was $319,000, compared to $585,000 from the comparative prior-year period. For the year ended June 30, 2026, Adjusted EBITDA decreased compared to the prior-year period, primarily due to a lower gross margin resulting from higher labor and overhead costs as a proportion of revenue compared to the prior year.

4. On a consolidated basis, our loss for the year ended June 30, 2026 of $2.2 million was lower compared to the prior year loss of $3.4 million, largely due to (1) the increase in revenue and (2) lower corporate SG&A costs due to the EM division closure.

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

BUSINESS

IBC is 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, Indiana, that employs 46 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 audited 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 the Company's consolidated financial statements for the year ended June 30, 2026, there are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Management is assessing various strategic and financial options to address these uncertainties.

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. 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.

IBC has 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 master alloy products, semi-continuous cast input billets, and wrought products. We also manufacture beryllium alloys utilizing certified beryllium-copper master alloy.

IBC produces material and also buys 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 beryllium-aluminum 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, and high-stiffness parts.

RECENT CORPORATE DEVELOPMENTS AND BUSINESS INITIATIVES

On October 15, 2025, the board of directors approved the issuance of 705,880 common shares in the capital of the Company to our directors in consideration of their service for the period from July 2024 through June 2025. The

common shares were issued at a deemed price of C$0.17 per common share, being the closing price of the common shares on October 15, 2025.

In October 2025, we completed the casting of a 0.2% aluminum-scandium (Al-Sc) alloy under an existing joint development agreement with NioCorp Developments Ltd. The activity is part of an ongoing initiative to develop a U.S.-based scandium alloy supply chain.

In October 2025, Chris Huskamp was appointed to the board of directors.

On January 20, 2026 we granted incentive stock options to directors, officers, employees, and consultants to purchase up to an aggregate of 1,800,000 common shares in the capital of the Company, exercisable at a price of C$0.22 per share and expiring January 20, 2031. The options vested immediately.

On February 17, 2026, we entered into a convertible security agreement for $1,250,000 principal ($1,500,000 face value including $250,000 prepaid interest) with a 24-month term. The principal, less a $62,500 closing fee, is convertible at C$0.205 per common share. Subject to exchange approval and certain conditions, the investor may provide an additional $1,250,000 on similar terms during the term of the agreement.

FINANCIAL RESULTS AND OUTLOOK

SELECTED ANNUAL INFORMATION

Revenue grew in fiscal year 2026 by 9.8% over the previous year, driven largely by increased demand for our products from the naval defense and electronics industries.

Year ended	June 30		
	2026	2025	2024
Revenue, continuing operations ($000)	19,505	17,763	25,664
Revenue, discontinued operations ($000)	-	-	12,411
(Loss) income, net of tax from continuing operations ($000)	(1,924)	(2,216)	56
(Loss) income, net of tax discontinued operations ($000)	(285)	(1,197)	1,642
(Loss) income per share from continuing operations - basic and diluted($/share)	(0.02)	(0.02)	0.00
(Loss) income per share from discontinued operations - basic and diluted ($/share)	(0.00)	(0.01)	0.02
Total assets ($000)	21,910	20,671	24,537
Long-term financial liabilities ($000)	5,452	4,347	5,177

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

- Customers may pay amounts due to us behind schedule, adversely affecting our liquidity.
- General economic concerns may make it difficult to obtain or renew debt facilities or raise equity funding on acceptable terms or at all.

SELECTED QUARTERLY INFORMATION

During the most recent eight quarters, our continuing operations generated profits in one 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) $
September 30, 2024	4,899	(653)	(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)	(0.01)	(0.00)
December 31, 2025	4,863	(354)	(0.00)	(0.00)
March 31, 2026	4,773	(652)	(0.01)	(0.00)
June 30, 2026	5,698	(345)	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 in the various sectors that we serve. Frequently, weak performance in one sector is offset by strength in another, but this is not always the case. Most operating costs other than materials, supplies, and energy are largely fixed, so small changes in sales volume can have a significant effect on income (loss) before other items.

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

1. Sales for Copper Alloys in the first three quarters of the current fiscal year were adversely affected by market conditions and uncertainty regarding government policies related to copper tariffs that impacted demand for our products. However, sales increased during the quarter ended June 30, 2026, due to an increase in copper prices and an increased market demand for our products that are used in naval defense and increased demand for products used in the electronics industry.

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

RESULTS OF CONTINUING OPERATIONS: FOR THE QUARTER ENDED JUNE 30, 2026

We generated a loss from our continuing operations, net of tax, of $345,000 for the quarter ended June 30, 2026, compared to income, net of tax, of $96,000 in the comparative period. A summary of results of operations, and a reconciliation of income (loss) to Adjusted EBITDA, follows. Amounts are shown net of intercompany transactions.

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
	Consolidated *($000s)*	Consolidated *($000s)*
Revenue	5,698	4,787
Cost of revenue		
Materials	3,090	2,399
Labor	602	660
Subcontract	165	118
Overhead	488	370
Depreciation	110	128
Change in finished goods	(23)	(52)
	4,432	3,623
Gross profit	1,266	1,164
Gross margin	22%	24%
SG&A expenses	1,116	914
Income before other items	150	250
Other expenses and taxes	(495)	(154)
Income for the period, net of tax	(345)	96
Adjusted EBITDA:		
Add back (deduct):		
Tax recovery	3	(8)
Interest expense	545	463
Gain on revaluation of derivative (non-cash)	(15)	-
Gain on modification of loan	(96)	
Loss on disposal of fixed assets	3	
Depreciation, amortization and impairment	153	159
Stock-based compensation expense (non-cash)	5	22
Adjusted EBITDA	252	732

RESULTS OF CONTINUING OPERATIONS: FISCAL 2026

We generated a loss in our continuing operations, net of tax, of $1,924,000 for the year ended June 30, 2026, compared to a loss, net of tax, of $2,216,000 in the prior-year period. A summary of results of operations, and a reconciliation of income (loss) to Adjusted EBITDA, follows. Amounts are shown net of intercompany transactions.

	Twelve Months Ended June 30, 2026	Twelve Months Ended June 30, 2025
	Consolidated *($000s)*	Consolidated *($000s)*
Revenue	19,505	17,763
Cost of revenue		
Materials	10,932	9,674
Labor	2,697	2,658
Subcontract	485	408
Overhead	1,556	1,322
Depreciation	498	525
Change in finished goods	(457)	(333)
	15,711	14,254
Gross profit	3,794	3,509
Gross margin	19%	20%
SG&A expenses	3,793	3,994
(Loss) income before other items	1	(485)
Other expenses and taxes	(1,925)	(1,731)
(Loss) income for the period, net of tax	(1,924)	(2,216)
Adjusted EBITDA:		
Add back (deduct):		
Tax recovery	5	(7)
Interest expense	2,002	1,923
Gain on revaluation of derivative (non-cash)	(115)	-
Gain on modification of loan	(96)	-
Loss on disposal of fixed assets	3	-
Depreciation, amortization & impairment	625	649
Stock-based compensation expense (non-cash)	302	254
Adjusted EBITDA	802	603

RESULTS OF DISCONTINUED OPERATIONS: FOR THE QUARTER ENDED JUNE 30, 2026

We generated a net income in our discontinued operations, net of tax, of $49,000 for the quarter ended June 30, 2026, compared to a loss, net of tax, of $177,000 in the comparative period. A summary of results of operations, and a reconciliation of income (loss) to Adjusted EBITDA, follows. Amounts are shown net of intercompany transactions.

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
	Eng. Mat. *($000s)*	Eng. Mat. *($000s)*
SG&A expenses	(67)	152
(Loss) income before other items	67	(152)
Other income (expense)	(18)	(25)
(Loss) income for the period, net of tax	49	(177)
Adjusted EBITDA:		
Add back (deduct):		
Interest expense	18	26
Stock-based compensation expense (non-cash)	-	4
Adjusted EBITDA	67	(147)

RESULTS OF DISCONTINUED OPERATIONS: FISCAL 2026

We generated a loss in our discontinued operations, net of tax, of $285,000 for the year ended June 30, 2026, compared to a loss, net of tax, of $1,197,000 in the prior-year period. A summary of results of operations, and a reconciliation of income (loss) to Adjusted EBITDA, follows. Amounts are shown net of intercompany transactions.

	Twelve Months Ended June 30, 2026	Twelve Months Ended June 30, 2025
	Eng. Mat. *($000s)*	Eng. Mat. *($000s)*
SG&A expenses	211	1,034
Loss before other items	(211)	(1,034)
Other expense	(74)	(163)
Loss for the period, net of tax	(285)	(1,197)
Adjusted EBITDA:		
Add back (deduct):		
Interest expense	74	159
Impairment loss	-	35
Adjusted EBITDA	(211)	(1,003)

SEGMENT ANALYSIS: THREE AND TWELVE MONTHS ENDED JUNE 30, 2026

In the quarter and twelve-month period ended June 30, 2026, the main factors affecting our financial performance were (1) stronger sales and (2) while we still incur costs related to discontinued EM Division operations, they were reduced in 2026 as compared to 2025.

Continuing Operation division:

Sales	Sales, which consist of copper alloys and nickel aluminum bronze alloys product lines, increased during the quarter and year ended June 30, 2026. About half the revenue increase is attributable to increases in the price of copper, which makes up a significant proportion of our products.
Gross profit	As sales increased, fixed operating costs were spread over a larger volume of production resulting in a higher gross profit.
SG&A expenses	SG&A expenses increased in the quarter ended June 30, 2026, and over the comparable prior-year period, primarily due to higher consulting, legal and accounting fees, and salaries and wages expense than in the comparative period. The underlying reasons included ongoing but minor litigation and staffing changes including the hiring of new staff during the quarter ended June 30, 2026. SG&A expenses decreased slightly in the year ended June 30, 2026, over the comparable period, primarily because we incurred lower consulting, public company costs and salaries and wages. Underlying reasons included the accrual of some bonuses during the comparable period which did not recur during the year ended June 30, 2026
Other income (expense)	The main components of other income (expense) are typically interest expense and foreign exchange gain (loss). Other expense increased in the quarter and year ended June 30, 2026, compared to the prior-year period due largely to a decrease in the foreign exchange gain and an increase in interest expense resulting from additional debt acquired.

Engineered Materials Division Results (Discontinued Operations):

SG&A expenses	SG&A expenses decreased in the quarter and year ended June 30, 2026 as compared to the prior-year period, mainly due to less costs associated with the division as EMC ceased operations and slowed down SG&A costs as well.
Other income (loss)	Other expenses decreased in the quarter and year ended June 30, 2026. This is primarily due to less impairment and interest expense recognized in the period ending June 30, 2026 compared to prior periods.

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:

	2026	2025
June 30	$6.15	$5.03
March 31	$5.68	$5.03

	2025	2024
December 31	$5.70	$4.02
September 30	$4.80	$4.57

Source: COMEX

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2026, we had a working capital deficiency of $4,086,000, including cash of $431,000, compared to a working capital deficiency of $4,509,000, including cash of $619,000 as of June 30, 2025.

The Company's cash flows for the year ended June 30, 2026 and June 30, 2025 are summarized below.

Year ended	June 30, 2026 ($000s)	June 30, 2025 ($000s)
Cash used in operating activities from continuing operations	(532)	(820)
Cash provided by (used in) operating activities from discontinued operations	-	1,470
Cash provided by (used in) operating activities	**(532)**	**650**
Cash provided by financing activities from continuing operations	586	226
Cash used in financing activities from discontinued operations	-	(1,954)
Cash provided by (used in) financing activities	**586**	**(1,728)**
Cash used in investing activities from continuing operations	(392)	(175)
Cash provided by investing activities from discontinued operations	-	484
Cash provided by (used in) investing activities	**(392)**	**309**
Foreign exchange effect on cash	150	(27)
Change in cash during the year	**(188)**	**(796)**
Cash, beginning of the year	619	1,415
Cash, end of the year	**431**	**619**

Operating activities

Cash used in operating activities for the year ended June 30, 2026 was $532,000 compared to cash provided by operating activities of $650,000 for the year ended June 30, 2025. The decrease in cash provided by operating

activities primarily relates to the increase in inventories as at June 30, 2026 compared to the previous year due to an accumulation of inventories related to future sales.

Financing activities

Cash provided by financing activities for the year ended June 30, 2026 was $586,000, which consisted of $1,083,000 in net proceeds from convertible debentures, $596,000 net line of credit advances, $452,000 in loan proceeds, and $56,000 in proceeds from exercise of options. This was offset by $748,000 in interest paid, $348,000 in repayment of factoring facility, and $75,000 and $430,000 in convertible debenture and loan repayments respectively. Broadly, the financings were undertaken to maintain liquidity and support a greater level of activity such as supporting more materials inventory on hand.

Investing activities

Cash used in investing activities for the year ended June 30, 2026, was $392,000, which consisted of purchases of plant, and equipment primarily to maintain our production capacity.

Key Factors Affecting Liquidity

1. Drawdown and repayment of debt:
   We plan to pay down our debt and will seek cheaper sources of financing when we are able to do so.

2. Increase in credit facility:
   We increased our available line of credit from $6,000,000 to $7,000,000. This made it easier to purchase inventory to fulfill orders.

3. Related Party Debt:
   As of June 30, 2026, we had $3,358,000 outstanding related party debt that matures on December 31, 2026. We plan to continue paying down the related party notes payable to the CEO.

4. 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.

5. Lease:
   Our lease on the Massachusetts plant expired on January 31, 2026 and we no longer have any occupancy cost obligation there but have an ongoing payment obligation in respect of arrears that is included in accounts payable.

6. 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.

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

8. Liquidity Risk Management:
   We manage liquidity risk related to trade receivables by trading with recognized, creditworthy third parties and by insuring all receivables, 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, being expenditures with the executive management team and non-executive members of the board of: Simon Anderson (Director), Mark Smith (Director, Chief Executive Officer), Geoff Hampson (Director), Mike Jarvis (Director), Chris Huskamp (Director), Mark Wolma (President of Operations (2007 to June 2026), Jennifer Gipson (President of Operations July 2026 to current), Terena White (Chief Financial Officer), and Rajeev Jain (Vice President of Sales and Engineering). A summary of these transactions are as follows:

Year ended June 30,	2026	2025
	$000	$000
Salaries, wages, and management fees	1,152	1,441
Director fees	59	50
Share-based compensation and services	232	209
	1,443	1,700

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. Amounts due to directors and officers, which are unsecured, comprise:

At June 30,	2026	2025
	$000	$000
Share-based compensation	84	94
Director fees	95	34
Reimbursement of expenses	-	11
	179	139

2. As of June 30, 2026, $125,000 (June 30, 2025 - $125,000) is owing to key management employees for a retention bonus. The liability is unsecured.

3. We have entered into two credit facility agreements with Mark A. Smith, CEO and Chairman of the board. Both facilities included an establishment fee of 2.5% of the amount drawn down and bear 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 both facilities. On May 1, 2025 the maturity date of the facilities was extended from June 30, 2025 to December 31, 2025, and on December 31, 2025 it was further extended to December 31, 2026. Interest on the two credit facilities for the year ended June 30, 2026 were as follows:

Date of Facility	Facility Amount, As Amended, Before Accrued Interest	Interest Expense, Year Ended June 30	
		2026	2025
	$	$	$
August 19, 2022	1,200,000	109,000	143,000
May 31, 2023	1,852,500	179,000	181,000
Total	**3,052,500**	**288,000**	**324,000**

4. During the year ended June 30, 2026 we charged an amount of $45,000 to NioCorp Developments Ltd, a company controlled by the CEO in connection with the casting of a 0.2% aluminum-scandium (Al-Sc) alloy under an existing joint development agreement. The activity forms part of an ongoing initiative to develop a U.S.-based scandium alloy supply chain.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

Foreign Exchange Risk

While the majority of our administrative and manufacturing activities occur in the U.S., some corporate administration costs are incurred in Canada and we 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 interest rate impact on interest expense on the Account Sale and Purchase Agreement ("ASPA") with Sallyport Commercial Financing, LLC, and with the Loeb term loan. These loans charge interest based on the SOFR 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 we do 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.

The new standard is effective for the Company's annual reporting periods beginning on or after July 1, 2027. Early application is permitted, but the Company does not plan to early adopt.

The Company is still in the process of assessing the impact from the aforementioned new standard 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 that is 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, 2026.

MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the financial statements are in Note 3 of the audited consolidated financial statements for the year ended June 30, 2026.

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 regulations 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 ongoing 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 June 30, 2026 we recorded accrued interest of $370,000 from the judgement 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 Company is involved in litigation relating to a dispute over the removal of certain equipment from the EMC facility which has been discontinued. The plaintiff is seeking damages of approximately $80,000 plus legal fees. The Company disputes liability and intends to defend the claims.

The outcome of potential litigation and amounts related to the Chemetco PRP Group lawsuit and the and the outcome of the litigation related to the EMC facility equipment removal lawsuit cannot be determined at this time and have 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 industries, we are subject to periodic inspection by state and local safety, health and environmental authorities. If during an inspection a failure 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 result in 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

1. On December 2, 2025, we issued 705,880 common shares with a value of $94,000 to directors of the Company in settlement of amounts due for services.

2. During the year ended June 30, 2026, we issued 1,000,000 common shares relating to an option exercise from the prior year. As a result of this share issuance, $148,000 was transferred from obligation to issue shares to share capital.

3. Some option holders exercised options to purchase a total of 400,000 common share options with an exercise price of C$0.15 for 100,000 common shares and C$0.22 for 300,000 common shares. In connection with this exercise, we received gross proceeds of $56,000 and reclassified $44,000 representing the fair value of the option from reserves to share capital.

OUTSTANDING SHARE DATA

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

1. A total of 115,536,737 common shares.

2. Options to purchase 5,677,000 common shares.

3. Warrants to purchase 3,943,948 common shares.

The maximum number of shares potentially issuable together with the issued shares is therefore 125,157,685.