



IBC Advanced Alloys

IBC ADVANCED ALLOYS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Expressed in United States Dollars

March 31, 2025



NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of IBC Advanced Alloys Corp. for the three and nine months ended March 31, 2025 have been prepared by the management of the Company and approved by the Company's audit committee.

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

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

IBC ADVANCED ALLOYS CORP.**Condensed Consolidated Interim Statements of Financial Position**

(US dollars in thousands)

As at	Note	March 31, 2025 \$	June 30, 2024 \$
ASSETS			
Current assets			
Cash		418	1,415
Receivables	5	2,351	3,342
Inventories	6	7,637	7,348
Prepaid expenses and deposits		551	354
Total current assets		10,957	12,459
Non-current assets			
Deposits	10	535	535
Inventories	6	896	1,863
Property, plant, and equipment	7	8,738	9,663
Other assets		-	17
Total non-current assets		10,169	12,078
Total assets		21,126	24,537
LIABILITIES			
Current liabilities			
Line of credit	8	3,071	3,461
Accounts payable and accrued liabilities	9,13	3,715	3,312
Factoring facility	5	1,951	2,036
Leases payable	11	898	803
Loans payable	10	354	333
Related party loans	10,13	2,694	2,494
Unearned revenue		14	3
Arbitration award liability	14	1,684	1,631
Total current liabilities		14,381	14,073
Non-current liabilities			
Loans payable	10	4,396	4,686
Leases payable	11	-	491
Total non-current liabilities		4,396	5,177
Total liabilities		18,777	19,250
EQUITY			
Share capital	12	63,318	62,911
Reserves	12	9,809	9,950
Foreign currency translation reserve		533	405
Accumulated deficit		(71,311)	(67,979)
Total equity		2,349	5,287
Total liabilities and equity		21,126	24,537

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

On behalf of the Board of Directors:

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

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

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

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

	Note	Three months ended March 31,		Nine months ended March 31,	
		2025	2024	2025	2024
		\$	(Note 16) \$	\$	(Note 16) \$
Revenue	15	4,516	6,627	12,976	18,614
Cost of revenue	6,7	3,591	5,014	10,631	14,446
Gross profit		925	1,613	2,345	4,168
Selling, general, and administrative expenses					
Consulting fees		31	25	128	134
Depreciation	7	30	30	93	87
Director fees, cash portion	13	13	14	38	45
Doubtful debts		-	1	-	1
Office and miscellaneous		233	177	757	674
Professional fees		138	53	305	228
Public company costs		25	33	131	177
Rent		-	-	-	2
Salaries, wages, and management fees	13	357	477	1,347	1,463
Share-based compensation and services	12,13	175	37	232	111
Travel, meals and entertainment		4	2	49	44
		1,006	849	3,080	2,966
Gain (loss) before other items		(81)	764	(735)	1,202
Other income (expense)					
Foreign exchange gain (loss)		3	(6)	(126)	(7)
Interest and accretion expense	5,8,10,11	(455)	(527)	(1,460)	(1,642)
Loss on revaluation of derivative	10	-	-	-	(1)
Other income		-	4	10	70
Gain (loss) before income taxes		(533)	235	(2,311)	(378)
Income tax expense:					
Current		-	(3)	(1)	(7)
Net income (loss) from continuing operations		(533)	232	(2,312)	(385)
Net income (loss) from discontinued operations	19	(192)	1,129	(1,020)	1,524
Total Income (Loss)		(725)	1,361	(3,332)	1,139
Foreign currency translation from continuing operations		(6)	404	128	179
Total comprehensive income (loss) from continuing operations		(539)	636	(2,184)	(206)
Total comprehensive income (loss) from discontinued operations		(192)	1,129	(1,020)	1,524
Total comprehensive income (loss)		(731)	1,765	(3,204)	1,318
Net earnings (loss) per common share from continuing operations, basic and diluted	19	\$(0.005)	\$0.002	\$(0.02)	\$(0.004)
Net earnings (loss) per common share from discontinued operations, basic and diluted	19	\$(0.001)	\$0.011	\$(0.009)	\$0.014
Total earnings (loss) per common share - basic and diluted	19	\$(0.006)	\$0.013	\$(0.029)	\$0.011
Weighted average number of common shares outstanding from continuing operations:					
Basic and Diluted	19	113,680,857	106,734,573	113,251,444	106,293,029
Weighted average number of common shares outstanding from discontinued operations:					
Basic and Diluted	19	113,680,857	106,734,573	113,251,444	106,293,029

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	2025 (Note 16) \$	2024 (Note 16) \$
Operating activities		
Loss from continuing operations, net of tax	(2,312)	(385)
Adjustments for:		
Share-based compensation and services	232	111
Gain on disposal of assets	-	29
Doubtful debts expense	-	1
Gain on revaluation of derivative	-	1
Depreciation	493	478
Sales returns and allowances recovery	-	15
Foreign exchange expense	-	7
Interest and accretion expense	1,460	1,642
Write-down of inventory	-	(414)
Changes in non-cash working capital items:		
Receivables	(229)	652
Inventories	667	1,639
Prepaid expenses and deposits	(263)	(157)
Accounts payable and accrued liabilities	(516)	(197)
Unearned revenue	11	(2,055)
Net cash (used in) provided by operating activities from continuing operations	(457)	1,367
Net cash provided by (used in) operating activities from discontinued operations	1,469	(261)
Cash provided by operating activities	1,012	1,106
Financing activities		
Net line of credit advances	(390)	236
Interest paid	(361)	(1,646)
Factoring facility proceeds	1,007	692
Related party note repayments	-	(90)
Loan repayments	(855)	(944)
Loan proceeds	-	4,600
Loan financing costs	-	(228)
Lease principal repayment	-	1
Debenture principal repayments	-	(2,944)
Options exercised	38	-
Net cash used in financing activities from continuing operations	(561)	(323)
Net cash (used in) provided by financing activities from discontinued operations	(1,953)	247
Cash flows used in financing activities	(2,514)	(76)
Investing activities		
Proceeds from sale of property, plant, and equipment	-	4
Purchase of property, plant, and equipment	(87)	(161)
Net cash used in investing activities from continuing operations	(87)	(157)
Net cash provided by investing activities from discontinued operations	484	14
Cash flows provided by (used in) investing activities	397	(143)
Foreign exchange effect on cash	108	(7)
Change in cash during the period	(997)	880
Cash, beginning of period	1,415	83
Cash, end of period	418	963
Supplemental Cash Flow Information:		
Interest payments	(1,026)	(1,646)
Income tax payments	(1)	(7)
Non-cash items:		
Common shares issued for services	89	186
Common shares issued for bonus	255	-
Common shares issued for interest	-	56

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, 2025

	Note	Number of common shares	Share Capital \$	Warrants and convertible debenture reserve \$	Share based compensation reserve \$	Foreign currency translation reserve \$	Accumulated Deficit \$	Total \$
At June 30, 2023		102,581,968	62,667	1,756	7,980	235	(69,677)	2,961
Shares issued for services	12	3,200,000	186	-	(183)	-	-	3
Debentures interest paid in shares	10(a), 12	952,605	56	-	-	-	-	56
Share-based compensation	12	-	-	-	110	-	-	110
Foreign currency translation		-	-	-	-	179	-	179
Loss for the period from continuing operations		-	-	-	-	-	(385)	(385)
Income for the period from discontinued operations		-	-	-	-	-	1,524	1,524
At March 31, 2024	12	106,734,573	62,909	1,756	7,907	414	(68,538)	4,448
At June 30, 2024	12	106,734,573	62,911	1,756	8,194	405	(67,979)	5,287
Shares issued for services	12	1,714,284	89	-	(89)	-	-	-
Shares issued for bonus	12	4,982,000	255	-	(255)	-	-	-
Options exercised	12	250,000	63	-	(25)	-	-	38
Share-based compensation	12	-	-	-	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	113,680,857	63,318	1,756	8,053	533	(71,311)	2,349

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, 2025

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, 2025, the Company had not yet achieved consistently profitable operations, having incurred a loss from continuing operations of \$2,312 during the nine months ended March 31, 2025 (March 31, 2024 – \$385). The Company had accumulated losses of \$71,311 (June 30, 2024 – \$67,979) since inception. At March 31, 2025, the Company has a working capital deficit of \$3,424 (June 30, 2024 – \$1,614).

The Company was in violation of the minimum debt service coverage ratio covenant on its line of credit for the quarter ended March 31, 2025. The Company is seeking a waiver of the violation of the debt covenants; if it is unsuccessful, the lender may call the line of credit facility or seize the Company's inventory (Note 8). These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise adequate financing from external sources and generate profits and positive cash flows from operations in order to carry out its business objectives. The Company will require additional financing for continuing operations, to evaluate strategic opportunities, and for working capital purposes. However, there is no assurance that the Company will be able to secure such financing on favourable terms. These condensed consolidated interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the Company's condensed consolidated interim financial statements. Such adjustments could be material.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. We have given consideration as to the impact of these geopolitical events and global economic challenges on the Company's business, future operations and financial results. Our assessment and the related disclosures in the condensed consolidated interim financial statements are appropriate in the circumstances and provide accurate and complete disclosure of the known or potential impact and related uncertainties.

2. Basis of Presentation

a) Statement of compliance

These condensed consolidated interim financial statements of the Company for the three and nine months ended March 31, 2025 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, 2025.

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, 2025

2. Basis of Presentation (continued)**b) Basis of measurement**

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value.

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

c) Discontinued Operations

During the year ended June 30, 2024, the Company decided to discontinue its IBC Engineered Materials Corp. ("EMC") business unit. In line with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, the condensed consolidated interim statements of loss and comprehensive loss and cash flows for the three and nine months ended March 31, 2025, have been restated to separately report the EMC financial results as discontinued operations. In the prior periods these assets and liabilities had been considered continuing operations (Note 16). The restatement has no effect on the net assets as at June 30, 2024 nor on the loss and comprehensive loss and change in cash flows for the three and nine months ended March 31, 2024.

d) Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of IBC and its subsidiaries on March 31, 2025. Subsidiaries consist of entities over which IBC is exposed to, or has rights to, variable returns as well as the ability to affect these returns through the power to direct the relevant activities of the entity. Subsidiaries are included in the financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. These condensed consolidated interim financial statements include all the assets, liabilities, revenues, expenses and cash flows of IBC and its subsidiaries after eliminating inter-entity balances and transactions.

The subsidiaries are:

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

3. Material Accounting Policies

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

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

Amendments to IAS 1, Non-current liabilities with Covenants

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

Amendments to IFRS 16, Leases on sale and leaseback

The amendments to IFRS 16 introduced key changes including:

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

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

4. Critical Accounting Estimates and Judgments

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

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

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, 2025

5. Receivables

	March 31, 2025	June 30, 2024
	\$	\$
Trade accounts receivable	377	1,281
Trade accounts receivable subject to factoring	1,951	2,036
Net trade accounts receivable	2,328	3,317
Sales tax	23	25
	2,351	3,342

The Company has entered into an account sale and purchase agreement (“ASPA”) or accounts receivable factoring facility with Sallyport Commercial Finance LLC. The ASPA, which has been amended from time to time, can provide up to \$7,000 in revolving financing pursuant to the factoring of 90% of the company's accounts receivable. On September 12, 2024, the Company extended the ASPA through July 28, 2025.

The ASPA bears interest at the prevailing prime plus 2% per annum, additional fees include a 3% factoring fees, a factoring fee of 0.45% (June 30, 2024 - 0.45%) of the receivables balance purchased after 45 days and another 0.45% (June 30, 2024 - 0.45%) factoring fee after 90 days.

The Company has retained late payment and credit risk, and therefore, continues to recognize the transferred assets in their entirety in its Consolidated Statements of Financial Position. The repayable amount is presented as a liability, factoring facility. There is an inter-creditor facility with Iron Horse Credit, LLC and Sallyport Commercial Finance which requires that the Company maintain a minimum debt service coverage ratio and positive cash flows at it pertains to the Company's operations.

During the nine months ended March 31, 2025, the Company is not in compliance with the covenant of maintaining positive cash flows, and the required minimum debt service coverage ratio. The Company has applied to the creditors for a waiver regarding this non-compliance.

As at March 31, 2025, the Company has \$1,951 (June 30, 2024 - \$2,036) of its accounts receivable factored as part of this factoring facility and during the period has incurred \$207 (March 31, 2024 - \$260) in interest expense as a result of factoring of accounts receivable.

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, 2025

6. Inventories

	March 31, 2025	June 30, 2024
	\$	\$
Current inventories		
Raw materials	5,188	4,887
Work in process	1,409	1,271
Finished goods	1,040	1,190
	<u>7,637</u>	<u>7,348</u>
Non-current inventories		
Raw materials	896	1,863
	<u>8,533</u>	<u>9,211</u>

At March 31, 2025, inventories with a value of \$8,533 (June 30, 2024 – \$9,211) held by the Company were pledged as collateral for the Iron Horse and Sallyport facilities (Note 8).

During the three and nine months ended March 31, 2025, cost of sales in continuing operations included materials of \$2,137 and \$6,972 (March 31, 2024 – \$3,104 and \$9,078), respectively, and labor of \$614 and \$1,938 (March 31, 2024 – \$695 and \$2,105), respectively.

During the three and nine months ended March 31, 2025, cost of sales in discontinued operations included materials of \$Nil and \$Nil (March 31, 2024 – \$1,078 and \$3,363), respectively, and labor of \$Nil and \$Nil (March 31, 2024 – \$564 and \$1,688), respectively.

The Company's discontinued EMC business unit recovered beryllium as a by-product of its manufacturing process. From time to time, the Company recorded adjustments to raw materials inventory value based on the estimated value of beryllium recovered. The recovery process was revised again during the year ended June 30, 2024, when Nonferrous assumed responsibility for completing the recovery process. The inventory valuation adjustment in the period ended March 31, 2025 was \$nil (2024 - \$133).

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

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

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, 2025

7. Property, Plant, and Equipment

	Land \$	Right of Use Asset \$	Machinery and Equipment \$	Vehicles \$	Buildings and Leasehold Improvements \$	Furniture and Fixtures \$	Construction in Progress \$	Total \$
Cost								
At June 30, 2023	420	4,456	11,847	35	8,286	776	113	25,933
Additions	-	-	251	-	87	-	207	545
Disposals	-	-	(96)	-	(48)	(45)	(44)	(233)
Construction in progress placed in service	-	-	25	-	-	45	(70)	-
At June 30, 2024	420	4,456	12,027	35	8,325	776	206	26,245
Additions	-	-	6	-	-	-	81	87
Disposals	-	-	(3,714)	-	(16)	(74)	-	(3,804)
Construction in progress placed in service	-	-	206	-	-	-	(206)	-
At March 31, 2025	420	4,456	8,525	35	8,309	702	81	22,528
Accumulated depreciation and impairment								
At June 30, 2023	-	2,667	7,906	33	3,254	221	-	14,081
Impairment	-	1,083	60	-	8	40	-	1,191
Depreciation expense	-	706	471	2	187	133	-	1,499
Disposals	-	-	(96)	-	(48)	(45)	-	(189)
At June 30, 2024	-	4,456	8,341	35	3,401	349	-	16,582
Impairment	-	-	-	-	-	35	-	35
Depreciation expense	-	-	261	-	142	90	-	493
Disposals	-	-	(3,230)	-	(16)	(74)	-	(3,320)
At March 31, 2025	-	4,456	5,372	35	3,527	400	-	13,790
Net book value								
At June 30, 2023	420	1,789	3,941	2	5,032	555	113	11,852
At June 30, 2024	420	-	3,686	-	4,924	427	206	9,663
At March 31, 2025	420	-	3,153	-	4,782	302	81	8,738

As at March 31, 2025, the Company pledged property, plant, and equipment held by Copper Alloys with a net book value of \$3,890 (June 30, 2024 - \$4,051) and Engineered Materials with a net book value of \$Nil (June 30, 2024 - \$439) as collateral for bank loans (Note 10).

During the year ended June 30, 2024, the Company discontinued the operations of its Engineered Material division (Note 16). As a result, the Company recorded an impairment loss of \$1,191 on the CGU. During the nine months ended March 31, 2025, the Company made a further impairment of \$35. The recoverable amount was determined with reference to the fair value less cost to sell which was estimated based on the proceeds received from the sale of EMC assets.

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

From continuing operations:	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Cost of revenue	128	130	400	391
Selling, general and administrative expenses	30	30	93	87
Total depreciation expense	158	160	493	478
From discontinued operations:	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Cost of revenue	-	173	-	522
Selling, general and administrative expenses	-	40	-	120
Total depreciation expense	-	213	-	642

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, 2025

8. Line of Credit

The Company maintains a line of credit agreement with Iron Horse Credit, LLC with a current facility limit of \$4,500 which bears interest at 1.166% per month (21.8% effective interest rate) and a term expiring July 28, 2026.

There is an inter-creditor facility between the ASPA with Sallyport Commercial Finance LLC (Note 5) and line of credit facility with Iron Horse Credit, LLC which is secured by inventory and requires that the Company maintain a minimum debt service coverage and positive cash flows as it pertains to the Company's operations. As at March 31, 2025 the line of credit balances were \$3,071 (June 30, 2024 - \$3,461).

The Company was in violation of the minimum debt service coverage ratio for the quarter ended March 31, 2025. The Company is seeking a waiver of the violation of the debt covenants, if it is unsuccessful, Iron Horse, LLC may call the line of credit facility or seize the Company's inventory.

9. Accounts Payable and Accrued Liabilities

	March 31, 2025	June 30, 2024
	\$	\$
Trade accounts payable	2,335	1,905
Employee wages and payroll withholdings	312	663
Accrued liabilities	759	482
Sales returns and allowances	309	262
Accounts payable and accrued liabilities	3,715	3,312

10. Borrowings*(a) Debentures*

	Convertible Debentures \$	Non-Convertible Debentures \$	Lind financing \$	Total \$
June 30, 2023	2,658	138	348	3,144
Changes in fair value of derivative liability	-	-	(1)	(1)
Amortization of accreted interest	-	-	14	14
Accrued interest	35	2	23	60
Repayments paid in cash	(2,586)	(134)	(384)	(3,104)
Interest paid in shares issued	(53)	(4)	-	(57)
Effect of foreign exchange rate	(54)	(2)	-	(56)
June 30, 2024	-	-	-	-
March 31, 2025	-	-	-	-

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, 2025

10. Borrowings (continued)*(a) Debentures (continued)*Convertible debentures

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

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

The convertible debentures had monthly accrued interest at 8.25% per year, payable semi-annually in arrears each June 30 and December 31, with principal and any remaining unpaid accrued interest due June 6, 2023, subordinate to all existing and future secured indebtedness.

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

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

During the three and nine months ended March 31, 2025, the Company had interest expenses of \$Nil and \$Nil (March 31, 2024 – \$Nil and \$35), respectively, in relation to these convertible debts.

Non-Convertible debentures

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

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

These debentures had a monthly accrued interest at 9.5% per year, payable semi-annually in arrears each June 30 and December 31, with principal and any remaining unpaid accrued interest due June 6, 2023, subordinate to all existing and future secured indebtedness.

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

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

During the three and nine months ended March 31, 2025, the Company had interest expenses of \$Nil and \$Nil (March 31, 2024 – \$Nil and \$2), respectively, in relation to the non-convertible debenture.

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, 2025

10. Borrowings (continued)*(a) Debentures (continued)*Lind financing

The Company issued convertible debt in relation to the Lind financing on October 6, 2021, for proceeds of \$1,500. The convertible debt was convertible into common shares at a conversion price of C\$0.21 per common share at the option of the holder beginning February 2022. Outstanding pre-paid accrued interest was convertible to common shares quarterly; however, a change in control would allow the holder the option of converting all outstanding pre-paid accrued interest to common shares. The Company could in its sole discretion, buy-back the outstanding amount of the convertible debt at any time. However, the debt holder retained the right to convert 33% of the funded amount outstanding plus all of the outstanding accrued interest into shares. Additionally, approximately 4,270,591 detached warrants were issued to the same holders of the convertible debt, exercisable at C\$0.21 per common share on or before October 14, 2023.

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

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

During the three and nine months ended March 31, 2025, the Company had interest expenses of \$Nil and \$Nil (March 31, 2024 – \$Nil and \$23), respectively, and accretion of \$Nil and \$Nil (March 31, 2024 – \$Nil and \$14), respectively in relation to these convertible debts. The Company recognized \$Nil and \$Nil (March 31, 2024 – \$Nil and \$1 gain), respectively, in relation to the extinguishment of the derivative liability component.

(b) Loans payable

	Utica loan \$	Loeb loan \$	Sallyport loan \$	Flatbay financing arrangement \$	Total \$
June 30, 2023	598	-	-	-	598
Gross proceeds received	-	1,780	3,000	3,850	8,630
Transaction costs	-	(158)	-	(349)	(507)
Accrued interest	77	211	411	12	711
Settlement costs	39	-	-	-	39
Repayments paid in cash	(714)	(327)	(3,411)	-	(4,452)
June 30, 2024	-	1,506	-	3,513	5,019
Accrued interest	-	195	-	525	720
Settlement costs	-	7	-	-	7
Repayments paid in cash	-	(543)	-	(453)	(996)
March 31, 2025	-	1,165	-	3,585	4,750
June 30, 2024					
Current	-	236	-	97	333
Non-current	-	1,270	-	3,416	4,686
March 31, 2025					
Current	-	243	-	111	354
Non-current	-	922	-	3,474	4,396

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, 2025

10. Borrowings (continued)*(b) Loans payable (continued)*Utica Loan

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

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

Loeb Loan

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

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

Sallyport Loan

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

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

Flatbay Financing Arrangement

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

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

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, 2025

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

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

(c) Related party notes

	Related party loan 1 \$	Related party loan 2 \$	Total \$
June 30, 2023	1,304	1,408	2,712
Accrued interest	118	139	257
Repayments paid in cash	(284)	(191)	(475)
June 30, 2024	1,138	1,356	2,494
Accrued interest	115	135	250
Repayments paid in cash	(50)	-	(50)
March 31, 2025	1,203	1,491	2,694
June 30, 2024			
Current	1,138	1,356	2,494
Non-current	-	-	-
March 31, 2025			
Current	1,203	1,491	2,694
Non-current	-	-	-

As of March 31, 2025, a loan amounting to \$2,694 (June 30, 2024 - \$2,494) was owing to a director and officer of the Company and was included in the borrowings balance. This loan is secured by IBC Holdings shares and accrues interest at the rate of 10% per annum based on the principal outstanding balance and has a maturity date of June 30, 2025. The loan had a maturity date of December 31, 2024, and was extended on December 31, 2024 to June 30, 2025. On October 1, 2024, the Company made a repayment of \$50 on these related party notes payable.

11. Leases payable

The Company leases office and factory space and has one other lease which is considered a low value lease and as such is included in the statement of comprehensive income (loss) and not the statement of financial position. Interest expense on the lease liabilities amounted to \$21 and \$46, respectively, for the three and nine months ended March 31, 2025 (March 31, 2024 - \$21 and \$46, respectively). The Company did not incur any variable lease payments and there were no leases with residual value guarantees or leases not yet commenced to which the Company has committed. The expense relating to the low value leases amounted to \$Nil (March 31, 2024 - \$3).

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, 2025

11. Leases payable (continued)

			\$
As at June 30, 2023			2,050
Finance costs			103
Payments			(859)
As at June 30, 2024			1,294
Finance costs			46
Payments			(442)
As at March 31, 2025			898
Allocated as:	March 31, 2025	June 30, 2024	
	\$		\$
Current	898		803
Non-current	-		491
	898		1,294
Minimum lease payments for each fiscal year:			
2025		\$	908
2026			76
Amount representing interest			(86)
		\$	898

12. Share Capital*(a) Authorized capital*

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

The Board of Directors may determine the designations, rights, preferences or other variation of each class or series within the preferred shares.

Issued capital

As at March 31, 2025, there were 113,680,857 (June 30, 2024 – 106,734,573) common shares issued and outstanding.

There were no preferred shares outstanding.

Transactions during the 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, 2025

12. Share Capital (continued)*(a) Authorized capital (continued)**Transactions during the nine months ended March 31, 2024:*

In July 2023, the Company issued 3,200,000 common shares with a value of \$186 to directors of the Company in settlement of amounts due for services.

In September 2023, 952,605 common shares were issued to debenture holders in settlement of interest amounting to C\$76 or \$56 (Note 10(a)).

(b) Stock options

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

The Company's shareholders re-approved the stock option plan at the December 2024 shareholders' meeting. Subsequently, on April 21, 2025, the Board of Directors approved an amendment to the plan. The amendment did not impact the terms or valuation of any existing awards.

Option Grants

A summary of stock option activity to March 31, 2025 is as follows:

	Stock Options Outstanding	Weighted Average Exercise Price C\$
June 30, 2023	5,111,750	0.22
Expired	(621,750)	0.31
Forfeited	(222,500)	0.20
June 30, 2024	4,267,500	0.21
Granted	3,075,000	0.09
Exercised	(250,000)	0.22
Forfeited	(597,500)	0.20
March 31, 2025	6,495,000	0.15

During the three and nine months ended March 31, 2025 the Company recognized share-based compensation relating to stock options of \$175 and \$228 (March 31, 2024 - \$37 and \$111), respectively.

During the nine months ended March 31, 2025, the Company granted 2,975,000 stock options to its directors, officers, employees, and consultants. The stock options are exercisable at C\$0.09 per share and expire in 5 years from the grant date. A further 100,000 stock options were granted to employees and these stock options are exercisable at C\$0.085 and also expire 5 years from the grant date.

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, 2025

12. Share Capital (continued)*(b) Stock options (continued)*

The fair value of stock options granted during the nine months ended March 31, 2025, was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	March 31, 2025	March 31, 2024
Risk-free interest rate	2.74 – 2.91%	-
Expected volatility	99.09 – 99.38%	-
Dividend yield	0%	-
Weighted average share price at grant date	\$0.09	-
Weighted average exercise price	\$0.09	-
Expected life	5.00 years	-

On March 31, 2025, the Company had outstanding, and exercisable stock options as follows:

Grant Date	Expiry Date	Fair Value per Option C\$	Exercise Price CAD	Outstanding Options		Exercisable Options			
				Number	Weighted Average Remaining Life	Weighted Average Exercise Price CAD	Number	Weighted Average Remaining Life	Weighted Average Exercise Price CAD
26-Jun-20	26-Jun-25	0.11	\$0.16	40,000	0.24 years	\$0.16	40,000	0.24 years	\$0.16
15-Jul-20	15-Jul-25	0.13	\$0.21	600,000	0.25 years	\$0.21	600,000	0.25 years	\$0.21
30-Oct-20	30-Oct-25	0.10	\$0.15	565,000	0.58 years	\$0.15	565,000	0.58 years	\$0.15
1-Dec-21	1-Dec-26	0.13	\$0.20	945,000	1.67 years	\$0.20	945,000	1.67 years	\$0.20
8-Jun-22	7-Jun-27	0.16	\$0.24	1,270,000	2.19 years	\$0.24	990,000	2.19 years	\$0.24
27-Jan-25	27-Jan-30	0.07	\$0.09	2,975,000	4.83 years	\$0.09	2,975,000	4.83 years	\$0.09
10-Feb-25	10-Feb-30	0.07	\$0.09	100,000	4.87 years	\$0.09	100,000	4.87 years	\$0.09
				6,495,000	1.66 years	\$0.15	6,215,000	2.94 years	\$0.15

In the nine months ended March 31, 2025, 105,000 unvested stock options were forfeited by employees as a result of the termination of employment relationship with the Company. A further 492,500 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.

During the subsequent period, the Company issued 750,000 common shares upon the exercise of 750,000 options with an exercise price of C\$0.09 by the CEO. The Company received \$47 upon the exercise of these options, and \$37 in fair value of the options was reclassified from reserves to share capital.

(c) Warrants

Financing Warrants		
	Warrants Outstanding	Weighted Average Exercise Price C\$
June 30, 2023	15,540,035	0.16
Expired	(4,270,591)	0.21
June 30, 2024	11,269,444	0.14
Expired	(11,269,444)	0.14
March 31, 2025	-	-

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

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, 2025

13. Related Parties Transactions

Key management personnel compensation was:

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Salaries, wages, and management fees	197	461	1,067	1,366
Director fees	13	20	38	45
Share-based compensation and services	112	41	166	122
	322	522	1,271	1,533

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

As of March 31, 2025, \$27 (June 30, 2024 - \$89) in share-based compensation is owing to directors and officers for services and \$Nil (June 30, 2024 - \$1) is owing to officers for expenses paid on the Company's behalf.

As of March 31, 2025, \$Nil (June 30, 2024 - \$255) and \$64 (June 30, 2024 - \$60) is owing to key management employees, for bonuses to be paid in shares and retention bonus, respectively, and \$Nil (June 30, 2024 - \$5) is owing to key management employees for related payroll taxes on the accrued bonuses. The amounts are unsecured and non-interest bearing.

As of March 31, 2025, \$2,694 (June 30, 2024 - \$2,494) is owing to a director and officer of the Company for notes payable principal and interest (Note 10(c)). During the three and nine months ended March 31, 2025, the Company incurred interest expense of \$61 and \$185 (March 31, 2024 - \$63 and \$194), respectively, on amounts due to related parties.

14. Commitments and Contingencies*Legal Matters*

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

On September 8, 2017, an Award was issued in favor of claimant Gerald Hoolahan against IBC Advanced Alloys Corp. The Award, in the amount of \$1,240 plus attorney's fees, costs, and expenses in the amount of \$155, was granted by the American Arbitration Association's International Centre for Dispute Resolution. The amount has been accrued and the matter was under appeal. On March 27, 2019, the Company received notice from an arbitrator which was then confirmed by the United States District Court for the District of Massachusetts, affirming the September 8, 2017 arbitration award made in favor of Gerald R. Hoolahan. As at March 31, 2025 the Company has recorded accrued interest of \$289 from the judgement date, September 8, 2017.

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, 2025

14. Commitments and Contingencies (continued)

On January 21, 2014, Nonferrous received a "Special Notice Letter of Potential Liability" from the U.S. Environmental Protection Agency ("EPA"). The letter references the EPA's determination that a release of hazardous materials had occurred at the Chemetco Superfund Site located in Hartford, Illinois. Chemetco, Inc. operated a secondary smelting operation for recycling and after-market processing of copper-bearing scrap and manufacturing by-products. The EPA has identified Nonferrous as a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). Nonferrous was identified as a PRP due to the EPA's review of Chemetco's records indicating that Nonferrous shipped more than 849,000 pounds of material to the Superfund Site. Nonferrous has joined a defense group of other PRPs. To date, insurers of Nonferrous has paid legal fees and PRP Group assessments associated with the claim. These assessments will be used to fund further site investigation to determine the amount of materials sent to Chemetco by each party and the best clean-up method. The Company is evaluating its options regarding notifying its insurers of potentially increased liability should the EPA and/or Chemetco PRP Group contribution lawsuit attempt to name Nonferrous as a defendant due to purchase of certain assets of Specialloy. Specialloy was allocated over 5 million pounds of material shipped to the Chemetco site, or more than five times the amount allocated to Nonferrous. Should the EPA and/or PRP Group contribution lawsuit pursue alter ego theories and allege that Nonferrous is responsible for the potential liabilities of Specialloy, the Company potentially faces significantly more liability requiring further defensive action.

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

15. Segment Reporting

As of March 31, 2025, the Company had two reportable segments: Copper Alloys and Corporate. As of March 31, 2025, the Company had one manufacturing segment which is the Copper Alloys division. In the prior year the Company had another manufacturing segment, the Engineered Materials Division which ceased operations during the year ended June 30, 2024 and has been classified as a discontinued operation (Note 16). The manufacturing segment produces specialty alloy products while Corporate administers the operating divisions.

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

Three months ended March 31, 2025	Copper Alloys \$	Corporate \$	Total \$
Revenue from external customers	4,516	-	4,516
Depreciation	132	26	158
Share-based compensation and share-based services	61	114	175
Income (loss) before other items	325	(406)	(81)
Foreign exchange loss	-	3	3
Interest and accretion expense	(396)	(59)	(455)
Other income	-	-	-
Loss before income taxes	(71)	(462)	(533)
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, 2025

15. Segment Reporting (continued)

Three months ended March 31, 2024	Copper Alloys \$	Corporate \$	Total \$
Revenue from external customers	6,627	-	6,627
Depreciation	135	25	160
Share-based compensation and share-based services	6	31	37
Income (loss) before other items	1,293	(529)	764
Foreign exchange loss	-	(6)	(6)
Interest and accretion expense	(378)	(149)	(527)
Gain on revaluation of derivative	-	-	-
Other income	2	2	4
Income (loss) before income taxes	918	(683)	235
Income tax expense	(3)	-	(3)
Capital expenditures	77	-	77
<hr/>			
Nine months ended March 31, 2025	Copper Alloys \$	Corporate \$	Total \$
Revenue from external customers	12,976	-	12,976
Depreciation	413	80	493
Share-based compensation and share-based services	66	166	232
Loss before other items	(504)	(231)	(735)
Foreign exchange loss	-	(126)	(126)
Interest and accretion expense	(1,208)	(252)	(1,460)
Other income	10	-	10
Loss before income taxes	(730)	(1,581)	(2,311)
Income tax expense	(1)	-	(1)
Capital expenditures	87	-	87
<hr/>			
Nine months ended March 31, 2024	Copper Alloys \$	Corporate \$	Total \$
Revenue from external customers	18,614	-	18,614
Depreciation	405	73	478
Share-based compensation and share-based services	15	96	111
Income (loss) before other items	2,766	(1,564)	1,202
Foreign exchange loss	-	(7)	(7)
Interest and accretion expense	(1,098)	(544)	(1,642)
Gain on revaluation of derivative	-	(1)	(1)
Other income	19	51	70
Income (loss) before income taxes	1,687	(2,065)	(378)
Income tax expense	(7)	-	(7)
Capital expenditures	161	-	161

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

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, 2025

15. Segment Reporting (continued)

Total assets employed by each division are:

	March 31, 2025	June 30, 2024
	\$	\$
Copper Alloys	18,542	20,460
Corporate	1,039	1,958
	19,581	22,418

Total liabilities recognized by each division are:

	March 31, 2025	June 30, 2024
	\$	\$
Copper Alloys	9,145	6,934
Corporate	6,323	6,387
	15,468	13,321

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

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
United States	3,303	5,622	9,742	15,531
The Netherlands	520	288	1,568	657
Germany	86	117	280	286
Japan	-	148	189	495
China	-	336	180	1,274
Canada	689	85	977	147
Taiwan	-	23	35	78
All others	(82)	8	5	146
	4,516	6,627	12,976	18,614

The following customers represented more than 10% of sales:

	March 31, 2025		March 31, 2024	
	Amount		Amount	
	\$	%	\$	%
Customer A – Copper Alloys Division	1,568	12.5	-	-
Customer B – Copper Alloys Division	-	-	2,903	15.6

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, 2025

15. Segment Reporting (continued)**Discontinued operations:**

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

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
United States	-	3,325	-	7,571
Malaysia	-	124	-	305
Singapore	-	165	-	468
	-	3,614	-	8,344

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

	March 31, 2025		March 31, 2024	
	Amount	%	Amount	%
	\$	%	\$	%
Customer C – Engineered Materials	-	-	5,365	64.3

16. Discontinued Operations

On June 24, 2024, the Company discontinued the operations of EMC. As a result, EMC was classified as a discontinued operation in accordance with *IFRS 5 – Non-Current Assets Held for Sales and Discontinued Operations* for the years ended June 30, 2024, and 2023. The loss and comprehensive loss from discontinued operations (EMC) for the periods ended March 31, 2025, and 2024 comprise the following:

	Note	Three months ended March 31,		Nine months ended March 31,	
		2025	2024	2025	2024
		\$	\$	\$	\$
Revenue	16	-	3,614	-	8,344
Cost of revenue	6,7	-	1,961	-	5,241
Gross profit		-	1,653	-	3,103
Selling, general, and administrative expenses					
Consulting fees		1	24	14	61
Depreciation	7	-	40	-	120
Office and miscellaneous		149	86	429	292
Professional fees		1	27	34	79
Rent		-	1	-	2
Salaries, wages, and management fees	13	24	122	398	456
Share-based compensation and services	12	-	1	(4)	(1)
Travel, meals and entertainment		-	11	11	53
		175	312	882	1,062
Income (loss) before other items		(175)	1,341	(882)	2,041
Other income (expense)					
Interest and accretion expense	5,10,11	(29)	(183)	(133)	(488)
Impairment loss	7	-	-	(35)	-
Loss on disposal of assets		-	(29)	-	(29)
Other income		12	-	30	-
Net income (loss) before income taxes		(192)	1,129	(1,020)	1,524
Total income (loss) for the period, net of tax		(192)	1,129	(1,020)	1,524

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

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16. Discontinued Operations (continued)

Cash flows from EMC are as follows:

Nine months ended March 31,	2025	2024
	\$	\$
Cash flows provided by (used in) operating activities		
Net income (loss) from discontinued operations, net of tax	(1,020)	1,524
Adjustments for:		
Share-based compensation and services	(4)	(1)
Depreciation	-	642
Impairment loss	35	-
Onerous contract recovery	-	(738)
Interest and accretion expense	133	488
Write-down of inventory	-	(133)
Changes in non-cash working capital items:		
Receivables	1,221	208
Inventories	11	(1,411)
Prepaid expenses and deposits	86	38
Accounts payable and accrued liabilities	1,007	(887)
Unearned revenue	-	9
Net cash provided by (used in) operating activities	1,469	(261)
Cash flows (used in) provided by financing activities		
Interest paid	(67)	(122)
Factoring facility (repayments) proceeds	(1,299)	752
Lease principal repayments	(396)	(564)
Loan (repayments) proceeds	(191)	181
Net cash (used in) provided by financing activities	(1,953)	247
Cash flows provided by investing activities		
Proceeds from sale of property, plant, and equipment	484	14
Net cash provided by investing activities	484	14
Change in cash during the period	-	-
Supplemental Cash Flow Information:		
Interest payments	(67)	(122)

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

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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 nine months ended March 31, 2025 from the year ended June 30, 2024.

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

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

18. Financial Risk Management

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

Fair Values

The Company does not hold any financial instruments at fair value subject to level 1 or 2 fair value measurements. There were no changes in level 1 or 2 financial instruments during the period ended March 31, 2025. The Company's derivative liability is subject to level 3 fair value measurements.

Foreign Exchange Risk

Most of the Company's activities are in the United States, but the Company conducts business in other countries from time to time. The principal foreign exchange risk exposure arises from transactions denominated in 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, 2025		March 31, 2024	
	Increase	(Decrease)	Increase	(Decrease)
	\$	\$	\$	\$
10% movement in cash flows	36	(36)	(18)	18
1% movement in C\$ per \$	(4)	4	(2)	2

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, 2025

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

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

Balances at March 31, 2025	C\$
Cash	7
Accounts payable and accrued liabilities	517

Balances at March 31, 2024	C\$
Cash	18
Accounts payable and accrued liabilities	258

Interest Rate Risk

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

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

Profit or loss	March 31, 2025		March 31, 2024	
	Increase	(Decrease)	Increase	(Decrease)
	\$	\$	\$	\$
10% movement in cash flows	(35)	35	(97)	97
1% movement in interest rate index	(31)	31	(57)	57

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**

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For the Nine Months Ended March 31, 2025

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, 2025	Less than three months \$	Three to twelve months \$	One to five years \$	Total \$
Accounts payables and accrued liabilities	3,286	429	-	3,715
Line of credit	3,071	-	-	3,071
Accounts receivable factoring facility	-	1,951	-	1,951
Notes payable, related parties	-	2,694	-	2,694
Leases payable (undiscounted)	228	531	-	759
Loan payable (undiscounted)	261	784	5,584	6,629
Arbitration award liability	1,684	-	-	1,684
	8,530	6,389	5,584	20,503

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

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, 2025

19. Loss per Share*From continuing operations:*

Three months ended March 31	2025	2024
Net income (loss) for the period (\$000)	(533)	232
Weighted average number of common shares outstanding	113,680,857	106,734,573
Basic and diluted loss per common share	\$ (0.005)	\$ 0.002

Nine months ended March 31	2025	2024
Net loss for the period (\$000)	(2,312)	(385)
Weighted average number of common shares outstanding	113,251,444	106,293,029
Basic and diluted loss per common share	\$ (0.02)	\$ (0.004)

From discontinued operations:

Three months ended March 31	2025	2024
Net income (loss) for the period (\$000)	(192)	1,129
Weighted average number of common shares outstanding	113,680,857	106,734,573
Basic and diluted earnings (loss) per common share	\$ (0.001)	\$ 0.011

Nine months ended March 31	2025	2024
Net income (loss) for the period (\$000)	(1,020)	1,524
Weighted average number of common shares outstanding	113,251,444	106,293,029
Basic and diluted earnings (loss) per common share	\$ (0.009)	\$ 0.014

Total:

Three months ended March 31	2025	2024
Income (loss) for the year (\$000)	(677)	1,361
Weighted average number of common shares outstanding	113,680,857	106,734,573
Basic and diluted income (loss) per common share	\$ (0.006)	\$ 0.013

Nine months ended March 31	2025	2024
Loss for the year (\$000)	(3,284)	1,139
Weighted average number of common shares outstanding	113,251,444	106,293,029
Basic and diluted income (loss) per common share	\$ (0.029)	\$ 0.011

For the three and nine months ended March 31, 2025 and 2024, 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.