

# Ucore Announces Amendments to Certain Debt Arrangements

written by Raj Shah | April 26, 2024

April 26, 2024 ([Source](#)) – [Ucore Rare Metals Inc.](#) (TSXV: [UCU](#)) (OTCQX: UURAF) (“**Ucore**” or the “**Company**”) is pleased to announce amendments to certain previously-issued convertible debentures with a current maturity of May 31, 2024 (the “**2020 Convertible Debentures**”), and further amendments to certain debt agreements with Orca Holdings, LLC (“**Orca**”).

The 2020 Convertible Debentures were originally sold and issued by the Company in May 2020. These unsecured 2020 Convertible Debentures bear interest at a rate of 7.5% payable semi-annually. At any time during the term of the 2020 Convertible Debentures, a holder may elect to convert the outstanding net principal amount, or any portion thereof, into units at a conversion price of \$1.20 per unit. Each unit shall consist of one common share of the Company (a “**Common Share**”) and one-half of a warrant with each whole warrant entitling the holder to acquire a Common Share at an exercise price of \$1.80 for a period ending on the maturity date.

As previously announced, the Company intends to extend the term of the 2020 Convertible Debentures so that the new maturity date will be January 31, 2026. Further, the Company intends to incorporate the following amended conversion features. At any time during the term of the 2020 Convertible Debentures, a holder may elect to convert the outstanding net principal amount, or any portion thereof, into units at a conversion price of \$0.90 per unit. Each unit shall consist of one Common Share and one-half of a warrant with each whole warrant entitling the holder to acquire a Common Share at an exercise price

of \$1.30 for a period ending on the maturity date. In consideration for the extension and amendments, the Company will pay a restructuring fee equal to six months of interest. The other terms of the 2020 Convertible Debentures will remain unchanged. For further information regarding the 2020 Convertible Debentures and the Company's intention to extend the term of these securities, please see the Company's press release dated January 11, 2024.

As of the date of this press release, holders of a total of 1,115 of the 2020 Convertible Debentures, representing an aggregate face value of \$1,115,000, have agreed to an extension in accordance with the terms described above. The anticipated amendments to the terms of these 2020 Convertible Debentures are conditional upon the approval of the TSX Venture Exchange (the "**TSXV**").

Certain of the 2020 Convertible Debentures are owned by related parties of the Company. Specifically, Pat Ryan (Ucore's Chairman and CEO) holds 10 of the 2020 Convertible Debentures (representing a principal amount of \$10,000) and Peter Manuel (Ucore's CFO) holds 25 of the 2020 Convertible Debentures (representing a principal amount of \$25,000). The above-described transactions with Mr. Ryan and Mr. Manuel are considered to be related party transactions within the meaning of Multilateral Instrument 61-01 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The transactions are exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 since neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeds 25% of the Company's market capitalization.

Further, the Company is pleased to announce amendments to

certain debt agreements with Orca Holdings, LLC. Immediately following specified amendments and extensions to debt arrangements between the parties, which are described in Ucore's press release dated December 22, 2023, the Company was party to two short-term secured lines of credit from Orca in the maximum principal amount of USD\$2.0 million (the "**2022 Line of Credit**") and USD\$2.2 million (the "**2023 Line of Credit**"), respectively. In consideration for extending the due date of these lines of credit to January 31, 2026, the Company issued a total of 4,400,000 warrants to Orca, with each warrant entitling Orca to acquire one Common Share at an exercise price of \$0.89. These warrants have a term ending on January 31, 2026.

Ucore and Orca have since agreed to further amend their debt arrangements regarding the 2022 Line of Credit and the 2023 Line of Credit, and have entered into amending agreements in connection with these amendments (the "**Amending Agreements**"). Specifically, the parties have agreed to: increase the credit limit under the 2023 Line of Credit from USD\$2.2 million to USD\$3.2 million; and amend the interest payment terms of both the 2022 Line of Credit and the 2023 Line of Credit in accordance with the following:

(a) whereas interest was previously payable on maturity, interest will now be payable quarterly, unless the Company would have less than CAD\$2.0 million in cash after such interest payment; and

(b) in the event that the Company would have less than CAD\$2.0 million in cash after a quarterly interest payment:

- the interest will not be payable at that time,
- interest will compound on unpaid interest at the rate outlined in the applicable debt agreements between the parties (as amended), and

- unpaid interest will be added to the next quarterly interest payment.

In consideration for the above-stated amendments to the 2023 Line of Credit the Company has agreed to issue 1,300,000 additional warrants to Orca, with each warrant entitling Orca to acquire one Common Share at an exercise price of \$0.75 per share until January 31, 2026. The warrants will contain a condition precedent to their exercise such that no warrants shall be exercisable if such exercise would cause Orca's ownership of Ucore, as calculated on a partially diluted basis, to exceed 19.99% of the aggregate of the issued and outstanding shares in the capital of Ucore. The issuance of the new warrants described in this press release is subject to the prior review and acceptance of the TSXV.

Orca is wholly-owned by Mr. Randy Johnson, a member of Ucore's Board of Directors. The above-described transactions with Orca are considered to be related party transactions within the meaning of Multilateral Instrument 61-01 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The transactions are exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 since neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeds 25% of the Company's market capitalization.

No new insiders and no control persons will be created in connection with the closing of the transactions contemplated by this press release.

The above-described transactions were reviewed and unanimously approved by the Company's Board of Directors. No special committee was created to negotiate, review and approve the

Amending Agreements. Rather, the agreements were negotiated by the Company, with Mr. Johnson declaring his conflict and abstaining from the Board of Directors' deliberations. No cash consideration was paid pursuant to the latest amendments to the 2022 Line of Credit and the 2023 Line of Credit, and no commissions or similar fees were paid to any person with respect to those amendments. The Company will file a material change report less than 21 days before the expected date of the closing of the transactions since the terms of the amendments to the debt agreements were not agreed upon in principle until recently.

### **About Ucore Rare Metals Inc.**

Ucore is focused on rare- and critical-metal resources, extraction, beneficiation, and separation technologies with the potential for production, growth, and scalability. Ucore's vision and plan is to become a leading advanced technology company, providing best-in-class metal separation products and services to the mining and mineral extraction industry.

Through strategic partnerships, this plan includes disrupting the People's Republic of China's control of the North American REE supply chain through the near-term establishment of a heavy and light rare-earth processing facility in the U.S. State of Louisiana, subsequent Strategic Metal Complexes in Canada and Alaska and the longer-term development of Ucore's 100% controlled Bokan-Dotson Ridge Rare Heavy REE Project on Prince of Wales Island in Southeast Alaska, USA.

Ucore is listed on the TSXV under the trading symbol "[UCU](#)" and in the United States on the OTC Markets' OTCQX® Best Market under the ticker symbol "[UURAF](#)."

**For further information, please visit [www.ucore.com](http://www.ucore.com).**

## **Forward-Looking Statements**

*This press release includes certain statements that may be deemed “forward-looking statements.” All statements in this release (other than statements of historical facts) that address future business development, technological development and/or acquisition activities (including any related required financings), timelines, events, or developments that the Company is pursuing are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance or results, and actual results or developments may differ materially from those in forward-looking statements.*

*Regarding any disclosure in the press release above about the anticipated extensions and revised terms relating to the 2020 Convertible Debentures, the Company has assumed that the revised agreements and the amendments to the terms of the 2020 Convertible Debentures will be accepted by the TSXV. Regarding any disclosure in the press release above about the debt amendments involving Orca and the issuance of the new warrants to Orca, the Company has assumed that the agreements and the terms of the loan bonus warrants will be accepted by the TSXV. For risks and uncertainties regarding the Company and its business generally, see the risk disclosure in the Company’s MD&A for Q3 2023 (filed on SEDAR+ on November 20, 2023) ([www.SEDARPLUS.ca](http://www.SEDARPLUS.ca)) as well as the risks described below.*

*Regarding the disclosure above in the “About Ucore Rare Metals Inc.” section, the Company has assumed that it will be able to procure or retain additional partners and/or suppliers, in addition to Innovation Metals Corp. (“IMC”), as suppliers for Ucore’s expected future Strategic Metals Complexes (“SMCs”). Ucore has also assumed that sufficient external funding will be*

found to complete the Demo Plant commissioning and demonstration schedule and also later prepare a new National Instrument 43-101 ("NI 43-101") technical report that demonstrates that the Bokan Mountain Rare Earth Element project ("Bokan") is feasible and economically viable for the production of both REE and co-product metals and the then prevailing market prices based upon assumed customer offtake agreements. Ucore has also assumed that sufficient external funding will be secured to continue the development of the specific engineering plans for the SMCs and their construction. Factors that could cause actual results to differ materially from those in forward-looking statements include, without limitation: IMC failing to protect its intellectual property rights in RapidSX™; RapidSX™ failing to demonstrate commercial viability in large commercial-scale applications; Ucore not being able to procure additional key partners or suppliers for the SMCs; Ucore not being able to raise sufficient funds to fund the specific design and construction of the SMCs and/or the continued development of RapidSX™; adverse capital-market conditions; unexpected due-diligence findings; the emergence of alternative superior metallurgy and metal-separation technologies; the inability of Ucore and/or IMC to retain its key staff members; a change in the legislation in Louisiana or Alaska and/or in the support expressed by the Alaska Industrial Development and Export Authority ("AIDEA") regarding the development of Bokan; the availability and procurement of any required interim and/or long-term financing that may be required; and general economic, market or business conditions.

Neither the TSXV nor its Regulation Services Provider (as that term is defined by the TSXV) accept responsibility for the adequacy or accuracy of this release.

## **CONTACTS**

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