

Ucore Announces Extension of Debt

written by Raj Shah | December 22, 2023

December 22, 2023 ([Source](#)) – [Ucore Rare Metals Inc.](#) (TSXV: UCU) (OTCQX: UURAF) (“Ucore” or the “Company”) is pleased to announce amendments to and the extension of certain debt agreements with Orca Holdings, LLC (“Orca”) that were agreed to on December 22, 2023.

“We are pleased with Orca’s vision and desire to support a longer-term creditor position in the Company,” stated Pat Ryan, Ucore Chairman & Chief Executive Officer. “The timelines associated with these credit agreement amendments work in step with Ucore’s long term business objectives as we continue to make good progress with the Company’s strategic plan. China’s recently announced ban on the export of rare earth separation technologies underscores the importance of this key node in the supply chain and we feel that Ucore is very well positioned to contribute to an independent North American supply of these critical materials.”

The Company is party to a short-term secured line of credit from Orca (the “**2022 Line of Credit**”) in the amount of USD\$1.15 million, which has subsequently been drawn down in full by the Company (the “**2022 Line of Credit Agreement**”). The 2022 Line of Credit Agreement was scheduled to mature on March 31, 2024. The parties have agreed to extend the term of this credit facility such that the amended maturity date will be January 31, 2026. The parties have also agreed to keep the annual interest rate on the 2022 Line of Credit unchanged at 9%. A total of 1,150,000 warrants that were previously issued to Orca in connection with the 2022 Line of Credit Agreement are deemed to have expired

concurrently with the execution of the 2022 Line of Credit Amending Agreement. In consideration for extending the due date of the 2022 Line of Credit to January 31, 2026, a total of 1,500,000 warrants will be issued to Orca, with each warrant entitling Orca to acquire one common share of the Company ("**Common Share**") at an exercise price of \$0.89. These warrants will have a term ending on January 31, 2026.

The Company is party to a second short-term secured line of credit from Orca (the "**2023 Line of Credit**") in the amount of USD\$1 million, which has subsequently been drawn down in full by the Company (the "**2023 Line of Credit Agreement**"). The 2023 Line of Credit Agreement was scheduled to mature on December 31, 2023. However, the parties have agreed to extend the term of this facility such that the amended maturity date will be January 31, 2026. Further, the parties have agreed to increase the available principal amount of the 2023 Line of Credit to USD\$2.2 million. The parties have agreed to keep the annual interest rate on the 2023 Line of Credit unchanged at 10%. A total of 1,000,000 warrants previously issued to Orca in connection with the 2023 Line of Credit Agreement are deemed to have expired concurrently with the execution of the 2023 Line of Credit Amending Agreement. In consideration for extending the due date of the 2023 Line of Credit to January 31, 2026 and increasing the amount of the facility, a total of 2,900,000 warrants will be issued to Orca, with each warrant entitling Orca to acquire one Common Share at an exercise price of \$0.89. These warrants will have a term ending on January 31, 2026.

Lastly, the Company is party to a secured term loan (the "**Term Loan**") payable to Orca in the amount of USD\$964,927.81 which had a maturity date of November 30, 2024. However, the parties have executed an agreement to extend the maturity date of this Term Loan to January 31, 2027 (the "**Term Loan Agreement**"). The parties also agreed to keep the annual interest rate on the Term

Loan at 9%. A total of 1,000,000 warrants with an exercise price of \$0.85 that were previously issued to Orca in connection with the Term Loan are deemed to have expired concurrently with the execution of the Term Loan Agreement. In consideration for extending the maturity date for the Term Loan to January 31, 2027, a total of 1,200,000 warrants will be issued to Orca, with each warrant entitling Orca to acquire one Common Share at an exercise price of \$0.89. The warrants have a term ending on January 31, 2027.

The above-noted warrants 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 the Borrower. The issuance of the new warrants described in this press release is subject to the prior review and acceptance of the TSX Venture Exchange.

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.

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 2022 Line of Credit Amending Agreement, the 2023 Line of Credit Amending Agreement, or the Term Loan Amending Agreement; 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 extension of the due dates for the 2022 Line of Credit, the 2023 Line of Credit or the Term Loan, and no commissions or similar fees were paid to any person with respect to those extensions. 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 extensions to the debt agreements were not agreed upon in principle until December 22, 2023. In connection with the above-mentioned debt extensions and agreements, Orca was represented by Fasken Martineau DuMoulin LLP and the Company was represented by Miller Thomson LLP.

#

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.

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 debt extensions 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 TSX Venture Exchange. 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) 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

Mr. Peter Manuel, Ucore Vice President and Chief Financial Officer, is responsible for the content of this news release and may be contacted at 1.902.482.5214.

For additional information, please contact:

Mark MacDonald

Vice President, Investor Relations

Ucore Rare Metals Inc.

1.902.482.5214

mark@ucore.com