Ucore Extends Term of Outstanding Convertible Debentures and Provides Corporate Update

written by Raj Shah | May 10, 2023

May 10, 2023 (Source) – **Ucore Rare Metals Inc. (TSXV: UCU) (OTCQX: UURAF) ("Ucore"** or the **"Company")** is pleased to announce that it intends to extend the term of certain outstanding convertible debentures which currently have a maturity date of May 31, 2023 (the "**Convertible Debentures**").

The Convertible Debentures were originally issued in May of 2020, with a three-year term. On May 21 and 29, 2020, the Company issued 1,280 and 1,520 Convertible Debentures respectively, with a face value of $1,000 each for total gross proceeds of $2.8 million. These unsecured Convertible Debentures bear interest at a rate of 7.5% payable semi-annually and mature on May 31, 2023. Pursuant to the terms of the Convertible Debentures, the Company has the option to extend the maturity date by one year in exchange for the payment of an extension fee equal to 6-months interest.

The Company intends to exercise its right to extend the maturity date of the remaining outstanding Convertible Debentures by one year, with a resulting maturity date of May 31, 2024 (the "**Maturity Date**"), and to pay the extension fee of $47,063.

At any time during the term of the Convertible Debentures, a holder may elect to convert the outstanding net principal amount, or any portion thereof, into units ("**Units**") at a conversion price of $1.20 per Unit (the "**Conversion Price**").

Each Unit shall consist of one common share of the Company (a "**Common Share**") and one-half of a warrant ("**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 of May 3, 2023, a total of 1,545 Convertible Debentures have been previously converted into Units, resulting in the issue of 1,287,483 Common Shares and 643,746 Warrants. As a result, a total of 1,255 Convertible Debentures remain outstanding as at today's date.

The Company further reports that it intends to extend the term of the previously issued Warrants by one year, to match the revised term of the Convertible Debentures. A total of 643,746 Warrants will now have a term ending on May 31, 2024, the Maturity Date. The extension of the term of the Warrants will be conditional upon the approval of the TSX Venture Exchange (the "**TSXV**").

Additionally, the Company is pleased to report that it has entered into a new Secured Credit Facility Agreement with Orca Holdings, LLC in the amount of up to USD$1 million (the "**2023 Facility**"). Proceeds from the 2023 Facility will primarily be used to continue commission trials at the Company's RapidSX™ Rare Earth Element ("**REE**") Commercial Demonstration Plant located in Kingston, Ontario. Drawdowns on the 2023 Facility will be available in multiples of USD$100,000 and will carry interest at a rate of 10% per annum. All amounts owing under the 2023 Facility will be repayable by December 31, 2023. An administrative loan origination fee equal to 1.5% of the available 2023 Facility will be paid at maturity. A total of 1 million bonus warrants will be issued as consideration for the granting of the 2023 Facility. The warrants will contain a condition precedent to their exercise such that no warrant shall

be exercisable if such exercise would cause the lender's ownership of the Company, as calculated on a partially diluted basis, to exceed 19.99%. The warrants will have an exercise price of $1.20 and a term of 12 months from the date of issue. Each warrant, and underlying share, shall be subject to a restricted period such that the holder must not trade the security before the date that is four months and one day after the date of issue. The issuance of the warrants will be conditional upon the approval of the TSX Venture Exchange (the "**TSXV**").

Orca is wholly owned by Mr. Randy Johnson, a member of Ucore's Board of Directors. The transaction is considered a related party transaction within the meaning of Multilateral Instrument 61-01 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the subject matter of the transaction, nor the consideration paid, exceeds 25% of the Company's market capitalization. No new insiders and no control persons were created in connection with the closing of the transaction. The transaction was reviewed and unanimously approved by the Company's Board of Directors. No special committee was created to negotiate, review and approve the 2023 Facility agreement; rather, the agreement was 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 2023 Facility (other than the loan origination fee, which is associated with the administrative aspects of creating the 2023 Facility and making the funds available), and no commissions or similar fees were paid to any person. This news release and the related material change report are being issued and filed on SEDAR less than 21 days before the date of the 2023 Facility

agreement and the expected drawdown of the initial tranche from the 2023 Facility since the Company was considering and reviewing financing alternatives and the Company eventually selected the least dilutive and most current-shareholder-friendly financing transaction from the alternatives available, which was the 2023 Facility, the terms of which were not settled and confirmed by Orca until May 9, 2023.

Further, the Company is pleased to report that it has engaged InvestorBrandNetwork ("**IBN**"), a multifaceted financial news and publishing company, to provide corporate communications expertise and related services. The Company expects that IBN will leverage its investor-based distribution network of 5,000+ key syndication outlets, various newsletters and other outreach tools to generate awareness of the Company. The Company has engaged IBN until January 2024 at a cost of $19,000 per quarter. The Company has additionally engaged Goldinvest Consulting GmbH ("**Goldinvest**") for a period ending on June 30, 2023 at a total cost of $16,000. Goldinvest will prepare corporate videos and assist with marketing activities in the German market.

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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 has an effective 100% ownership stake in the Bokan-Dotson Ridge Rare Earth Element Project in Southeast Alaska, USA. 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 development of a heavy and light rare-earth processing facility in the US State of Louisiana, subsequent SMCs in Alaska and Canada and the longer-term development of Ucore's heavy-rare-earth-element mineral-resource property at Bokan Mountain on Prince of Wales Island, Alaska. 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/corporateupdate.

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 the disclosure in the press release above, the Company has assumed that it will receive the approval of the TSXV in regard to the extension of the term of the previously issued Warrants by one year (from May 31, 2023 to May 31, 2024), to match the revised term of the Convertible Debentures. The Company has also assumed that it will receive the approval of the TSXV in regard to the issuance of the warrants related to the 2023 Facility. If the TSXV objects or does not provide its

approval for either of these transactions, then the Company will have to negotiate revised terms with the applicable counterparties, and there is no assurance that the parties will reach an agreement that is acceptable to the Company. Regarding the disclosure that is in the "About Ucore Rare Metals Inc." and "About RapidSX™ Technology" sections above, 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.

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