

Ucore Makes Announcement Regarding Convertible Debentures

written by Raj Shah | January 11, 2024

January 11, 2024 ([Source](#)) – [Ucore Rare Metals Inc.](#) (TSXV: UCU) (OTCQX: UURAF) (“Ucore” or the “Company”) is pleased to announce anticipated amendments to, and the extension of, previously-issued convertible debentures with a current maturity of May 31, 2024 (the “**2020 Convertible Debentures**”).

The 2020 Convertible Debentures were originally sold and issued by the Company in May of 2020. On May 21 and 29, 2020, the Company issued 1,280 and 1,520 of the 2020 Convertible Debentures respectively, with a face value of \$1,000 each for total gross proceeds of \$2.8 million. These unsecured 2020 Convertible Debentures bear interest at a rate of 7.5% payable semi-annually and were set to mature on May 31, 2024. As of January 11, 2024, a total of 1,255 of the 2020 Convertible Debentures remain outstanding, of which 600 are held by Concept Capital Management Ltd. (representing a principal amount of \$600,000).

Key conversion features of the 2020 Convertible Debentures were as follows. 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 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.

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 of the Company 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.

The anticipated amendments to the terms of the 2020 Convertible Debentures will be conditional upon confirmatory negotiations with holders of these debentures and 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. No new insiders and no control persons were created in connection with the closing of the transactions.

In addition to the amendments of the terms of the 2020 Convertible Debentures, the Company hereby announces its plans to complete a non-brokered private placement of new convertible debentures for aggregate gross proceeds of \$1.5 million (the "**Offering**"). Proceeds from the Offering are to be used for general working capital purposes.

Pursuant to the Offering, the Company expects to issue 1,500 convertible debentures (the "**2024 Convertible Debentures**") at a price of \$1,000 per 2024 Convertible Debenture. The 2024 Convertible Debentures will bear interest at a rate of 7.5%, payable semi-annually on the last day of June and December of each year, commencing on June 30, 2024. The 2024 Convertible Debentures will have an approximately two-year term with the principal amount being due to be repaid in full by the Company on January 31, 2026. The 2024 Convertible Debentures will be unsecured. At any time during the term of the 2024 Convertible Debentures, a holder may elect to convert the outstanding net principal amount, or any portion thereof, into units at a conversion price of \$0.75 per unit. Each unit shall consist of one common share of the Company and one-half of a warrant, with each whole warrant entitling the holder to acquire a common share at an exercise price of \$1.05 for a period ending on the maturity date of the 2024 Convertible Debentures. The issuance of the 2024 Convertible Debentures, the units and any underlying common shares shall be completed on a private placement and prospectus exempt basis such that the issuances shall be exempt from any applicable prospectus and securities registration requirements. The Company may pay finder's fees related to the Offering to eligible finders. The Company expects to close the Offering on or about January 25, 2024.

Pursuant to NI 45-102, the 2024 Convertible Debentures and any underlying units or common shares to be issued upon conversion or exchange of these securities will be subject to a four-month hold period commencing on the closing date of the Offering. Additional hold periods and/or trading or resale restrictions may also apply in the United States. None of these securities have been or will be registered under the United States' *Securities Act of 1933*, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities, in any jurisdiction in which such offer, solicitation or sale would require registration or otherwise be unlawful.

The above-described transactions are subject to the approval of the Company's Board of Directors. The Company will file a material change report less than 21 days before the expected date of the closings of the transactions since the terms of the transactions were not agreed upon in principal until January 11, 2024.

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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'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 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 TSX Venture Exchange. Regarding any disclosure in the press release above about the Offering of the 2024 Convertible Debentures, the Company has assumed that counterparties will agree to acquire

approximately 1,500 (and potentially up to 2,000) of the 2024 Convertible Debentures based on the terms described in this press release and that the closing of the Offering will be accepted by the TSX Venture Exchange. No formal subscription agreements or cash deposits for the Offering have been received by the Company as at January 11, 2024. 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.

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