



UCORE RARE METALS INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

This Management's Discussion and Analysis of Ucore Rare Metals Inc. ("Ucore" or the "Company"), prepared as of November 28, 2019 provides analysis of the Company's financial results for the period ended September 30, 2019. The following information should be read in conjunction with the interim condensed consolidated financial statements and notes thereto for the period ended September 30, 2019 which are prepared in accordance with International Financial Reporting Standards. All amounts are expressed in Canadian dollars unless otherwise noted.

Forward Looking Statements

This discussion and analysis includes certain statements that may be deemed “forward-looking statements”. All statements in this document (other than statements of historical facts) that address future business development and/or acquisition activities (including any related required financings), timelines, circumstances, operating costs, possible future mineral resource property expenditures, reserve potential, exploration drilling, mineral resource exploitation activities, litigation outcomes, events or developments that the Company expects, 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 Ucore's M3 Plan of Action and the related disclosure, the Company has assumed that it will be able to procure or retain geometallurgy partners and/or suppliers, including a solvent extraction (“SX”) partner or SX supplier for Ucore's expected future Alaska Strategic Metals Complex (“Alaska SMC”). Ucore has also assumed that sufficient external funding will be found to prepare a new NI 43-101 technical report that demonstrates that the Bokan Project is feasible and economically viable for the production of both rare earth elements (“REEs”) and co-product mineral materials and metals and the then prevailing market prices based upon assumed customer off-take agreements. Ucore has also assumed that sufficient external funding will be found to develop the specific engineering plans for the Alaska SMC and its construction. Ucore has also assumed that it will in the near future be able to obtain interim financing and sufficient additional financing to acquire IBC Advanced Technologies, Inc. (“IBC”) in compliance with the terms contemplated in the option to purchase agreement with IBC and its shareholders holding a majority of its shares. Ucore has also assumed that there will be no material adverse findings in its upcoming expected comprehensive due diligence review of IBC. Factors that could cause actual results to differ materially from those in forward-looking statements include: Ucore not being able to procure an SX partner or supplier for the Alaska SMC; Ucore not being able to raise sufficient funds to fund the specific design and construction of the Alaska SMC; adverse capital market conditions; unexpected due diligence findings; unexpected or adverse outcomes in the currently outstanding litigation matters between Ucore and IBC; resistance to or noncompliance by IBC or its key shareholders with the option to purchase agreement; the emergence of alternative superior metallurgy and metal separation technologies; the inability of IBC to retain its key staff members and clients following the closing of the possible acquisition; the inability of IBC to protect its intellectual property following the closing of the possible acquisition; unexpected transaction costs or other deal completion setbacks; a change in the legislation in Alaska and/or in the support expressed by 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.

Overview

Ucore Rare Metals Inc. (“Ucore” or the “Company”) is a company focused on rare and critical metals resources, extraction and beneficiation technologies with near term potential for production, growth, and scalability. The Company has a 100% ownership stake in the Bokan-Dotson Ridge Rare Earth Project. On March 31, 2014, Ucore announced the unanimous support of the Alaska State Legislature for Senate Bill 99 (2014), which authorized the AIDEA to issue up to USD\$145 million in bonds for the infrastructure and construction costs of the Bokan-Dotson Ridge Rare Earth Project.

Ucore's vision and plan is to transition to become a leading advanced technology company that provides mineral separation products and services to the mining and mineral extraction industry. This vision includes the development of the Company's future prospective Alaska Strategic Metals Complex in Southeast Alaska and the development of the Company's rare earth minerals property located at Bokan Mountain in Alaska (an NI-43-101 technical report was filed on SEDAR on March 14, 2013).

2018 Information

On January 30, 2018, the Company announced its intention to eventually create a US Strategic Metals Complex (the “SMC”) in Alaska. The prospective SMC would target the separation of rare earth containing concentrates to coincide with the increasing demand for electric vehicles and the need to provide a domestic supply of individual REE oxides for US commercial and military technologies. Feedstock from locations in the continental US, South America, Africa, Asia, and Australia are under consideration. The SMC could also potentially serve as the separation plant for REEs mined from the Bokan project into individual saleable rare earth oxides. Ucore envisions one or two additional SMCs strategically located within the U.S. to provide domestic supply of REE oxides and other critical metals required to support North American manufacturing and security.

On February 12, 2018, the Company announced that Michael Schrider had been appointed to the position of Chief Operating Officer. This position had been vacant at the Company since the sudden passing of Ken Collison in August 2016. Prior to this appointment, Mr. Schrider was retained by the Company pursuant to a consulting agreement where he fulfilled the role of V.P. Operations and Engineering. Mr. Schrider holds a B.Sc. degree in engineering from the University of New Orleans and is a Registered Professional Engineer in the State of Louisiana.

On March 5, 2018, the Company announced that it is entering its second phase of Alaska SMC due diligence, including: (i) specific site selection within the Ketchikan Gateway Borough, (ii) design engineering, (iii) construction costing (CAPEX), (iv) finalization of input feedstocks from the short - list of competing alternatives, and (v) operational costing (OPEX). In 2014, AIDEA announced a possible investment of up to USD \$145 Million in the Bokan-Dotson Ridge rare earth element project at the discretion of AIDEA. Included in that investment proposal was an allocation for the design and construction of a REE separation facility. The Company intends to submit engineering, business and construction plans for the Alaska SMC under this authorization for consideration, due diligence, review and approval.

On March 7, 2018, the Company entered into a memorandum of understanding (“KRP MOU”) to form a strategic joint venture (“KRP JV”) with Kentucky River Properties LLC (“KRP”). The Company entered into the KRP MOU for the purposes of accessing and processing REE's and strategic metals from the Appalachian Coal Region (“ACR”). Under the KRP JV, the Company and KRP have plans to create and co-own a US-based Limited Liability Company (LLC). KRP will make available its properties containing REE and strategic metals feedstock to the KRP JV, consultative services, and data management regarding the resource. The Company, through its anticipated joint-venture affiliate involving IBC Advanced Technologies, Inc. (“IBC”), will provide REE and strategic metals processing and refining technologies, plant engineering, design, construction and maintenance services, in addition to downstream offtake relationships for the purchase of high purity output products.

On May 7, 2018, the Company announced it has engaged IBC to commence advanced engineering and design procedures for the SMC to be constructed in Alaska as noted above. The advanced engineering and design (E&D) process is intended to culminate in a technical and economical document which will form the basis of financing discussions with the AIDEA.

On June 28, 2018, the Company announced it had completed a non-brokered private placement of 6,899,629 units at \$0.18 per unit, for total proceeds of \$1.24 million. Each unit consists of one common share and one common share purchase warrant. Each warrant gives the holder the right to purchase one common share at an exercise price of \$0.25 for a period of 36 months. Certain insiders of the Company purchased a total of 2,416,667 units for gross proceeds to the Company of approximately \$435,000, which is considered a related party transaction within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions. The net proceeds from the financing are being used for general corporate purposes.

On September 24, 2018, the Company announced it has entered into an agreement to purchase a 6-acre land package in Ketchikan, Alaska for the planned SMC. The Company has terminated the agreement based on preliminary engineering and the property configuration.

On November 6, 2018, IBC Advanced Technologies, Inc. issued a press release announcing the resignation of Mr. Steven R. Izatt, IBC's President and CEO, and Dr. Reed M. Izatt from the Advisory Board of the Company. "IBC has assessed that its goals are no longer aligned with those of Ucore," stated Mr. Izatt. "Although we have enjoyed our association with the Ucore team over the past several years, it has become increasingly apparent that Ucore and IBC are on divergent paths and our continuation in an advisory role would no longer be beneficial." This announcement effectively curtailed the efforts between Ucore and IBC to collaborate with certain research and development projects and with co-developing a joint venture enterprise in accordance with a research agreement between the parties dated April 29, 2014 (as amended). Accordingly, the Company turned its immediate attention to the Company's option to acquire control of IBC. Ucore holds this option pursuant to an agreement dated March 14, 2015 (as amended).

On November 7, 2018, the Company announced its intention to exercise its option to purchase IBC in accordance with the terms previously agreed to by Ucore, IBC, and majority shareholders of IBC, and embodied in the Option to Purchase Agreement dated March 14, 2015, as amended on June 1, 2016 (the "OTP Agreement"). Pursuant to the terms of the OTP Agreement, the Company must deliver a Notice of Commencement ("NOC") to IBC by March 14, 2019 in order to initiate proceedings to complete the acquisition of IBC. The Company delivered the NOC to IBC on February 14, 2019. Consideration paid for the OTP Agreement totaled USD\$650,000, comprised of USD\$300,000 pursuant to the OTP Agreement dated March 14, 2015, plus an additional USD\$350,000 pursuant to an agreement to extend the term of the OTP Agreement dated June 1, 2016. In total, the consideration equates to approximately CAD\$850,000. The Company has retained the services of the international law firm of Dorsey & Whitney LLP as Ucore's U.S. legal counsel (with offices in Utah and Alaska) to facilitate the intended exercise of the Company's option to purchase IBC. Ucore believes that during the years in which IBC and Ucore have been working together, the business potential of IBC in the metals extraction and purification industry has increased immensely. In addition, the financial opportunities and business potential that have emerged in the metals extraction and purification industry generally (especially in regard to technology metals such as lithium, cobalt, tungsten, and many more) have made it compelling for the Company to intend to exercise its option to acquire IBC. Ucore and IBC have exchanged detailed listings about concerns and sensitivities regarding the agreements between them, including concerns related to potential breaches of the understandings therein, the mechanics and deliverables of the due diligence process inherent in the acquisition, as well as expectations regarding the transfer of the ownership of IBC. IBC has stated that it believes that the parties are on divergent paths and has demanded that the Company waive its rights under the Agreements or otherwise terminate the agreements. Subsequent to this, IBC attempted to assert that the Agreements had already been terminated. Certain agreements between the Company and IBC have arbitration clauses that may provide and allow for an orderly and structured forum to resolve these differences. The Company is hopeful that a structured approach to good-faith negotiations, whether that being formal mediation, arbitration or otherwise, will expedite a satisfactory resolution between the parties that will allow for development of the opportunities that both parties envisioned at the onset of engaging in the various agreements amongst these parties.

On December 11, 2018, the Company announced it had completed a non-brokered private placement of 3,333,333 units at \$0.15 per unit, for total proceeds of \$500,000. Each unit consists of one common share and one-half common share purchase warrant. Each warrant gives the holder the right to purchase one common share at an exercise price of \$0.20 for a period of 36 months. Certain insiders of the Company purchased a total of 2,833,333 units for gross proceeds to the Company of approximately \$425,000, which is considered a related party transaction within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions. The net proceeds from the financing are being used for general corporate purposes.

2019 Information

On January 2, 2019, the Company announced the closing of a shares for debt transaction. The Company issued 2,702,702 common shares at a price of \$0.15 cents per common share to settle an aggregate of \$300,000 USD or \$405,405.41 in fees payable to Orca Holdings, LLC for consulting services rendered under a consulting agreement between the parties. Orca Holdings, LLC is an insider of the Company and the issuance of common shares pursuant to the settlement arrangement constituted a related party transaction, as this term is defined in Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions.

On February 14, 2019, the Company issued and announced the Notice of Commencement (“NOC”) to purchase IBC. The delivery of the NOC initiates a 60-day period review during which the Company has the right to conduct a detailed due diligence review of IBC’s operations and financial records (the “Due Diligence”). At any time during this review the Company has the right to issue to IBC a Notice of Positive Due Diligence (“NOP”), which triggers the closing process designed to transfer ownership of the controlling stake in IBC to the Company (the “Closing Process”).

The Closing Process comprises a 60-day period in which the parties are required to complete a purchase agreement (the “Purchase Agreement”) to affect the transfer of ownership of IBC to Ucore (the “Purchase Transaction”).

If for any reason the Parties cannot agree on the terms of a Purchase Agreement; Ucore shall have the right in its sole discretion to:

- i. Arbitration – Require the Parties to submit to binding arbitration proceedings where the arbitrator will resolve any disputes and/or, if requested by Ucore, will select the most reasonable terms for the Purchase Agreement and support documents based upon the intent of the OTP Agreement;
- ii. Continuance – Continue the OTP Agreement until such time as a mutually agreeable Purchase Agreement and support documents can be arrived at between the Parties; or
- iii. Termination – Terminate the OTP Agreement immediately with no further obligations by Ucore.

The Company does not intend to terminate the OTP Agreement. The Company further intends to enforce arbitration proceedings if deemed necessary in its discretion. Subsequent to the Company’s initiation of a court application in Nova Scotia per Ucore press release dated December 11, 2018, IBC filed a complaint in the State of Utah concerning Ucore’s representations and claims against IBC intellectual properties, and the parties are in the process of reviewing and pursuing these respective actions. As previously reported, IBC has officially requested that the Company waive its rights under the OTP Agreement. The Company has already responded that it does not intend to do so, and has the full intention of completing the terms of the OTP Agreement.

The relevant terms of the OTP Agreement and the relationship of the parties are as follows:

Purchase Price: USD\$10 million for 100% of IBC shares, to be paid in either cash or shares of Ucore, at the discretion of each IBC shareholder. The IBC shareholder base is diverse and comprised of multiple individuals and entities. The actual cash requirement may be less than the foregoing amount, depending on the number and proportion of shareholders who elect to obtain shares in Ucore in lieu of cash. No single IBC shareholder will acquire a control position in Ucore pursuant to this transaction.

Key Person Incentive Units: 4 million units of Ucore, to be paid to current IBC Key Persons. Each unit to consist of one common share of the Company plus $\frac{1}{2}$ Common Share Purchase Warrant. Each Common Share Purchase Warrant shall have a strike price equal to the market price of the Company's shares as of the date on which the Purchase Agreement is signed and shall have a term of three years from the date of issue.

Ongoing Performance Incentives: Following the execution of the Purchase Agreement, current IBC employees shall receive performance incentives totaling 7% of IBC's annual EBITDA for each of the first 5 years of operations.

Payments Under Previous Agreements: Payments totaling USD\$2.9 million pursuant to previous agreements between Ucore and IBC must be completed prior to the closing of the Purchase Transaction. To date, Ucore has made advance payments totaling USD\$1.9 million against this amount.

IBC Shareholder Support: Shareholders representing the majority of the outstanding shares of IBC were solicited by IBC to become a party to and sign the OTP Agreement as well as the Extension Agreement, indicating their support for the Purchase Transaction, with a sufficient percentage of the voting shares of IBC for Ucore to issue the NOC and pursue the completion of the transaction. Ucore will take active measures to ensure that all IBC shareholders are given the opportunity to participate in the final Purchase Transaction.

On February 19, 2019, IBC delivered to Ucore a "Notice of Termination of the Option Agreement". IBC alleges that it has the right to terminate the agreement because Ucore has breached the terms of the Option Agreement. The Company does not believe that it has breached the terms of the Option Agreement and does not consider it to be terminated. Additional information regarding actions taken by the Company are discussed below in the Legal Proceedings section.

On April 2, 2019, the Company announced that it has entered into a secured loan agreement with Orca Holdings, LLC (a company wholly-owned by Mr. Randy Johnson). The loan is in the amount of \$3.6 million and the proceeds were used for general working capital purposes, and to set-off or dismiss any short-term amounts owing to Orca Holdings, LLC. The short-term obligations include payments on the sale leaseback, and subsequent repurchase of the Company's Pilot Plant. The loan had a termination date of March 31, 2021. Payments which would have otherwise come due under the lease agreement between April 1, 2019 and June 30, 2019 were added to the principal amount of the loan. The loan had an interest at a rate of 12.5% annually for the first 9 months commencing July 1, 2019 and then at a rate of 15% annually for the 12 months commencing April 1, 2020. In addition to the aforementioned loan, on August 23, 2019 the Company secured a bridge loan in the amount of \$397,500 (\$300,000 USD) from Orca Holdings, LLC which had an interest of 12.5%. On November 6, 2019, the Company repaid in full the principal and interest outstanding on the bridge loan with Orca. In addition, on November 27, 2019, the Company announced that it has repaid \$2,500,000 in principal and accrued interest owing, extended the maturity date of the loan until November 30, 2021, and renegotiated a reduced interest rate of 9%. Furthermore, subject to TSXV approval the Company will issue five million bonus warrants to Orca. Each warrant will entitle Orca to acquire one common share of the Company at an exercise price of \$0.12 during the term ending on November 30, 2021.

The remaining loan amount from Orca Holdings, LLC is secured by a first charge on the Company's assets. The loan transactions involving Orca Holdings are considered related party transactions within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions.

On May 8, 2019, the Company's Board of Directors formally passed resolutions creating: (i) a Special Committee; and (ii) an Independent Committee. Both of these committees are ad hoc sub-committees of the Company's Board of Directors. The Special Committee's mandate includes taking a structured and deliberate approach to: (i) reviewing the Company's financial circumstances and considering the various strategic alternatives that are available to the Company; (ii) considering various traditional and alternative financing opportunities and determining the feasibility of each; and (iii) specifically consider if it would be in the best interests of the Company to proceed with a rights offering in order to raise additional equity capital from the Company's existing shareholders. The Special Committee is also to review and oversee the implementation of any such strategic decisions that are made and to consider and evaluate the terms and conditions of any offers, proposals or any other alternatives involving the Company or any related parties that may be made from time to time for or in respect of the shares, assets or liabilities of the Company. The Special Committee is also empowered to review and provide advice and guidance to the Board as to any matters considered by the Special Committee to be reasonably ancillary to its specific mandate. The members of the Special Committee are: Geoff Clarke (Chair), Pat Ryan, Steven Meister and Jarda Dostal. The Independent Committee's mandate includes: (i) receiving details of, considering and evaluating all of the Company's litigation regarding IBC and to discuss such circumstances with the Company's litigation counsel, any effected or involved parties, and any other relevant persons, organizations or experts, including any consultants and advisors to such persons; (ii) if the opportunity arises, to attempt to negotiate a settlement with IBC on terms that are in the best interests of the Company, having regard to all considerations determined relevant by the Independent Committee, including considerations regarding the status quo, not settling and proceeding with one or more motions, trials and then appeals if necessary; (iii) to provide guidance and instructions to the Company's external legal counsel regarding any material pre-trial strategic decisions regarding such litigation. The members of the Independent Committee are: Pat Ryan (Chair), Steven Meister, Jarda Dostal and Geoff Clarke.

On September 10, 2019 the Company announced the M³ plan of action which consisted of three components:

Component 1 – Mine

Preparation of the Bokan REE resource

From a technical development perspective, the Company is now ready to commence the engineering and permitting required to prepare the Company's Bokan REE resource (the "Mine") which would include an updated financial data/projections in the PEA from the 2013 values to establish the minimum threshold market conditions which would allow mine construction to commence. Furthermore, the updated Bokan economic analysis will factor in co-product metals from the Mine. Results of the Company's co-products study is provided in the Overview of the October 2019 Updated Resource Estimate Using Co-Products section below.

Component 2 – Metal

Preparation of Detailed Planning, Engineering and IP Acquisition for the Alaska SMC

The Company has announced that the Alaska SMC will use a hybrid technology REE processing and separation facility. The Company intends to couple solvent extraction ("SX") with promising aspects of nanotechnology with the intent of maximizing the throughput, efficiency, and purity of the products individual rare earth oxides.

Component 3 – Market

Strategic Development of the North American REE Market

Two primary end markets have been outlined as follows:

1) U.S. Federal Government (“USG”)

One of the Company’s initiatives includes communications with the USG to demonstrate the Company’s ability to provide critical REE’s to U.S. defence systems. The Company has responded to DPA Title III Program request for information, indicating the advancement of the Bokan Mine and its associated processing requirements.

2) Commercial Industry

The commercial industry would include the automotive sector and general manufacturers of a host of American high-technology products such as permanent magnets which are included in high-efficiency electric motors.

On September 10, 2019 the Company announced a Rights Offering (the “RO”) which entitled each holder of Common Shares one transferable (a “Right”) for each Common Share held on the close of business on September 17, 2019 (the “Record Date”). The Right entitled each Right holder to purchase one Common Share at a price of \$0.10 per share (the “Subscription Price”). The Rights expired on October 23, 2019 at 5:00 pm EST. The Company had 284,129,859 Common Shares outstanding which represented maximum total gross proceeds of \$28.41 million.

On October 30, 2019 the Company announced the closing of the rights offering. At closing the Company issued 80,986,555 Common Shares of the Company at the Subscription Price resulting in total gross proceeds of \$8,098,656. Of the shares issued 28,184,191 Common Shares were issued to person who are insiders of the Company, as a group, and 38,268,464 Common Shares were issued to all other persons. A total of 14,433,900 Common Shares were issued pursuant to the additional subscription privilege of the rights offering. Of these, 809,259 Common Shares were issued to persons who were insiders of the Company, as a group, and 13,624,641 Common Shares were issued to all other persons.

Until a decision is made to proceed with the commercial development of one of its mineral properties and such a project becomes operational and revenue generating, or revenue is generated and earned directly or indirectly through the Company’s prospective acquisition of IBC, the annual level of exploration and development expenditures of the Company is fully dependent on the Company’s ability to either raise additional capital through the sale of shares, securities or a form or alternative financing in order to continue to fund the Company’s business activities including its mineral exploration programs and metallurgy technology development efforts.

Legal Proceedings

Original Nova Scotia Complaint

On December 11, 2018, the Company filed a complaint against IBC in the Supreme Court of Nova Scotia (the “NSSC”), seeking damages for defamation, injurious falsehood and unlawful interference with the Company’s economic relations (the “Original Claims”) arising primarily from a press release in which IBC (falsely) stated that the parties had terminated the Option Agreement.

On January 15, 2019, the parties appeared before the NSSC for a Motion for Directions. IBC did not raise any jurisdictional issues. The parties agreed that IBC would file its Notice of Contest and any Respondents’ claim by February 5, 2019, and that the Company would file its Notice of Contest to Respondents’ Claim by February 19, 2019.

IBC then sought, and obtained, a consent order extending the deadline to file its pleadings to February 22, 2019, (the “Consent Order”).

On February 14, 2019, Ucore triggered the purchase process under the Option Agreement by issuing the Notice of Commencement.

On February 19, 2019, IBC purported to terminate the Option Agreement.

By February 22, 2019, IBC had not complied with the Consent Order to file its pleadings.

On February 25, 2019, the Company sought an emergency interim injunction *inter alia* enjoining IBC from “taking any steps, or conducting any business, or transacting with any third parties in such a manner as to prevent or preclude (or effectively prevent or preclude) [Ucore] from fully or effectively exercising its asserted and disputed rights under the Option Agreement.” IBC ultimately consented and the Order was issued on February 27, 2019, (the “Interim Injunction”), subject to an interlocutory injunction hearing scheduled for March 20, 2019. Until this hearing the NSSC has ordered that:

- 1) Pending the hearing of an interlocutory injunction, IBC shall be enjoined from:
 - a) taking any further steps to issue additional notices to terminate the Option Agreement or taking steps in reliance upon (or further to) the Notice of Termination;
 - b) taking any steps, or conducting any business, or transacting with any third parties in such a manner as to prevent or preclude (or effectively prevent or preclude) Ucore from fully or effectively exercising its asserted and disputed rights under the Option Agreement.
- 2) Nothing in this Order prohibits IBC from carrying on and marketing its business in the ordinary course of business, so long as such is in compliance with the terms of the Option Agreement.
- 3) Pending the hearing of the interlocutory injunction, Ucore shall similarly be enjoined from enforcing its asserted and disputed rights under the Option Agreement, and that any such rights shall be suspended on the understanding that the Ucore’s rights under the Option Agreement shall be preserved during such time as this injunction remains in place.

On March 6, 2019, the Company filed its motion materials for the interlocutory injunction, and moved to amend its pleadings to include additional claims in response to IBC’s purported termination of the OTP Agreement (the “Amended Claims”).

On March 13, 2019, IBC wrote to the NSSC stating that it did not oppose the interlocutory injunction, and that it did not oppose issuance of the Amended Claims.

On March 18, 2019, IBC changed its legal counsel in Nova Scotia, and then IBC sought to adjourn the interlocutory injunction because IBC had reversed its position and now intended to contest it.

On March 20, 2019, IBC and its new counsel sought and received an adjournment of the interlocutory injunction. The Interlocutory injunction hearing date was eventually scheduled to April 30, 2019.

On March 25, 2019, the Company’s motion to amend the Original Claims was approved. IBC did not consent but did not oppose. IBC indicated that they are contesting jurisdiction in the Court – but only the amended “contractual” claims; not the original defamation claim.

The Amended Claims were issued at a further Motion for Directions on April 1, 2019. Ucore also moved at that time to convert the proceedings to an action, and to refer the matter to case management. Both of these requests were granted in two separate orders issued on April 18, 2019.

IBC's jurisdictional challenge was heard on April 23, 2019. IBC did not contest the NSSC's jurisdiction over the Original Claims; IBC only contested jurisdiction over the Amended Claims. In a decision from the bench, the NSSC found that the NSSC had jurisdiction over the Amended Claims and that it was the most convenient forum. Written reasons were provided on April 26, 2019. Additionally, the Company was awarded court costs to be paid by IBC, and IBC was instructed to file its defence by May 17, 2019.

On April 24, 2019, IBC sought leave to appeal the NSSC's April 23, 2019, jurisdictional decision.

On April 26, 2019, in seeking a stay of proceedings pending appeal, IBC wrote to the Nova Scotia Court of Appeal (the "NSCA") and voluntarily agreed to file their complete pleadings within 10 calendar days of the NSCA releasing its decision. There were no caveats or exceptions to that agreement. On that basis, the Company consented to stay the NSSC proceedings pending the outcome of the hearing at the NSCA.

The NSCA heard the appeal on an expedited basis on June 19, 2019, and reserved its decision.

On September 10, 2019, through the case management process, the parties agreed to an interlocutory injunction hearing date of December 4, 2019, subject to a timely decision of IBC's appeal by the NSCA.

On October 9, 2019, the NSCA rendered its decision and found in Ucore's favour. In the result, the NSCA held that the NSSC has jurisdiction over the Amended Claims and that it is the most convenient forum. The result of this decision was that IBC's defence and counterclaims (if any) were due in the NSSC by October 21, 2019.

On October 10, 2019 IBC began a series of efforts seeking leave to file an appeal with the Supreme Court of Canada and seeking a corresponding stay of the NSSC proceedings. These efforts started with a request for an emergency hearing before the NSCA.

On October 11, 2019, the NSCA denied IBC's request for an emergency hearing.

On October 16, 2019, IBC filed:

- (a) Notice of Application for Leave to Appeal (incomplete); and
- (b) Motion record for a Stay pursuant to section 65.1 of the *Supreme Court Act* and Rule 62 of the *Rules of the Supreme Court of Canada*

On October 18, 2019 the Supreme Court of Canada issued an order dismissing IBC's request for stay of the NSSC proceedings. The submitted Notice of Application for Leave to Appeal remains incomplete.

On October 21, 2019, IBC filed its defense in the NSSC against the original December 11, 2018 pleading (as amended on April 1, 2019). This filing marks the commencement of the disclosure of documentation period leading to examinations for discovery.

On October 23, 2019 the NSSC confirmed the interlocutory injunction hearing is set to be heard on December 4, 2019.

Second Nova Scotia Complaint

On August 30, 2019 the Company filed a separate civil action in the NSSC responding to a series of tactical, malicious, and erroneous public assertions made by IBC and Mr. Steven R. Izatt regarding the Company and its executives. The Company has 1 year from the date of filing to serve this complaint.

First Utah Complaint

On January 4, 2019, the Company was served with a complaint, filed by IBC in the Third District Court, Salt Lake Division, Salt Lake County, State of Utah (“Utah State Court”), against the Company, Jim McKenzie, Mark MacDonald, Randy MacGillivray, and John Does I and II, seeking damages of no less than USD\$20 million (the “First Utah Complaint”).

The First Utah Complaint alleges misappropriation of trade secrets; trademark infringement; unfair competition; defamation; false light; tortious interference with economic relations; and unjust enrichment.

On February 27, 2019 the Company moved to dismiss the First Utah Complaint for want of jurisdiction.

On May 9, 2019, IBC sought a temporary restraining order (“TRO”) and a preliminary injunction against the Company. The TRO sought to bar the Company and the individual defendants from using, displaying or imitating IBC’s trademarks; misappropriating IBC’s trade secrets; making inaccurate or misleading statements about Mr. Izatt, IBC, IBC’s trade secrets, and IBC’s trademarks; sharing confidential or other proprietary information; and referring to Mr. Izatt as the Company’s “Qualified Person” or otherwise relying on Mr. Izatt’s name in the discussion of the scientific or technical content disclosed in the Company’s financial disclosures. It also sought to require the Company to issue a press release publishing the content of the Utah State Court’s order.

On May 23, 2019, the Company’s motion to dismiss the First Utah Complaint was heard in the Utah State Court and the Judge granted an oral decision, that same day, granting the Company’s motion to dismiss. As a result, IBC’s TRO motion was denied as moot.

On June 25, 2019 IBC filed a motion for leave to amend the First Utah Complaint. IBC also provided a draft of the proposed amended complaint, which sought to:

- (a) Add Peter Manuel (the Company’s VP & CFO) and Michael Schrider (the Company’s COO) as defendants;
- (b) Bring new claims of fraud, breach of contract, negligent misrepresentation, and civil conspiracy; and
- (c) Expand the existing claims to include “aiding and abetting”.

On September 22, 2019, IBC filed a Renewed Motion for Preliminary Injunction seeking to bar the Company and the individual defendants from misappropriating IBC’s trade secrets; disclosing trade secrets or other proprietary information; displaying IBC’s trademarks, from making misleading statements regarding IBC, Mr. Izatt, the Company’s relationship with IBC, IBC’s trade secrets, and IBC’s trademarks; competing directly or indirectly with IBC in the rare metals, tailings remediation, and catalytic converter recycling sectors; and using Mr. Izatt’s name and credentials in management discussion and analysis reports. It also sought an order requiring the Company to return all of IBC’s confidential information and to publish the contents of the Utah State Court’s order in a press release.

On September 23, 2019, the Utah State Court issued written reasons and an Order denying IBC’s motion for leave to amend the First Utah Complaint, and affirming the earlier oral decision to dismiss the First Utah Complaint for want of jurisdiction. The Order also rendered IBC’s Renewed Motion for Preliminary Injunction moot; thus, the Utah State Court declined to consider it.

On October 18, 2019, IBC filed a notice of appeal from the Order issued on September 23, 2019.

On November 8, 2019 IBC filed a Docketing Statement in The Utah Court of Appeals.

As of as of November 28, 2019, the Parties are awaiting a brief filing schedule from The Utah Court of Appeals.

Second Utah Complaint

On February 19, 2019, IBC filed a second complaint in Utah State Court, against the Company, Jim McKenzie and Peter Manuel, seeking relief in excess of USD\$40 million (the "Second Utah Complaint").

The Second Utah Complaint alleges breach of contract; breach of implied covenant of good faith and fair dealing; negligent misrepresentation; fraudulent concealment or fraudulent nondisclosure; breach of fiduciary duty; unjust enrichment; and fraudulent inducement.

On April 3, 2019, the Company moved the Second Utah Complaint to the U.S. District Court, District of Utah ("Federal Court").

On April 10, 2019, the Company filed a motion to dismiss or, in the alternative, to stay the Second Utah Complaint in order to respect international comity with litigation the Company had previously commenced in Nova Scotia on December 11, 2018 (amended April 2, 2019) in the NSSC.

On September 19, 2019, the Company's motion to dismiss was heard in Federal Court and a decision was reserved.

On October 21, 2019, IBC moved to amend the Second Utah Complaint to:

- (a) Remove Mr. McKenzie and Mr. Manuel as defendants;
- (b) Add Christopher Campbell, one of the Company's shareholders, as a defendant; and
- (c) Add 15 new causes of action, including several which overlapped with the First Utah Complaint: misappropriation of trade secrets, trademark violations, unfair competition, defamation, tortious interference with economic relations, and conspiracy.

On October 22, 2019, IBC moved for a preliminary injunction in the Second Utah Complaint. This request for injunction sought to enjoin the Company from misappropriating IBC's trade secrets; disclosing IBC's trade secrets; using and displaying IBC's trademarks; making inaccurate or misleading statements about IBC, Mr. Izatt, or their trade secrets and trademarks; competing directly or indirectly with IBC in the rare metals, tailings remediation, and catalytic converter recycling sectors; and using Mr. Izatt's name and credentials in MD&A reports. It also sought an order requiring the Company to return all of IBC's confidential information and to publish the contents of the Court's order in a press release.

On October 25, 2019, the Federal Court denied the Company's motion to dismiss or, in the alternative, to stay.

On October 30, 2019, the Company moved to strike IBC's motion for a preliminary injunction, on the basis that it was predicated on claims for which IBC had not yet received leave to file and against a party (Mr. Campbell) whom IBC had not yet received leave to join.

On October 31, 2019, the parties appeared before the Judge for a status conference. The Court informed the parties it would not consider the motion for preliminary injunction until after the motion to amend is heard. The Court further extended the Company's time to respond to the motion for preliminary injunction until fourteen days after resolution of the motion to amend.

On November 6, 2019 the Company filed its opposition to IBC's motion for leave to file amended complaint.

On November 11, 2019 IBC filed its reply in support of IBC's motion for leave to file amended complaint.

The motions related to the leave to amend are before the Federal Court awaiting its determination.

Third Utah Complaint

On October 18, 2019 IBC filed a third complaint in Utah State Court. This complaint was brought against Ucore's COO, Michael Schrider, and an unrelated Delaware company, 6th Wave Innovations Corp. ("6th Wave"), seeking relief in excess of USD \$20 million (the "Third Utah Complaint").

The Third Utah Complaint alleges misappropriation of trade secrets under the Utah Uniform Trade Secrets Act; common law fraud; negligent misrepresentation; breach of contract; unjust enrichment; and conspiracy.

Also, on October 18, 2019, IBC sought (and obtained on an ex parte basis) a TRO in the Third Utah Complaint. That TRO sought to enjoin Mr. Schrider and 6th Wave from misappropriating IBC's confidential information and trade secrets; from disclosing IBC's confidential information and trade secrets; and from conducting business with any person or entity who utilizes or attempts to utilize IBC's confidential information and trade secrets. The TRO also sought an order requiring Mr. Schrider and 6th Wave to return any trade secrets or confidential information in their possession or that they shared with third parties.

On October 23, 2019, Mr. Schrider filed a motion to dissolve the TRO on the basis that it was improperly obtained and served (and also on the basis that it was neither necessary nor urgent).

On October 24, 2019, IBC filed its opposition to the motion to dissolve the TRO.

On October 28, 2019, while the TRO hearing was ongoing, 6th Wave removed the Third Utah Complaint to Federal Court. The TRO expired at 4:23 p.m. M.D.T. that day.

Despite the TRO's expiry on October 28, 2019, IBC filed a motion to hold Mr. Schrider in contempt of that TRO on October 30, 2019.

On November 4, 2019, Mr. Schrider filed a motion to dismiss IBC's complaint.

On November 5, 2019 a preliminary injunction hearing was set for December 16, 2019.

On November 18, 2019 Mr. Schrider filed (i) Opposition to the Motion for TRO and Preliminary Injunction; (ii) Opposition to Motion for Expedited Discovery; and (iii) Opposition to Motion for Order to Show Cause re Contempt.

On November 18, 2019, IBC filed its First Amended Complaint to attempt to correct the deficiencies noted in Mr. Schrider's motion to dismiss.

The amended Third Utah Complaint now alleges misappropriation of trade secrets under the Utah Uniform Trade Secrets Act; and breach of contract. Seeking relief in excess of USD \$20 million.

On November 25, 2019, IBC filed its reply memorandum to the Company's (1) Opposition to the Motion for TRO and Preliminary Injunction; (2) Opposition to Motion for Expedited Discovery; and (3) Opposition to Motion for Order to Show Cause re Contempt.

On November 26, 2019, Mr. Schrider filed a motion to dismiss IBC's complaint.

A hearing on the motions before the Federal Court is set to be heard on December 16, 2019.

Legal Proceedings Summary

In summary, as of November 29, 2019, there are five separate ongoing civil litigation matters between IBC (some which include Steven R. Izatt) and Ucore (and/or several of its executives). These matters are:

1. A matter initiated in December 2018 pursuant to an application (now an action) by Ucore in Halifax, Nova Scotia, Canada. Ucore's lead legal counsel for this matter is Cox & Palmer in Halifax, NS.
2. A matter initiated in January 2019 pursuant to a complaint by IBC in Salt Lake City, Utah, USA. Ucore's lead legal counsel for this matter is Dorsey & Whitney LLP in Salt Lake City, Utah.
3. A matter initiated in February 2019 pursuant to a complaint by IBC in Salt Lake City, Utah, USA. Ucore's lead legal counsel for this matter is Dorsey & Whitney LLP in Salt Lake City, Utah.
4. A matter initiated in August 2019 pursuant to an action by Ucore in Halifax, Nova Scotia, Canada. Ucore's lead legal counsel for this matter is Cox & Palmer in Halifax, NS.
5. A matter initiated in October 2019 pursuant to a complaint by IBC in Salt Lake City, Utah, USA. Ucore's lead legal counsel for this matter is Dorsey & Whitney LLP in Salt Lake City, Utah.

Ucore plans on pursuing its claims against IBC, including the specific performance of various contractual obligations and/or recovering damages, while at the same time vigorously defending the Company and its executives against IBC's unfounded claims.

Rare Earth Processing

The Company had an agreement to, among other things, create a joint venture corporation with IBC (the "Research Agreement") dated April 29, 2014 (as amended). The prospective joint venture company would have acquired, through a supplier agreement with IBC, the exclusive rights to IBC's MRT process for rare earth separation among other applications. In the third quarter of 2018, the Company notified IBC of multiple breaches under the Research Agreement and IBC has failed to remedy the breaches. Notwithstanding its own breaches, on November 14, 2018 IBC threatened that it would perform no further work under the Research Agreement between the parties unless and until the Company agreed to terminate the Research Agreement. Furthermore, IBC has effectively terminated the Research Agreement when it filed suit for damages for breach of that agreement on February 19, 2019. Despite IBC's representations and prior legal position, IBC has sought to selectively enforce provisions of the Research Agreement in an attempt to limit the Company's ability to do business. The Company has decided to focus on the OTP Agreement and, as a result of IBC's breaches and actions, the Company formally terminated the Research Agreement on October 30, 2019.

Pursuant to early-stage services that were provided pursuant to the Research Agreement, MRT technology has been used by the Company to separate the entire suite of rare earth elements ("REE"), except promethium, from Bokan ore with minimum purities of 99% (see press releases on March 2, 2015 and April 28, 2015). MRT is a proven technology that is used extensively around the world in non-REE mining applications; IBC and Ucore have adapted this technology for use in the rare earth industry. This has the potential to provide a clean and cost-effective alternative to traditional solvent extraction technology for not only Ucore, but also for other companies developing a primary rare earth mine or with the potential to produce rare earths as a secondary revenue stream in an already established operation.

Ucore contracted IBC to design and construct an MRT pilot plant. The completion of this pilot plant was announced on March 7, 2016. The total cost of the pilot plant was approximately \$2.9 million. Since the announcement of the completion of construction of the pilot plant a number of milestones regarding Bokan Ore have been achieved, as detailed below:

Rare Earth Class Separation from Gangue Metals - The REE, as a group, have been separated from the impurity metals in the pregnant leach solution (“PLS”) (“Gangue Metals”). The Gangue Metals are non-REE constituents such as iron, thorium, uranium, zinc, copper, nickel, titanium, zirconium, and other trace base metals. This early-stage separation of REE from Gangue Metals distinguishes the pilot plant from other, less selective technologies such as solvent extraction and ion exchange (“Legacy Separation Technologies”). In the case of Legacy Separation Technologies, Gangue Metals are co-extracted with the REE, necessitating the use of excessive separation stages downstream in order to achieve the same purity levels obtained by MRT.

Rare Earth Element Recovery – The REE, as a group, have been recovered at the > 99% level, leaving essentially no REE in the tailings. This accomplishment replicates prior lab-scale work, permitting practically all of the REE originally present in the PLS to be available for commercial utilization. Legacy Separation Technologies result in appreciable quantities of REE remaining in the tailings.

Separation of Scandium - Scandium has been separated at the >99% level from the other REE, leaving essentially no Sc in the PLS. This separation replicates prior lab-scale work. The purified group of REE originally present in the PLS, absent the Sc, is now available for further separations.

Separation of HREE and LREE Classes - The PLS has now been separated into two classes of REE: heavy REE, comprised of samarium to lutetium (“HREE”) and light REE, comprised of lanthanum to neodymium plus yttrium (“LREE”). The class separations have been achieved at 99%+ purity and 99%+ recovery.

Separation of Dy and Ho Sub-Groups from HREE Class - The separation of the two Sub-Groups was achieved at 99%+ purity and 99%+ recovery.

Production of 99.99% Dysprosium from Dy Sub-Group - 99.99% Dysprosium has been produced from the PLS. The pure Dy was recovered from the Dy Sub-group of the HREE class consisting of samarium-lutetium.

Although Steven R. Izatt, President and CEO of IBC, did not review this Q3 2019 MD&A document during its preparation or prior to its filing, the scientific and technical content of this section of the MD&A regarding the use of MRT to separate and separate REEs from Bokan materials was written by the Company’s management based upon information provided to the Company by IBC that was prepared under the supervision of Mr. Izatt. Mr. Izatt was previously a member of the Company’s Advisory Committee until he resigned from that role on November 6, 2018. Mr. Izatt is a Registered Member of the Society for Mining, Metallurgy, and Exploration, holds a B.A. degree in Chemistry from Brigham Young University (“BYU”), as well as an M.S. in Chemical Engineering Practice and an M.S. in Technology and Policy, both from the Massachusetts Institute of Technology (“MIT”).

In addition, as discussed in the Overview section above, the Company has started preliminary work around the creation of a Strategic Metals Complex in Alaska that was originally intended to utilize MRT. However, as per the Company more recent mine-to-metal-to-market (M3) plans, the prospective SMC is expected to utilize traditional solvent extraction (SX) technology with the possibility of utilizing a nanotechnology or other new technology if, as or when such circumstances may be procured. As of September 30, 2019, the Company has incurred approximately \$641,484 (\$492,800 USD) in costs associated with the SMC in association with the PGM facility.

Resource Property Interests

In addition to the aforementioned initiatives, Ucore’s primary focus during the period and recent years has been the Bokan-Dotson Ridge REE property in Alaska, where the Company has incurred the majority of its mineral exploration expenditures for the past several years. Ucore’s strategy continues to be, to the extent possible, to progress its properties, to seek strategic opportunities for the advancement of its properties or to release the properties. A detailed schedule of the Company’s deferred exploration costs for the period ended September 30, 2019 is included in Schedule “A”.

Bokan-Dotson Ridge, Alaska

In 2006, the Company acquired the right to the Bokan Mountain property through five separate option agreements to acquire a 100% interest in a parcel of unpatented mineral claims from underlying owners and through staking a 100% interest in an additional parcel of prospective ground. The option agreements provide for the Company to acquire a 100% interest in the optioned claims in exchange for total remaining payments of US\$90,000. The five vendors will retain Net Smelter Royalties ("NSR") ranging from 2% to 4% on their specific claims. The Company has the right to purchase between 33% and 100% of the NSR for cash payments of US\$500,000 to US\$1,000,000 per vendor.

Ucore's Bokan Mountain project is located on Prince of Wales Island, Alaska, approximately 60 km southwest of Ketchikan, Alaska and 140 km northwest of Prince Rupert, British Columbia, with direct ocean access to the western seaboard and the Pacific Rim. The project is situated in the Tongass National Forest, within an area set aside for natural resource development.

On November 28, 2012, the Company reported the results of the Preliminary Economic Assessment ("PEA") completed by Tetra Tech of Vancouver, BC, regarding the Dotson Ridge Zone of the Company's Bokan Mountain heavy rare earth property in Southeast Alaska. A copy of this PEA (a NI 43-101 technical report) was filed on SEDAR on March 14, 2013.

Overview of the October 2019 Updated Resource Estimate Using Co-Products

On October 15, 2019, the Company provided an updated resource estimate including the identification of the tonnes (Table 1 and 2) and the corresponding grades (Tables 3 and 4) of additional critical metal co-products. At a total rare earth oxide ("TREO") cut-off grade of 0.40 percent, an additional 38.5 thousand tonnes of the critical and strategic metals, including niobium (Nb), zirconium (Zr) beryllium (Be), hafnium (Hf), titanium (Ti) and vanadium (V) have now been added to the Resource at Bokan. The October 2019 study did not increase the overall tonnage of the deposit relative to the May 2015 resource update; it only quantified the occurrence of co-product metals within the resource established in 2015.

Table 1: Indicated Resource (including Sensitivity Analysis) – upgrade tonnage (TREO are May 11, 2015 values):

TREO CUT-OFF	TONNES	Nb (Tonnes)	Zr (Tonnes)	Be (Tonnes)	Hf (Tonnes)	TiO2 (Tonnes)	V (Tonnes)	TREO (Tons)
0.20	5,786,500	2,435	10,680	259	214	20,831	535	35,209
0.30	5,411,900	2,371	9,933	251	198	19,862	515	34,183
0.40	4,787,900	2,205	9,001	231	178	17,715	464	31,772
0.50	3,532,900	1,774	6,910	185	137	13,354	367	25,430
0.60	2,110,100	1,186	4,341	121	85	7,850	222	16,868

Table 2: Inferred Resource (including Sensitivity Analysis) – upgraded tonnage (TREO are May 11, 2015 values):

TREO CUT-OFF	TONNES	Nb (Tonnes)	Zr (Tonnes)	Be (Tonnes)	Hf (Tonnes)	TiO2 (Tonnes)	V (Tonnes)	TREO (Tons)
0.20	1,200,100	533	2,265	52	43	5,112	127	7,467
0.30	1,136,400	521	2,125	51	40	4,955	125	7,316
0.40	1,050,000	493	1,992	48	37	4,652	118	6,979
0.50	820,400	407	1,607	39	29	3,716	95	5,833
0.60	507,300	271	1,070	23	19	2,359	56	3,954

Table 3: Indicated Resource (including Sensitivity Analysis) – grades (TREO are May 11, 2015 values):

TREO CUT-OFF	TONNES	Nb (PPM)	Zr (PPM)	Be (PPM)	Hf (PPM)	TiO2 (%)	V (PPM)	TREO (%)
0.20	5,786,500	421	1,846	45	37	0.360	92	0.552
0.30	5,411,900	438	1,835	46	37	0.367	95	0.573
0.40	4,787,900	460	1,880	48	37	0.370	97	0.602
0.50	3,532,900	502	1,956	52	39	0.378	104	0.653
0.60	2,110,100	562	2,057	57	40	0.372	105	0.725

Table 4: Inferred Resource (including Sensitivity Analysis) -grades (TREO are May 11, 2015 values):

TREO CUT-OFF	TONNES	Nb (PPM)	Zr (PPM)	Be (PPM)	Hf (PPM)	TiO2 (%)	V (PPM)	TREO (%)
0.20	1,200,100	444	1,887	44	36	0.426	106	0.567
0.30	1,136,400	459	1,870	45	35	0.436	110	0.584
0.40	1,050,000	470	1,897	46	35	0.443	112	0.603
0.50	820,400	496	1,959	47	36	0.453	115	0.645
0.60	507,300	534	2,110	46	38	0.465	111	0.707

Qualified Persons

The technical disclosures in this section of this MD&A were written by the Company's management based upon information provided to the Company and approved by James Robinson, P. Geo., an independent geologist with Aurora Geosciences.

Cautionary Notes

Please note that the PEA is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Expenditure on Bokan

Expenditures on metallurgy for the period to date totalled approximately \$13,000. Approximately an additional \$142,000 was spent on environmental and permitting work during the period which includes the general carrying cost of the property.

In total, the Company incurred expenditures totalling approximately \$155,000 on the project during the period ended September 30, 2019.

Seagull Tin, Yukon

The Company holds an option on a 100% interest in the Seagull Tin property located in the Southwestern Yukon pursuant to an agreement dated September 23, 2014. The options can be exercised on the second anniversary of the agreement for the lesser of 500,000 shares of the Company or 2% of the outstanding shares of the Company at that date. The Company's optional interest is subject to a 1.5% NSR, on which a \$200,000 advance payment is due on the fourth anniversary of the option agreement. The Company was required to perform at least \$250,000 of exploration work before the second anniversary; this work was completed in 2014. Due to uncertain plans for future development, the Company recorded an impairment charge of \$251,994 in 2016, writing down the carrying value of the Seagull Tin property to \$nil. The Company does not consider the Seagull Tin property to be a material property to the Company and the Company does not have a NI 43-101 technical report for this property.

Selected Annual Information

The following annual information is prepared in accordance with International Financial Reporting Standards. Amounts are reported in thousands of Canadian dollars, except for per share amounts.

	For the year ended December 31, 2018 \$	For the year ended December 31, 2017 \$	For the year ended December 31, 2016 \$
Net loss	4,766	4,883	5,396
Loss per share – basic and diluted	0.02	0.02	0.02
Total assets	46,051	45,776	48,577

Results of Operations

The Company has no operating revenues. The Company is dependent on equity or other external financings to fund the Company's mineral exploration and evaluation operations, to fund the Company's prospective acquisition of IBC under the OTP Agreement (and fund the current litigation matters involving IBC), to fund the Company's evaluation and intended development of the Company's Alaska Strategic Metals Complex (SMC), to fund the company's pursuit and development of the Company's mine-to-metals-to-market (M3) plan, and also to fund all of the Company's general, administrative, interest and other costs. As a result, the Company expects to incur operating losses until such time as either: (i) an economic mineral resource is identified, developed and put into profitable commercial production on one or more of the Company's mineral properties; (ii) the Company completes the purchase of IBC and the resulting consolidated entities become commercially profitable; (iii) the Alaska SMC becomes designed, constructed and then eventually operational to the extent that it generates net profits; or (iv) the Company profitably sells one or more of its core assets.

During the nine-month period ended September 30, 2019, the Company incurred a net loss before income taxes of approximately \$2.32 million compared to a net loss before incomes tax of \$3.47 million for the nine-month period ended September 30, 2018 a decrease of approximately \$1.15 million. Operating expenses totalling approximately \$2.03 million were recognized during the nine months ended September 30, 2019 compared to \$3.14 million in the comparable prior period. The decrease in operating expenses is a result of reduced expenditures for investor relations and marketing, salaries and consultants, share based payments, and travel. The reasons for each of these variances are discussed below. The difference between the operating expenses and the loss before incomes taxes is the result of foreign exchange fluctuations, a loss on disposal of a resource property asset, accretion expense and a loan discount attributable to the financing that occurred during the period.

The Company recorded salaries and consultant expenditures of approximately \$697,000 for the nine-month period ended September 30, 2019, which is a decrease of approximately \$305,000 from the comparable prior period. The reason for the decrease is that the Company's management has taken several initiatives to reduce the Company's salaries and consultant costs through a cost sharing agreement with an unrelated company and also by implementing various selected part-time employment arrangements.

Professional services for the Company remained consistent with the comparable prior period and consisted of expenditures relating to the ongoing legal claims as noted in the legal proceedings section above.

The Company recorded non-cash stock-based compensation expense of approximately \$30,000 attributable to the estimated value of stock options and deferred share units earned and vested during the period. The expense recorded is net of approximately \$22,000 as a result of forfeitures during the period. In the prior period the Company recorded an expense of approximately \$511,000 resulting in a difference of approximately \$481,000. The difference period over period is largely attributable to size and timing of the options granted in prior periods.

During the nine months ended September 30, 2019 the Company recorded interest expense on lease liabilities of approximately \$16,000 and amortization of approximately \$66,000 as a result of a change in an accounting policy. Further details of the change are discussed in "Changes in Accounting Policies including Initial Adoption" below. The remaining interest expense of approximately \$313,000 is related to the previously existing pilot plant finance lease and the loan payable.

Expenditures on investor relations and marketing decreased by approximately \$94,000 from the comparable prior period. The decrease is a result of cost reduction initiatives made by the Company during the period.

Travel expenditures decreased by approximately \$126,000 between the two periods. The decrease is a result of less travel between Salt Lake City and the Company's head office in Halifax and general cost reduction initiatives taken by management during the current period.

During the period the Company recorded the remaining amortization related to a derivative asset, its option to purchase IBC, of approximately \$46,000.

During the period the Company disposed of a barge that was included in resource properties and recorded a loss on disposal of approximately \$111,000.

On March 30, 2019, the Company entered into a secured loan agreement with Orca Holdings, LLC. Pursuant to the terms of the secured loan agreement, interest is to be paid monthly and the principal repaid in full on March 31, 2021. The loan will bear interest at a rate of 12.5% annually for the first 9 months commencing July 1, 2019 and then at a rate of 15% annually for the 12 months commencing April 1, 2020. The Company used an effective interest rate of 15% which is similar to comparable borrowing arrangements in the marketplace and arrangements previously achieved by the Company. The financing benefits have been recorded as a loan discount of approximately \$195,000 and the Company recorded approximately \$155,000 in accretion expense during the period ended September 30, 2019. In late November 2019, the Company repaid CAD\$2.5 million in principal and the parties agreed to amend the terms of the loan to extend the maturity date to November 30, 2021 and reduce the interest rate to 9% in consideration for issuing 5 million warrants to Orca Holdings, LLC with an exercise price of CAD\$0.12 (representing a 20% premium over the prevailing market price at the time of the amendment) and an expiry date of November 31, 2021

The Company recorded a foreign exchange gain of approximately \$102,000 during the nine months ending September 30, 2019 versus a loss of approximately \$48,000 during the comparable prior period in 2018. As the Company continues to deal in both the Canadian and United States currencies, the Company may continue to incur foreign exchange gains and losses arising from changes in the value of the United States dollar relative to the Canadian dollar.

Summary of Quarterly Results

Expressed in thousands of dollars, except per share amounts	9/30/19 \$	6/30/19 \$	3/31/19 \$	12/31/18 \$	9/30/18 \$	6/30/18 \$	3/31/18 \$	12/31/17 \$
Net loss	814	553	826	1,293	1,153	1,080	1,240	1,877
Loss per share – basic and diluted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Total Assets	45,291	44,886	45,604	46,051	44,807	46,046	45,204	45,776

During the third quarter of 2019 the Company incurred a net loss of approximately \$814,000 compared to a net loss of \$1.1 million for the comparable prior period. The decrease in net loss is mainly attributable to the decrease professional services, share based payments, travel, and the fair value adjustment of the derivative asset. The decrease was partially offset by the accretion expense in the current period of approximately \$24,000 as a result of the loan with Orca Holdings, LLC. There was a decrease in share-based payments of approximately \$115,000 as result of the timing and quantity of options granted in the prior period. Travel expenditures in the current period were approximately \$19,000 compared to approximately \$81,000 in the comparable prior period as a result of decreased travel to Salt Lake City and costs initiatives by the Company to reduce costs. The Company's

foreign exchange expense relates largely to the finance lease obligation and loan payable which is adjusted for effects of foreign exchange and therefore the Company realized a loss of approximately \$40,000 in the current period due to changes in the value of the United States dollar relative to the Canadian dollar.

During the second quarter of 2019 the Company incurred a net loss of approximately \$553,000 compared to a net loss of \$1.08 million for the comparable prior period. The decrease of approximately \$527,000 in net loss during the second quarter of 2019 is largely attributable to a decrease in share-based payments as a result of the timing and quantity of options granted in the prior period and a decrease in salaries and consultants expense as the Company's management has taken several initiatives to reduce the Company's salaries and consultant costs through a cost sharing agreement with an unrelated company. Further details of the variances between the second quarter of 2019 and 2018 are discussed above in Results of Operations.

In the first quarter of 2019 the Company incurred a net loss of approximately \$826,000 compared to a net loss of \$1.24 million for the comparable prior period. The decrease of approximately \$413,000 is largely attributable to reduction in share-based payments as a result of the timing and amount of prior period stock option grants. In addition, the Company has taken several cost reduction initiatives which has resulted in a general reduction in various operating expenses.

During the fourth quarter of 2018 the Company incurred a net loss of approximately \$1.29 million compared to a net loss of \$1.88 million for the comparable prior period. The decrease in the net loss is largely attributable to the reduction in salaries and consultant expense of approximately \$335,000 as the Company did not declare any performance-based compensation to officers or management during Q4 of 2018. Due to the timing of and size of the option grants in 2018 compared to 2017 share based payments for Q4 2018 decreased by approximately \$178,000 compared to comparable prior quarter. The Company's finance lease obligation is payable in United States dollars which resulted in a foreign exchange loss of approximately \$237,000 in Q4 which is an increase of approximately \$169,000 over the comparable prior quarter.

Liquidity and Capital Resources

At September 30, 2019, the Company had negative working capital of approximately \$171,000, with an unrestricted cash balance of approximately \$166,000. In addition, the Company had approximately \$58,000 of restricted cash which is not accessible without government approval.

The Company's operations used approximately \$808,000 of cash for the period ended September 30, 2019. Net cash expenditures on resource properties and related deferred costs totalled approximately \$294,000 during the period, largely driven by expenditures on metallurgy and general carrying costs of the property. This was primarily funded from working capital.

On August 10, 2017, the Company completed a sale leaseback agreement with Orca Holdings LLC (a corporation wholly-owned by Randy Johnson). The terms of the agreement resulted in the Company selling its MRT pilot plant for USD\$2 million (approximately CAD\$2.5 million). On March 30, 2019 the Company repurchased the MRT pilot plant from Orca for USD\$2 million. Further details are provided below.

On June 28, 2018, the Company completed a non-brokered private placement of 6,899,629 units at \$0.18 per unit, for total proceeds of \$1.24 million. Each unit consists of one common share and one common share purchase warrant. Each warrant gives the holder the right to purchase one common share at an exercise price of \$0.25 for a period of 36 months. The net proceeds from the financing are being used for general corporate purposes.

On December 11, 2018, the Company completed a non-brokered private placement of 3,333,333 units at \$0.15 per unit, for total proceeds of \$500,000. Each unit consists of one common share and one-half common share purchase warrant. Each warrant gives the holder the right to purchase one common share at an exercise price of \$0.20 for a period of 36 months. The net proceeds from the financing are being used for general corporate purposes.

On April 2, 2019, the Company announced that it has entered into a secured loan agreement with Orca Holdings, LLC. The loan is in the amount of CAD\$3.6 million and the proceeds were used for general working capital purposes, and to set-off or dismiss any short-term amounts owing to Orca Holdings, LLC. The short-term obligations include payments on the sale leaseback, and subsequent repurchase of the Company's Pilot Plant. The loan had a termination date of March 31, 2021. Payments which would have otherwise come due under the lease agreement between April 1, 2019 and June 30, 2019 were added to the principal amount of the loan. The loan had an interest at a rate of 12.5% annually for the first 9 months commencing July 1, 2019 and then at a rate of 15% annually for the 12 months commencing April 1, 2020. In addition to the aforementioned loan, on August 23, 2019 the Company secured a separate bridge loan in the amount of \$397,500 (\$300,000 USD) from Orca Holdings, LLC which had an interest of 12.5%. On November 6, 2019, the Company repaid in full the principal and interest outstanding on the bridge loan with Orca. In addition, on November 27, 2019, the Company announced that it has repaid CAD\$2,500,000 in principal and accrued interest owing, extended the maturity date of the loan until November 30, 2021, and renegotiated a reduced interest rate of 9%. Furthermore, subject to TSXV approval the Company will issue five million bonus warrants to Orca. Each warrant will entitle Orca to acquire one common share of the Company at an exercise price of CAD\$0.12 during the term ending on November 30, 2021.

The remaining loan from Orca Holdings, LLC is secured by a first charge on the Company's assets. The transactions are considered related party transactions within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions.

On October 30, 2019 the Company announced the closing of its previously announced rights offering. At closing the Company issued 80,986,555 common shares of the Company at \$0.10 (the "Subscription Price") resulting in total gross proceeds of \$8,098,656. Of the shares issued 28,184,191 Common Shares were issued to persons who are insiders of the Company, as a group, and 38,268,464 Common Shares were issued to all other persons. A total of 14,433,900 Common Shares were issued pursuant to the additional subscription privilege of the rights offering. Of these, 809,259 Common Shares were issued to persons who were insiders of the Company, as a group, and 13,624,641 Common Shares were issued to all other persons.

The Company is reliant on equity or other types of financing for its current short term and long-term working capital requirements and to fund its exploration programs and business development activities. During the period ended September 30, 2019, the Company received approximately \$245,000 from the issuance of common shares on the exercise of in-the-money options and warrants. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain necessary financing or other satisfactory arrangements to fund its operating expenses and interest expense until development financing is obtained to allow the Company to be self-sufficient. The Company's ability to continue its development activities is dependent on management's ability to secure additional financing in the future, which may be completed by way of traditional equity financings or in a number of alternative ways including, but not limited to, a combination of: new strategic partnerships; joint venture arrangements; project-level or subsidiary-level third-party financings; royalty or streaming financing; the sale of core and/or non-core assets; and other capital market alternatives. Management is pursuing additional financial sources, and while the Company's management has been successful in obtaining financing for the Company in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company.

Off-Balance Sheet Arrangements

At September 30, 2019, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Critical Accounting Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred expenditures, derivative financial instruments, non-cash stock-based compensation and deferred income tax assets and liabilities.

The Company's recoverability of the recorded value of its resource properties and associated deferred expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is subject to a number of risk factors, including legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

The factors affecting non-cash stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend on a variety of factors including the market value of the Company's shares and the financial objectives of the stock-based instrument holders.

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values. Deferred income tax assets also result from unused losses carried forward and other deductions. The valuation of deferred income tax assets is adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

Changes in Accounting Policies including Initial Adoption

There were no changes to the Company's accounting policies during the nine month period ended September 30, 2019 except for the following:

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Early application is permitted. The interpretation clarifies the accounting for income tax treatments (current and deferred tax) that have yet to be accepted by the tax authorities. This Interpretation had no impact on the Company's interim condensed consolidated financial statements.

On January 1, 2019 the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether and Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease liabilities related to its lease commitments for its office lease. This lease liability will be measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019, the date of initial application, resulting in no adjustment to the opening balance of deficit. The associated right-of-use assets will be measured at the lease liabilities amount, plus prepaid lease payments made by the Company.

The Company has implemented the following accounting policies permitted under the new standard:

- leases of low dollar value will continue to be expensed as incurred; and
- the Company will not apply any grandfathering practical expedients.

As at January 1, 2019, the Company recognized \$150,209 in right-of-use assets and \$150,209 in lease liabilities as summarized below:

	\$
Minimum lease payments under operating leases as of December 31, 2018	172,853
Effect from discounting at the incremental borrowing rate as of January 1, 2019	(22,644)
Lease liabilities recognized as of January 1, 2019	150,209
Right-of-use asset recognized as of January 1, 2019	150,209
The lease liability was discounted at a discount rate of 15% as at January 1, 2019.	

b) New accounting policy for leases under IFRS 16

The following is the accounting policy for leases as of January 1, 2019 upon adoption of IFRS 16:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assess whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-to-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

Related Party Transactions

As at September 30, 2019, an executive officer is temporarily indebted to the Company for a total of \$20,942 (December 31, 2018 - \$20,942), as a result of an income tax remittance advance that is expected to be rectified in an upcoming pay period.

During the period ending September 30, 2019, the Company incurred \$88,644 (2018 - \$31,241) in legal fees payable to a law firm of which a director of the Company is a partner. Additionally, travel expenditures in the amount of \$Nil (2018 - \$1,590) were reimbursed to directors of the Company.

During the year ended December 31, 2018, the Company completed two non-brokered private placements in which the CEO and CFO of the Company purchased a total of 750,000 units for gross proceeds to the Company of \$135,000. In addition, shareholders holding greater than 10% of the outstanding common shares of the Company purchased a total of 4,500,000 units for gross proceeds to the Company of \$725,000.

During the year ended December 31, 2018, the Company was charged USD\$300,000 for ongoing general business and consulting services rendered by Orca Holdings, LLC. The Company settled the amount payable by issuing 2,702,702 shares of the Company on December 18, 2018.

On April 2, 2019, the Company announced that it has entered into a secured loan agreement with Orca Holdings, LLC (owned by Mr. Randy Johnson). The loan is in the amount of \$3.6 million and the proceeds were used for general working capital purposes, and to set-off or dismiss any short-term amounts owing to Orca Holdings, LLC. The short-term obligations include payments on the sale leaseback, and subsequent repurchase of the Company's Pilot Plant. The loan had termination date of March 31, 2021. Payments which would have otherwise come due under the lease agreement between April 1, 2019 and June 30, 2019 were added to the principal amount of the loan. The loan had an interest at a rate of 12.5% annually for the first 9 months commencing July 1, 2019 and then at a rate of 15% annually for the 12 months commencing April 1, 2020. In addition to the aforementioned loan, on August 23, 2019 the Company secured a separate bridge loan in the amount of \$397,500 (\$300,000 USD) from Orca Holdings, LLC which had an interest of 12.5%. On November 6, 2019, the Company repaid in full the principal and interest outstanding on the bridge loan with Orca. In addition, on November 27, 2019, the Company announced that it has repaid \$2,500,000 in principal owing, extended the maturity date of the loan until November 30, 2021, and renegotiated a reduced interest rate of 9%. Furthermore, in consideration for agreeing to these more favourable terms for the Company, subject to TSXV approval the Company will issue five million bonus warrants to Orca. Each warrant will entitle Orca to acquire one common share of the Company at an exercise price of \$0.12 during the term ending on November 30, 2021.

The remaining loan is secured by a first charge on the Company's assets. The transactions are considered related party transactions within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101").

The secured loan transactions between Ucore and Orca 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 the transaction, nor the considered received or payable, exceed 25% of the Company's market capitalization. No new insiders and no control persons were created in connection with the closing of the transactions. The Company's board of directors (the "Board") believes that the secured loans have reasonable commercial terms that are not less advantageous to the Company as compared to if the loan were obtained from a person dealing at arm's length with the Company. No commission fees, referral fees or bonuses were payable in regard to these transactions. In addition, no specific restrictive operating or financial ratio covenants exist in regard to the secured loans that could trigger a default or would otherwise affect the operations of the Company. No new

special committee of the Board was created to separately review and consider the proposed transactions since Mr. Johnson is not a member of the Board and he did not participate in any Board meetings regarding these transactions.

On October 30, 2019 the Company announced the closing of its previously announced rights offering. At closing the Company issued 80,986,555 Common Shares of the Company at \$0.10 (the "Subscription Price") resulting in total gross proceeds of \$8,098,656. Of the shares issued 28,184,191 Common Shares were issued to persons who are insiders of the Company, as a group, and 38,268,464 Common Shares were issued to all other persons. A total of 14,433,900 Common Shares were issued pursuant to the additional subscription privilege of the rights offering. Of these, 809,259 Common Shares were issued to persons who were insiders of the Company, as a group, and 13,624,641 Common Shares were issued to all other persons.

All related party transactions were valued and recorded by the Company at the stated amount agreed to between the parties.

Outstanding Share Data

The following is the Company's issued and outstanding share data as of the date of this report.

Securities	Number	Weighted average exercise price \$	Weighted average remaining life (years)
Common shares	365,116,414	n/a	n/a
Warrants	8,945,798	0.22	1.67
Stock options under plans approved by shareholders	19,283,333	0.24	2.85
Deferred share units under plans approved by shareholders	557,100	n/a	n/a

Risks and Uncertainties

In conducting its business, the principal risks and uncertainties faced by the Company relate to:

- exploration and development success of the Company's mineral properties;
- the development of the Company's prospective Alaska Strategic Metals Complex and the procurement of one or more business partners and/or suppliers to design and provide a traditional solvent extraction (SX) mineral processing and purification technology capable of efficiently processing and purifying one or more feedstocks of mixed rare earth mineral concentrates and/or any related critical material co-products;
- the successful acquisition of IBC Advanced technologies, Inc. pursuant to the OTP Agreement and the ability of IBC to thereafter generate positive cashflow from its business operations;
- the outcome of the Company's current civil litigation matters involving IBC Advanced technologies, Inc.;
- commodity prices and the demand for rare earth elements (REEs) and other critical materials that underlay the business objectives of the Company;
- capital adequacy, liquidity and cash management along with the ability to obtain additional financing in both the short and long terms;

- counter-party risk and issues related to any significant non-compliance by the parties to the Company's material contracts; and
- general economic, business and capital market sentiment and conditions.

The Company's PEA (discussed in the overview section of this MD&A) is preliminary in nature. The PEA includes indicated and inferred mineral resources only, which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Most mineral exploration projects do not result in the discovery or development of commercially or profitably mineable ore deposits. No assurance can be given that any particular level of recovery of ore reserves or resources will be realized or produced from the Company's Bokan Project. Estimates of reserves and resources, mineral deposits and production costs can also be affected by such factors as: property title and tenement defects; environmental permitting; mining regulations and regulatory requirements; first nations rights or entitlements; wildlife concerns; weather and environmental factors; unforeseen technical difficulties; unusual or unexpected geological formations; work interruptions, strikes and/or protests. Material changes in ore reserves and resources, grades, stripping ratios, recovery rates or expected vs. realized selling prices of the underlying commodities may also significantly affect the economic viability of any project. Certain of the Company's mineral properties may be subject to defects in title not yet known to the Company resulting the risk of loss of ownership. The Company may incur significant costs related to defending the title to the Company's properties.

The Company's future viability may depend, in part, on its ability to identify and acquire new or additional mineral rights and/or business opportunities, and on the ability to finance and develop those opportunities. Mineral exploration and development is highly speculative in nature, expensive and is frequently non-productive or profitable. Substantial expenditures are required to:

- locate and establish ore reserves and resources through drilling and metallurgical and other testing techniques;
- determine metal content and metallurgical recovery processes to extract metal from the ore; and
- permit, construct, renovate and/or expand mining and processing facilities.

In addition, the prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies.

The Company will be reliant on equity or other types of external financing for its current, short-term and long-term working capital requirements and to fund its exploration programs. The Company does not generate any revenue and does not have sufficient funds to put any of its resources interests (including the Alaska SMC) into production from its own financial resources. The Company also does not currently have sufficient funds to acquire IBC pursuant to the option agreement. There is no assurance that a future significant financing will be available to the Company, or that it will be available on acceptable terms. If an equity or convertible securities financing is undertaken and completed by the Company, the Company's current stockholders will suffer immediate dilution to their equity and voting interests as a result of such a financing. If additional capital is not available in sufficient amounts or on a timely basis, the Company will experience liquidity problems, and the Company could face the need to significantly curtail current operations, change our planned business strategies and pursue other remedial measures. Any curtailment of business operations would have a material negative effect on operating results, the value of the Company's outstanding common shares and the Company's ability to continue as a going concern.

The Company has no history of paying dividends on its common shares, and the Company does not anticipate paying any dividends in the foreseeable future.

Although an MRT Pilot Plant for REEs has been produced by IBC for Ucore, IBC's MRT for REEs is only at advanced testing stages and has yet to be proven at a commercial scale in a large REE purification and processing facility. The Company has not yet prepared or released an economic assessment or feasibility study that utilizes MRT for the separation and production of REEs from the Bokan Property. The following risks are specific to MRT REE purification:

- The MRT process is still subject to a high level of uncertainty and risk, and may be affected by many factors, some of which are beyond the Company's control, including the emergence of newer, more competitive technologies and processes, the cost of building and operating MRT facilities, regulatory and environmental requirements, unknown profitability performance and financial metrics, the existence, knowledge and cooperation of key individuals of IBC, and the ability to attract customers and sources of feedstock.
- The Company's announcement on February 14, 2019 indicating that it has issued the Notice of Commencement to purchase IBC and there remains a USD \$1 million dollar payment to IBC ("the Legacy Payment") which must be paid concurrent with the funds required to complete the OTP Agreement, and there remains a risk that the Company will be unable to raise sufficient funds required to make the Legacy Payment.
- Although MRT is a previously commercialized technology in some fields, using MRT to separate REEs and certain other elements to be targeted by the Company will be new commercial applications. To date, the Company has hired IBC to complete lab bench and certain pilot scale testing of the MRT process in relation to REEs. There can be no assurance that MRT will be able to separate these elements at large commercial levels on a profitable basis. In addition, there is inherent variability and uncertainty related to the ability to procure similar-source feed-stocks so that substantial additional research and development and also re-tooling is not required between materials arriving at a commercial facility, such as the prospective Alaska SMC, from different mineral projects.
- The success of the OTP Agreement will depend upon, among other things, the ability to protect the key intellectual property including relevant patents, trade secrets, trademarks, and copyright materials and property. There is no assurance that these will remain protected. There is also no assurance that alternate or competing technology will not get developed that will result in existing intellectual property becoming obsolete or less competitive.
- The specialized scientific nature of MRT means that the prospective acquisition's success depends in a large part on the ability to attract and retain key management, engineering, scientific, and operating personnel. Recruiting in these fields can be highly competitive and there is no assurance that key employees will be able to be retained.
- Steve Izatt and Reed Izatt of IBC both resigned from the Company's Advisory board on November 6, 2018. IBC stated in a press release on that date that IBC's goals are no longer aligned with those of Ucore and that it has become increasingly apparent to IBC that Ucore and IBC are on divergent paths. IBC and the Company have exchanged detailed listings about concerns and sensitivities regarding the agreements between them, including concerns related to possible contraventions of the understandings and terms therein, the mechanics and deliverables of the due diligence process inherent in the acquisition, as well as expectations regarding the transfer of the ownership of IBC. IBC has demanded that the Company waive its rights under the Agreements or otherwise terminate the agreements in order to begin with new negotiations related to new mutually acceptable terms. As a result of several breaches by IBC the Company has terminated the Research Agreement. The OTP Agreement between the Company and IBC has an arbitration clause which may provide and allow for an orderly and structured forum to resolve the aforementioned differences. The Company is hopeful that a structured approach to good-faith negotiations, whether that being formal mediation, arbitration or otherwise, will expedite a satisfactory resolution between the parties that will allow for development of the opportunities that both parties envisioned at the onset of engaging in the various agreements amongst

these parties. However, there is no assurance that a settlement will be reached between the parties. Significant risk and uncertainty exist in regard to: the performance of these agreements and compliance thereto by the parties of these agreements; the ability to enforce these agreements in a timely and cost-effective manner; arbitration or other legal proceedings with or involving IBC; and/or the ability to renegotiate these agreements on terms that would be acceptable to the parties, without the intervention of a duly appointed arbitrator or other applicable jurisdictional entity.

The Company is also involved in several civil litigation cases with IBC. There are currently matters underway in Nova Scotia and additional matters underway in Salt Lake City, Utah. The duration and the outcome of these disputes are uncertain. The Company's liability insurance may cover some of the Company's costs of pursuing and defending these matters; however, such insurance may not cover all of these expenses and the coverage may not be sufficient to cover any damages amounts that the Company may be liable for.

The KRP MOU and Alaska SMC discussed in the overview section are preliminary in nature and are subject to the aforementioned risks above and are subject to and conditional upon the development of definitive agreements.

The Company's business activities are inherently risky and the Company is exposed to business and financial risks as well as liability. Many of these risks are non-insurable. For the insurable risks, if the Company is unable to maintain adequate insurance, or liabilities exceed the limits of the Company's insurance policies, the Company may be unable to continue operations. Because of the unique difficulties and uncertainties inherent in new mineral exploration ventures as well as new scientific and technological business ventures, the Company's activities face a high risk of business failure. Due to the Company's limited capital, this risk poses a significant threat as compared to larger companies in our business sector.

The Company's financial instruments consist of cash, restricted cash, short-term deposits, marketable securities, trade and other receivables, and accounts payable and accrued liabilities. Management does not believe these financial instruments expose the Company to any significant interest, currency or credit risks arising from these financial instruments. The fair market values of these financial instruments approximate their carrying values, unless otherwise noted.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

TSX Venture Exchange listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) processes to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP.

Other Information

Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.ucore.com.

UCORE RARE METALS INC.
Schedule of Resource Properties
For the nine months ended September 30, 2019

Schedule "A"

Details of Resource Properties and Related Deferred Costs

	<u>Bokan Mountain/ Dotson Ridge</u>
Mineral Properties	
Balance, beginning of period	\$ 4,926,169
Expenditures during the period	-
Change in foreign exchange rates	(70,034)
Balance, end of period	<u>4,856,135</u>
Deferred Exploration expenditures:	
Geology	-
Environmental & permitting	141,584
Disposal of resource property asset	(111,339)
Metallurgy	12,656
	<u>42,901</u>
Balance, beginning of period	<u>33,201,024</u>
	33,243,925
Change in foreign exchange rates	(494,013)
Balance, end of period	<u>32,749,912</u>
Mineral properties and deferred exploration expenditures, end of period	<u>\$ 37,606,047</u>

UCORE RARE METALS INC.
Schedule of Resource Properties
For the three months ended September 30, 2019

Details of Resource Properties and Related Deferred Costs

	<u>Bokan Mountain/ Dotson Ridge</u>
Mineral Properties	
Balance, beginning of period	\$ 4,804,452
Expenditures during period	-
Change in foreign exchange rates	51,683
Balance, end of period	<u>4,856,135</u>
Deferred Exploration expenditures:	
Geology	-
Environmental & permitting	39,423
Disposal of resource property asset	-
Metallurgy	-
	<u>39,423</u>
Balance, beginning of period	<u>32,345,927</u>
	32,385,350
Change in foreign exchange rates	364,562
Balance, end of period	<u>32,749,912</u>
Mineral properties and deferred exploration expenditures, end of period	<u>\$ 37,606,047</u>