

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Ucore Rare Metals Inc.
210 Waterfront Drive – Suite 106
Bedford, NS, Canada
B4A 0H3.

Item 2 Date of Material Change

December 18, 2022 – for the Line of Credit Amending Agreement (defined below) and the Term Loan Amending Agreement (defined below)

December 22, 2022 – for the Private Placement (defined below)

Item 3 News Release

News releases with respect to the material changes referred to in this report were issued through newswire services on December 19, 2022 and December 23, 2022 respectively and they were also filed on the system for electronic document analysis and retrieval (SEDAR).

Item 4 Summary of Material Change

On December 18, 2022, Ucore Rare Metals Inc. (“**Ucore**” or the “**Company**”) entered into amending agreements with Orca Holdings, LLC (“**Orca**”) (a corporation wholly owned by Mr. Randy Johnson, a member of Ucore’s Board of Directors) regarding: (i) the Company’s partial repayment of a short-term secured line of credit in the amount of USD\$2 million (the “**Line of Credit**”); and (ii) extensions to the maturity dates for the Line of Credit and also to a secured term loan (the “**Term Loan**”) payable by the Company to Ucore. The amending of these two prior agreements resulted in a total of 2,150,000 warrants that were previously issued to Orca being deemed to immediately expire in accordance with the policies of the TSXV. In consideration for Orca not requiring the full repayment of the Line of Credit from the proceeds of the Private Placement (defined below), for not increasing the interest rates and for extending the due dates of the Line of Credit to March 31, 2024 and the Term Loan to November 30, 2024, the Company agreed to issue 2,150,000 new warrants to Orca.

On December 22, 2022, Ucore closed a non-brokered private placement (the “**Private Placement**”) consisting of a total of 7,055,795 units (the “**Units**”) at a subscription price of \$0.65 per Unit, for aggregate gross proceeds to the Company of \$4,586,266.75. Each Unit consisted of one common share of the Company (a “**Common Share**”) and one Common Share purchase warrant (a “**Warrant**”). Each Warrant entitles the holder to purchase one Common Share at a price of \$0.85 for a 24-month term. Proceeds from the Private Placement are expected to be used towards: the commissioning of the Company’s planned RapidSX™ demonstration plant; the processing of initial feedstock through the Company’s demonstration plant; the finalization of offtake and feedstock agreements; engineering work for the Company’s proposed Strategic Metals Complex in Louisiana, USA; for the partial repayment of the Line of Credit (referred to above); and for general working capital purposes.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On December 19, 2022, Ucore announced that it had renegotiated the terms of the Line of Credit and the Term Loan and that Orca had submitted a subscription agreement for Units pursuant to the Private Placement. On December 22, 2022, Ucore closed the Private Placement for gross proceeds of \$4.9 million.

Line of Credit

On July 20, 2022, Ucore entered into an agreement with Orca for the Line of Credit (the “**Line of Credit Agreement**”). According to the Line of Credit Agreement, any amounts owing on the Line of Credit were to be repaid by Ucore on January 20, 2023, unless the repayment date is accelerated due to the Company’s completion of an equity financing for net proceeds exceeding USD\$3 million whereby the repayment date would be five business days after the closing of such financing. On December 19, 2022, Ucore announced that it expects to complete the Private Placement for net proceeds of in excess of \$4.2 million on or about December 22, 2022. Although the closing of the Private Placement would have triggered the repayment of the full USD\$2 million owing by Ucore for the Line of Credit, the parties instead executed an amendment to the Line of Credit Agreement, whereby a total of only USD\$850,000 will be repaid by Ucore to Orca by December 30, 2022 (subject to the closing of the Private Placement), and the maturity date for the remaining USD\$1,150,000 will be extended to March 31, 2024 (the “**Line of Credit Amending Agreement**”). The parties also agreed to keep the annual interest rate on the Line of Credit at 9% even though market interest rates have risen since July 2022. A total of 1,150,000 warrants previously issued to Orca in connection with the Line of Credit Agreement were deemed to have expired concurrently with the execution of this Line of Credit Amending Agreement. In consideration for not requiring the full repayment of the Line of Credit, not increasing the interest rate and for extending the due date of the Line of Credit to March 31, 2024 on the USD\$1,150,000 that was expected to remain outstanding after the USD\$850,000 repayment is made following the closing of the Private Placement, a total of 1,150,000 warrants were agreed to be issued to Orca, with each warrant entitling Orca to acquire one Common Share at an exercise price of \$0.75. These warrants have a term ending on March 31, 2024. The issuance of these warrants is subject to the approval of the TSX Venture Exchange (“**TSXV**”). The Company expects that the TSXV will approve the issuance of the warrants in due course.

Term Loan

Orca is also party to the Term Loan that was made to Ucore that had a maturity date of November 30, 2023 and has an amount owing of USD\$964,927.81 as at December 18, 2022. The parties executed an agreement to extend the maturity date of the Term Loan to November 30, 2024 (the “**Term Loan Amending Agreement**”). The parties also agreed to keep the annual interest rate on the Term Loan at 9% even though market interest rates have risen considerably during 2022. A total of 1 million warrants with an exercise price of \$1.20 that were previously issued to Orca in connection with the Term Loan were deemed to have expired concurrently with the execution of the Term Loan Amending Agreement. In consideration for extending the maturity date for the Term Loan to November 30, 2024 and for not increasing the interest rate, a total of 1 million warrants were agreed to be issued to Orca, with each warrant entitling Orca to acquire one Common Share at an exercise price of \$0.85. The warrants have a term ending on November 30, 2024. The issuance of these warrants is subject to the approval of the TSXV. The Company expects that the TSXV will approve the issuance of the warrants in due course.

Private Placement

On December 6, 2022, Ucore announced its plans to pursue the Private Placement on a non-brokered basis with the target of selling approximately 3.1 million Units for total proceeds of \$2 million. Each Unit offered pursuant to the Private placement consisted of one Common Share and one Warrant. Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.85 for a 24-month term. Each Unit offered was priced at \$0.65. On December 19, 2022, Ucore announced that it has received subscription agreements for in excess of \$4.2 million and that the Company intended to increase the size of the Private Placement and accept additional orders.

Proceeds from the Private Placement are expected to be used towards: the commissioning of the Company's planned RapidSX™ demonstration plant; the processing of initial feedstock through the Company's demonstration plant; the finalization of offtake and feedstock agreements; engineering work for the Company's proposed Strategic Metals Complex in Louisiana, USA; for the repayment of USD\$850,000 of the USD \$2 million that is owing on the Line of Credit; and for general working capital purposes.

On December 22, 2022, Ucore closed the Private Placement, which consisted of the sale of a total of 7,055,795 Units at a subscription price of \$0.65 per Unit for aggregate gross proceeds to the Company of \$4,586,266.75. There were over 30 subscribers.

The following arms-length finders received cash commissions totaling \$24,115 and an aggregate of 370,140 finders warrants ("**Finders Warrants**"): Canaccord Genuity Corp., PI Financial Corp., GloRes Securities Inc., John Wilson, and Mezzo Consulting Services S.A. Each Finders Warrant will entitle the holder thereof to purchase one Common Share at a price of \$0.65 for a period of 24 months after the closing of the Private Placement.

Pursuant to National Instrument 45-102 – *Resale of Securities*, the Common Shares, Warrants, Finders Warrants and any underlying Common Shares to be issued upon exercise of the Warrants or Finders Warrants will be subject to a four-month hold period commencing on the closing date of the Offering (December 22, 2022). Additional hold periods and/or trading or resale restrictions may also apply in the United States.

Pursuant to the Private Placement, Orca subscribed for a 1,785,000 Units for aggregate gross proceeds of \$1,160,250 which is considered to be a related party transaction within the meaning of Multilateral Instrument 61-01 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The transaction was exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 since neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involved interested parties, exceeded 25% of the Company's market capitalization. No new insiders and no control persons were created in connection with the closing of the Private Placement.

Prior to the closing of the Private Placement, Ucore had 49,084,130 Common Shares that were issued and outstanding. Mr. Johnson, directly or indirectly (through Orca), held beneficial ownership of, and control and direction over, a total of 5,092,406 Common Shares, 3,000,000 warrants, and 265,000 stock options of Ucore, representing approximately 10.37% of the issued and outstanding Common Shares (on a non-diluted basis) or approximately 15.96% upon the exercise of the warrants and the stock options (on a partially diluted basis). Immediately following the closing of the Private Placement, Ucore had 56,139,925 Common Shares that were issued and outstanding. Following the closing of the Private Placement, Mr. Johnson, directly or indirectly (through Orca), holds beneficial ownership of, and control and direction over, a total of 6,877,406 Common Shares, 4,785,000 warrants, and 265,000 stock options of the Company, representing approximately 12.25% of the issued and outstanding Common Shares (on a non-diluted basis) or

approximately 19.49% upon the exercise of the warrants and the stock options (on a partially diluted basis). The figures in this paragraph assume that the TSXV approves the warrant issuances agreed to in the Line of Credit Amending Agreement and the Term Loan Amending Agreement.

The Private Placement was reviewed and unanimously approved by the Company's Board of Directors. The news releases and this material change report were issued and filed on SEDAR less than 21 days before the expected closing of the transaction since the decision to pursue the transactions on the terms described above occurred less than 21 days before the expected date of the closing; and, in addition, recent general capital market volatility made the Company uncertain about the expected closing of the Private Placement until the formal subscription agreements and cash were received.

The issuance of securities pursuant to the Private Placement was completed on a private placement and prospectus-exempt basis, as applicable, such that the distributions were exempt from any applicable prospectus and securities registration requirements.

For further information about the Company, please visit www.ucore.com and also review the Company's disclosure available on www.SEDAR.com.

Forward-Looking Statements

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

Regarding the disclosure in the main body of the report above, the Company has assumed that the proceeds from the Offering will be used towards: the commissioning of the Company's planned RapidSXTM demonstration plant; the processing of initial feedstock through the Company's demonstration plant; the finalization of offtake and feedstock agreements; engineering work for the Company's proposed Strategic Metals Complex in Louisiana, USA; for the partial settlement of short-term debt; and for general working capital purposes. This represents the Company's current plan and its budget. The Company has also assumed that it will be able to receive the approval of the TSXV for the granting of the new warrants to Orca pursuant to the terms of the Line of Credit Amending Agreement and the Term Loan Amending Agreement as described in Ucore's press release dated December 19, 2022.

Regarding the disclosure in the report above, including in the "About Ucore Rare Metals Inc." and the "About RapidSX™ Technology" sections, the Company has assumed that it will be able to procure or retain additional partners and/or suppliers, in addition to Innovation Metals Corp. ("IMC"), as suppliers for Ucore's expected future Strategic Metals Complexes ("SMCs"). Ucore has also assumed that sufficient external funding will be found to complete the Demo Plant commissioning and demonstration schedule and also later prepare a new National Instrument 43-101 ("NI 43-101") technical report that demonstrates that the Bokan Mountain Rare Earth Elements project ("Bokan") is feasible and economically viable for the production of both REE and co-product metals and the then prevailing market prices based upon assumed customer offtake agreements. Ucore has also assumed that sufficient external funding will be secured to continue the development of the specific engineering plans for the SMCs and their construction. Factors

that could cause actual results to differ materially from those in forward-looking statements include, without limitation: IMC failing to protect its intellectual property rights in RapidSX™; RapidSX™ failing to demonstrate commercial viability in large commercial-scale applications; Ucore not being able to procure additional key partners or suppliers for the SMCs; Ucore not being able to raise sufficient funds to fund the specific design and construction of the SMCs and/or the continued development of RapidSX™; adverse capital-market conditions; unexpected due-diligence findings; the emergence of alternative superior metallurgy and metal-separation technologies; the inability of Ucore and/or IMC to retain its key staff members; a change in the legislation in Louisiana or Alaska and/or in the support expressed by the Alaska Industrial Development and Export Authority (“AIDEA”) regarding the development of Bokan and/or the Alaska SMC; the availability and procurement of any required interim and/or long-term financing that may be required; and general economic, market or business conditions.

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

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Peter Manuel
Vice President and Chief Financial Officer
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Item 9 Date of Report

DATED at Bedford, Nova Scotia this 28th day of December, 2022

UCORE RARE METALS INC.

By:

“Peter Manuel” (signed)

Peter Manuel
Vice President and Chief Financial Officer