

Consolidated Financial Statements of

UCORE RARE METALS INC.

Years ended December 31, 2021 and 2020



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Ucore Rare Metals Inc.

Opinion

We have audited the consolidated financial statements of Ucore Rare Metals Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2021 and December 31, 2020
- the consolidated statements of net loss and comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Entity has experienced significant losses and negative cash flows from operations in 2021 and 2020 and does not have sufficient capital to fund all of the Entity's planned expenditures in 2022 without additional financing.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The engagement partner on the audit resulting in this auditors' report is Douglas Reid.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants
Halifax, Canada
April 26, 2022

UCORE RARE METALS INC.

Consolidated Statements of Financial Position
Expressed in Canadian dollars

	December 31, 2021	December 31, 2020
	\$	\$
ASSETS		
Current assets		
Cash	3,331,164	1,008,838
Marketable securities	1,000	27,833
Receivables (note 6)	292,670	154,827
Prepaid expenses and other	233,347	216,538
	<u>3,858,181</u>	<u>1,408,036</u>
Other asset	55,995	56,187
Plant and equipment (note 7)	72,935	53,091
Right-of-use asset (note 9)	162,551	251,215
Intellectual property (note 10)	8,089,154	8,089,154
Resource properties and related exploration costs (note 11)	37,205,010	36,838,028
	<u>49,443,826</u>	<u>46,695,711</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	902,837	742,552
Current portion of lease liability (note 12)	91,353	78,701
Loan payable (note 13)	-	1,166,159
	<u>994,190</u>	<u>1,987,412</u>
Long-term liabilities		
Lease liability (note 12)	87,250	178,602
Loan payable (note 13)	1,103,025	-
Convertible debentures (note 14)	1,231,609	3,117,123
	<u>3,416,074</u>	<u>5,283,137</u>
Shareholders' equity		
Share capital (note 15)	84,252,990	75,965,504
Contributed surplus (note 15)	24,033,093	22,799,469
Warrants (note 15)	3,178,387	2,641,188
Accumulated other comprehensive income	3,888,978	3,821,362
Deficit	(69,325,696)	(63,814,949)
	<u>46,027,752</u>	<u>41,412,574</u>
	<u>49,443,826</u>	<u>46,695,711</u>

Going concern (note 1)

Approved on behalf of the Board of Directors

(s) Patrick Ryan

Patrick Ryan, CEO and Director

(s) Geoff Clarke

Geoff Clarke, Director

The accompanying notes form an integral part of these consolidated financial statements.

UCORE RARE METALS INC.

Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian dollars

For the years ended December 31

	2021	2020
	\$	\$
EXPENSES		
Amortization	114,960	94,935
Investor relations and marketing	277,319	313,491
Office and premises	365,431	287,277
Professional services	640,482	1,048,748
Salaries and consultants	2,388,525	2,029,897
Securities and regulatory	83,547	143,707
Research and development	1,394,815	125,341
Share-based compensation	395,715	405,652
Travel	57,147	33,677
	<u>5,717,941</u>	<u>4,482,725</u>
OTHER INCOME (EXPENSES)		
Interest income	9,253	19,539
Interest and accretion expense	(469,159)	(488,098)
Loss on debt restructuring (note 13)	(275,827)	-
Loss on the conversion of convertible debentures (note 14)	(533,941)	-
Fair value adjustment of derivative liabilities (note 14)	(31,599)	77,290
Loss on initial recognition of convertible debentures (note 14)	-	(675,970)
Gain on the sale of pilot plant (note 8)	1,491,545	-
Gain on sale of securities	39,043	-
Foreign exchange	(22,121)	23,827
	<u>207,194</u>	<u>(1,043,412)</u>
NET LOSS	<u>(5,510,747)</u>	<u>(5,526,137)</u>
Net Loss per share - basic and diluted	<u>(0.11)</u>	<u>(0.14)</u>
Weighted average number of basic and diluted common shares	<u>48,223,037</u>	<u>39,458,455</u>
COMPREHENSIVE LOSS:		
Net loss for the year	(5,510,747)	(5,526,137)
<i>Items which may be subsequently recycled through profit or loss</i>		
Foreign currency translation difference arising on translation of foreign subsidiaries	67,616	(460,466)
	<u>(5,443,131)</u>	<u>(5,986,603)</u>

The accompanying notes form an integral part of these consolidated financial statements.

UCORE RARE METALS INC.

Consolidated Statements of Changes in Equity
Expressed in Canadian dollars

	Number of Shares	Share Capital	Contributed Surplus	Warrants	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
Balance at January 1, 2020	36,511,640	\$ 68,250,324	\$ 22,391,955	\$ 2,195,536	\$ 4,281,828	\$ (58,288,812)	\$ 38,830,831
Net loss	-	-	-	-	-	(5,526,137)	(5,526,137)
Shares issued on acquisition of IMC	4,538,341	7,715,180	-	-	-	-	7,715,180
Issuance of commitment warrants	-	-	-	447,514	-	-	447,514
Expiry of warrants	-	-	1,862	(1,862)	-	-	-
Foreign currency translation adjustment	-	-	-	-	(460,466)	-	(460,466)
Share-based payments	-	-	405,652	-	-	-	405,652
Balance at December 31, 2020	41,049,981	\$ 75,965,504	\$ 22,799,469	\$ 2,641,188	\$ 3,821,362	\$ (63,814,949)	\$ 41,412,574
Balance at January 1, 2021	41,049,981	\$ 75,965,504	\$ 22,799,469	\$ 2,641,188	\$ 3,821,362	\$ (63,814,949)	\$ 41,412,574
Net loss	-	-	-	-	-	(5,510,747)	(5,510,747)
Foreign currency translation adjustment	-	-	-	-	67,616	-	67,616
Financing (net of costs) (note 15)	6,700,000	6,200,740	-	370,270	-	-	6,571,010
Shares issued on the exercise of warrants (note 15)	46,666	106,693	-	(22,695)	-	-	83,998
Shares and warrants issued on the conversion of convertible debentures (note 14)	1,287,483	1,980,053	-	624,470	-	-	2,604,523
Warrant issuance (note 13 and 15)	-	-	-	403,063	-	-	403,063
Expiry of warrants (note 15)	-	-	837,909	(837,909)	-	-	-
Share-based payments (note 15)	-	-	395,715	-	-	-	395,715
Balance at December 31, 2021	49,084,130	\$ 84,252,990	\$ 24,033,093	\$ 3,178,387	\$ 3,888,978	\$ (69,325,696)	\$ 46,027,752

The accompanying notes form an integral part of these consolidated financial statements.

UCORE RARE METALS INC.

Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the years ended December 31

	2021	2020
	\$	\$
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES		
Net loss for the year	(5,510,747)	(5,526,137)
Adjustments and items not involving cash:		
Amortization	114,960	94,935
Change in fair value of derivative liability (note 14)	31,599	(77,290)
Loss on settlement of convertible debentures (note 14)	533,941	-
Loss on debt restructuring (note 13)	275,827	-
Share-based compensation (note 15)	395,715	405,652
Accretion expense	245,221	242,888
Loss on initial recognition of convertible debentures (note 14)	-	675,970
Gain on the sale of the MRT pilot plant (note 9)	(1,491,545)	-
Unrealized gain (loss) on available-for-sale securities	(39,043)	1,917
Unrealized foreign exchange gain not related to cash	(2,462)	(24,237)
	<u>(5,446,534)</u>	<u>(4,206,302)</u>
 Change in non-cash operating working capital:		
Receivables	(137,843)	195,810
Prepaid expenses and other	(3,071)	37,187
Accounts payable and accrued liabilities	160,285	191,206
Cash flows used in operating activities	<u>(5,427,163)</u>	<u>(3,782,099)</u>
 CASH FLOWS FROM (USED BY) FINANCING ACTIVITIES		
Interest paid on lease liabilities (note 12)	(25,072)	(13,681)
Repayment of lease liabilities (note 12)	(78,700)	(86,638)
Proceeds from the issuance of convertible debentures	-	2,800,000
Proceeds from the issuance of common shares (net of costs) (note 15)	6,571,010	-
Issuance of common shares on exercise of warrants (note 15)	83,998	-
Cash flows from financing activities	<u>6,551,236</u>	<u>2,699,681</u>
 CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES		
Purchase of plant and equipment	(46,140)	(33,408)
Proceeds from the sale of securities	65,877	-
Proceeds from the sale of the MRT pilot plant (note 8)	1,491,545	-
Additions to resource properties and related exploration costs	(313,102)	(203,265)
Purchase of intellectual property net of cash acquired of \$12,165 (note 10)	-	(487,602)
Cash flows from (used in) investing activities	<u>1,198,180</u>	<u>(724,275)</u>
 INCREASE (DECREASE) IN CASH	2,322,253	(1,806,693)
 Foreign exchange impact on cash	73	2,039
 CASH, beginning of year	<u>1,008,838</u>	<u>2,813,492</u>
CASH, end of year	<u><u>3,331,164</u></u>	<u><u>1,008,838</u></u>

Supplementary Cash Flow Information (note 18)

The accompanying notes form an integral part of these consolidated financial statements.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

Years ended December 31, 2021 and 2020

Expressed in Canadian dollars, except where otherwise indicated

1. Nature of operations and going concern:

Ucore Rare Metals Inc. ("Ucore" or the "Company") is a corporation domiciled in Canada. The address of the Company's head office is 210 Waterfront Drive, Suite 106, Halifax N.S., B4A 0H3. The Company is focused on rare and critical metal resources, extraction, beneficiation, and separation technologies with the potential for production, growth and scalability. The Company has a 100-per-cent ownership stake in the Bokan-Dotson Ridge rare earth element project in southeast Alaska, United States (see Note 11). The Company's vision and plan is to become a leading advanced technology company, providing best-in-class metal separation products and services to the mining and mineral extraction industry. Through strategic partnerships, the Company's vision includes disrupting the People's Republic of China's (PRC) control of the United States rare earth element supply chain through the development of a heavy rare earth processing facility -- the Alaska strategic metals complex in southeast Alaska and the long-term development of the Company's heavy rare earth element mineral resource property located at Bokan Mountain on Prince of Wales Island, Alaska. To date, the Company has not earned significant revenues and is considered to be a development stage enterprise.

On May 8, 2020, the Company acquired 100% of the issued and outstanding shares of Innovation Metals Corp. ("IMC"), the developer of its proprietary RapidSX™ process for the low-cost separation and purification of rare earth elements ("REEs"), nickel ("Ni"), cobalt ("Co"), lithium ("Li") and other technology metals, via an accelerated form of solvent extraction. IMC is commercializing this approach for a number of metals, to help enable mining and metal-recycling companies to compete in today's global marketplace.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, as described in the following paragraphs.

The Company has no sources of revenue, experienced significant losses and negative cash flows from operations in 2021 and 2020 and has a deficit. Management estimates current working capital may not be sufficient to fund all of the Company's planned expenditures in 2022. The ability of the Company to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business, expand upon its exploration and development programs, and advance the Company's RapidSX™ technology is contingent upon securing financing or monetizing assets. The timing and availability of additional financing will be determined largely by market conditions, the results of the Company's ongoing exploration and development programs, and the advancement of Company's RapidSX™ technology. There is no certainty that the Company will be able to raise funds as they are required in the future.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

Years ended December 31, 2021 and 2020

Expressed in Canadian dollars, except where otherwise indicated

1. Nature of operations and going concern (continued):

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, supplies, and workforce. Given the daily evolution of the pandemic and the global response to curb its spread the Company is not able to predict its effects on the Company's business liquidity or ability to raise funds.

2. Basis of presentation:

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The date the Board of Directors approved the consolidated financial statements for issuance is April 26, 2022.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities, as further described herein, which are measured at fair value.

Functional currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of Ucore Rare Metals Inc. The following wholly-owned subsidiaries have a U.S. dollar ("USD") functional currency: Landmark Alaska Limited Partnership, Rare Earth One LLC, Mineral Solutions LLC, Landmark Minerals US Inc., Alaska SMC, LLC, and Ucore Rare Metals (US) Inc. All other subsidiaries have a Canadian dollar functional currency.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

Years ended December 31, 2021 and 2020

Expressed in Canadian dollars, except where otherwise indicated

2. Basis of presentation (continued):

Critical judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Further information on management's judgments, estimates and assumptions and how they impact accounting policies are described below and also in the relevant notes to the consolidated financial statements.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual development and exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 1 for more information.

Recoverability of exploration and evaluation assets

At the end of each reporting period, the Company assesses its exploration and evaluation assets to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as the period for which the Company has the right to explore, expected renewal of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

Years ended December 31, 2021 and 2020

Expressed in Canadian dollars, except where otherwise indicated

2. Basis of presentation (continued):

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the greater of the fair value less cost of disposal and value in use. The impairment analysis requires the use of estimates and assumptions, such as long-term commodity prices, discount rates, future capital expenditures, exploration potential and operating costs. Fair value of exploration and evaluation assets is generally determined as the present value of estimated future cash flows arising from the continued use of the assets, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participation may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risk to the asset. If the Company does not have sufficient information about a particular mineral resource property to meaningfully estimate future cash flows, the fair value is estimated by management through comparison to similar market assets and, where available, industry benchmarks.

Asset acquisitions

Determining whether an acquisition is a business combination or an asset acquisition requires judgment. Key factors in this determination include assessing inputs, processes, and outputs, as well as the application of the concentration test. Measuring the fair value of equity instruments issued as consideration for a business combination, and in allocating the fair value of consideration paid to the assets acquired and liabilities assumed.

Convertible debentures

In 2020 the Company issued convertible debentures with an embedded derivative, a conversion option, allowing the holder to convert any or all amounts outstanding to units, consisting of common shares and share purchase warrants of the Company. The terms of the debentures also allow the Company to convert any or all amounts outstanding to common shares under certain conditions and to extend the maturity date by one year.

Other derivative financial instruments

The determination of categories of financial assets and liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

The Company records the fair value of derivative assets using valuation models where the fair value cannot be determined in active markets. The inputs used in the fair value models contain inherent uncertainties, estimates and use of judgment as certain valuation inputs are unobservable.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

Years ended December 31, 2021 and 2020

Expressed in Canadian dollars, except where otherwise indicated

2. Basis of presentation (continued):

The identification of convertible note components is based on interpretations of the substance of the contractual arrangement and therefore requires judgement from management. The separation of components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of fair value of the liability is also based on several assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Consolidation:

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Ucore Resources LP (NS) Inc., Rare Earth One LLC (AK), Mineral Solutions LLC (AK), Landmark Alaska Limited Partnership (AK), Landmark Minerals Inc., 5621 N.W.T. Ltd., Landmark Minerals US Inc., Innovation Metals Corp. (BC), Alaska SMC, LLC (AK), and Ucore Rare Metals (US) Inc. (AK).

(i) Subsidiaries

Subsidiaries are those entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Company controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the parent company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company. A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

(ii) Transactions eliminated on consolidation

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

Years ended December 31, 2021 and 2020

Expressed in Canadian dollars, except where otherwise indicated

3. Significant accounting policies (continued):

(b) Resource properties and related exploration costs:

Pre-exploration expenditures are expensed as incurred. All direct costs related to the acquisition of resource property interests are capitalised by property. Exploration and evaluation costs are capitalised and not amortized.

Resource properties are initially measured at cost and classified as tangible and intangible assets. These assets include expenditures on acquisition of rights to explore, studies, exploratory drilling, trenching, sampling, metallurgical studies, and other direct costs related to exploration or evaluation of a project, including the cost of certain site equipment. Such equipment is recorded at cost less accumulated amortisation and impairment losses. The Company provides for amortisation using the declining balance method at rates between 10% to 30% designed to amortise the cost of the equipment over their estimated useful lives. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Where a project is determined to be technically and commercially feasible and a decision has been made to proceed with development with respect to a particular area of interest, the relevant resource property asset is tested for impairment and the balance is reclassified as a mineral property in property, plant and equipment.

(c) Foreign currency translation:

i. Foreign currency transactions

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in the cumulative translation account and reclassified to profit or loss on repayment of the monetary items.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

Years ended December 31, 2021 and 2020

Expressed in Canadian dollars, except where otherwise indicated

3. Significant accounting policies (continued):

ii. Foreign operations

The results and financial position of all subsidiaries that have a functional currency different from the Canadian Dollar presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate on the date of the statement of financial position;
- Income and expenses for each statement of comprehensive loss presented are translated at average exchange rates for the period;
- All resulting exchange differences are recognised in accumulated other comprehensive loss which is a separate component of equity.

On the loss of control of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are recognised in the statement of comprehensive loss as part of the gain or loss of control.

(d) Financial instruments:

The Company recognizes financial assets and financial liabilities when it becomes a party to a contract. Financial assets and financial liabilities, with the exception of financial assets and liabilities classified as fair value through profit and loss ("FVTPL"), are measured at fair value, plus transaction costs on initial recognition. Financial assets and liabilities classified at FVTPL are measured at fair value on initial recognition and transaction costs are expensed when incurred.

Each type of fair value is categorized based on the lowest level of input that is significant to the fair value measurement in its entirety. The following summarizes the Company's classification and measurement of financial assets and liabilities:

Type	Classification	Measurement
Cash	Financial Assets	Amortized cost
Marketable securities	Financial Assets	Fair value
Receivables	Financial Assets	Amortized cost
Accounts payable and accrued liabilities	Financial Liabilities	Amortized cost
Loan payable	Financial Liabilities	Amortized cost
Convertible debenture - host debt	Financial Liabilities	Amortized cost
Convertible debenture - conversion option	Financial Liabilities	Fair value

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

Years ended December 31, 2021 and 2020

Expressed in Canadian dollars, except where otherwise indicated

3. Significant accounting policies (continued):

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements comprehensive loss.

The Company derecognizes financial liabilities when its obligations under the financial liabilities are discharged, cancelled or expired or when an existing debt obligation has been modified and the modification results in the extinguishment of the liability and the creation of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of comprehensive loss. In accounting for the conversion of convertible loan liabilities, the Company has elected to determine the fair value of the units issued to settle the convertible debenture. Any difference between the fair value of the units issued and the components of the convertible debentures settled is recognized as a gain or loss.

(e) Impairment:

i. Financial assets

The Company recognizes an allowance for expected credit losses (“ECL”) for all financial assets not held at fair value through profit and loss. ECLs are based on the difference between the contracted cash flows due in accordance with the contract and all of the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale, collateral held and other credit enhancements that are integral to the contractual terms.

ii. Non-financial assets

The carrying amount of the Company’s non-financial assets, excluding resource properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, the asset’s recoverable amount is estimated.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

Years ended December 31, 2021 and 2020

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3. Significant accounting policies (continued):

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets which generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

The Company's assets do not generate separate cash inflows. If there is an indication that a Company asset may be impaired, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised directly against the carrying amount of the asset whenever the carrying amount of an asset, or its CGU, exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU's are allocated first to the goodwill and then to the carrying amounts of the assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

Resource properties are tested for impairment when development of the property commences or whenever facts and circumstances indicate impairment. Such circumstances would include expiration of rights to explore with no right or expectation of renewal; substantive expenditure on further exploration and evaluation in the specific area is neither budgeted nor planned or the entity has decided to discontinue such activities in the specific area; or if sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. An impairment loss is recognised for the amount by which the resource assets' carrying amount exceeds its recoverable amount. Where the assets are not associated with a specific cash generating unit, the recoverable amount is assessed using fair value less costs to sell for the specific assets.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

Years ended December 31, 2021 and 2020

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3. Significant accounting policies (continued):

(f) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable on respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax assets and deferred income tax liabilities of the same taxable entity are offset when they relate to taxes levied by the same taxation authority and the entity has a legally enforceable right to set off current tax assets against current tax liabilities. The principal temporary differences arise from amortisation on equipment, tax losses carried forward, and fair value adjustments on assets acquired in business combinations.

(g) Share-based compensation:

The Company has a share-based compensation plan which is described in note 15. Awards of options to employees and others providing similar services under this plan are expensed based on the estimated fair value of the options or deferred share units at the grant date, with a corresponding credit to contributed surplus in shareholders' equity. Fair value is measured using the Black-Scholes pricing model. If the options and deferred share units are subject to vesting periods, the compensation cost is recognized over this period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

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3. Significant accounting policies (continued):

Equity-settled share-based compensation transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Consideration paid by employees on the exercise of stock options is credited to share capital together with the amounts originally recorded as share-based compensation in contributed surplus related to the exercised options.

(h) Loss per share:

The calculation of basic loss per common share is based on net loss divided by the weighted average number of common shares outstanding during the period. The Company follows the treasury stock method of calculating diluted per share amounts. Since the Company has a net loss for all years being presented, the effect of the exercise of options and warrants has not been included in the calculation as it would be anti-dilutive.

(i) Plant and equipment:

Equipment is recorded at cost less accumulated amortisation and impairment losses. The Company provides for amortisation using the declining balance and straight-line methods at rates designed to amortise the cost of the equipment over their estimated useful lives. The annual amortisation rates are as follows:

Asset	Basis	Rate
Office equipment	Declining balance	30%
Exploration equipment	Declining balance	30%
Leasehold improvements	Straight line	Term of lease
Research equipment	Straight line	2 Years

(j) Leases:

A contract is or contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

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3. Significant accounting policies (continued):

The cost of the right of use asset includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs; and if applicable, an estimate or costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted, using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the fund necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there are changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option reasonably certain not to be exercised.

The carrying amount of the right-of-use asset is amortized on a straight-line basis over the life of the lease, which has a remaining term of 1.83 years to October 2023, as at December 31, 2021.

The Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and leases with lease terms that are less than 12 months. Lease payments associated with these leases are instead recognized as an expense over the lease term on either a straight-line basis, or another systematic basis if more representative of the pattern of benefit.

(k) Intangible assets:

Intangible assets acquired individually or with a group of other assets from others (other than in a business combination) are recognized at cost, including transaction costs, and allocated to the individual assets acquired based on relative fair values and no goodwill is recognized. Cost is measured based on cash consideration paid. If consideration given is in the form of non-cash assets, liabilities incurred, or equity interests issued, measurement of cost is based on either the fair value of the consideration given or the fair value of the assets (or net assets) acquired, whichever is more clearly evident and more reliably measurable. Costs of internally developing, maintaining or restoring intangible assets that are not specifically identifiable, have indeterminate lives or are inherent in a continuing business are expensed as incurred.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

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3. Significant accounting policies (continued):

Intangibles with a finite useful life are amortized and those with an indefinite useful life are not amortized. The useful life is the best estimate of the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Company. The useful life is based on the duration of the expected use of the asset by the Company and the legal, regulatory or contractual provisions that constrain the useful life and future cash flows of the asset, including regulatory acceptance and approval, obsolescence, demand, competition and other economic factors. If an income approach is used to measure the fair value of an intangible asset, the Company considers the period of expected cash flows used to measure the fair value of the intangible asset, adjusted as appropriate for Company-specific factors discussed above, to determine the useful life for amortization purposes. If no regulatory, contractual, competitive, economic or other factors limit the useful life of the intangible to the Company, the useful life is considered indefinite.

Intangibles with a finite useful life are amortized on the straight-line method unless the pattern in which the economic benefits of the intangible asset are consumed or used up are reliably determinable. The Company evaluates the remaining useful life of intangible assets each reporting period to determine whether any revision to the remaining useful life is required. If the remaining useful life is changed, the remaining carrying amount of the intangible asset will be amortized prospectively over the revised remaining useful life.

(l) Warrants:

From time to time the Company issues warrants in conjunction with share capital. Proceeds are allocated between share capital and warrants based on the relative fair value of each instrument. The fair value of the warrants is estimated using an appropriate option pricing model, as outlined in note 15.

Change in Accounting Policies

New accounting standards not yet adopted

The IASB issued the following standards that have not been applied in preparing these consolidated financial statements as their effective date falls within annual periods beginning subsequent to the current reporting period.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

Years ended December 31, 2021 and 2020

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3. Significant accounting policies (continued):

IAS 1 – Presentation of Financial Statements

On January 23, 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or noncurrent depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The Company is currently assessing the financial impact of the amendments and expects to apply the amendments at the effective date.

IAS 16 – Property, Plant and Equipment

On May 14, 2020, the IASB issued an amendment to IAS 16 Property, Plant and Equipment to prohibit deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling such items, and the cost of producing those items are to be recognized in profit and loss. The amendments are effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The amendment is to be applied retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the earliest period presented in the financial statements in the year in which the amendments are first applied. The Company is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

On May 14, 2020, the IASB issued an amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to the contract can either be incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for contracts for which the Company has not yet fulfilled all its obligations on or after January 1, 2022 with early adoption permitted. The Company is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

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3. Significant accounting policies (continued):

IFRS 9 – Financial Instruments

On May 14, 2020, the IASB issued an amendment to IFRS 9 Financial Instruments clarifying which fees to include in the test in assessing whether to derecognize a financial liability. Only those fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included. The amendment is effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The Company is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.

4. Capital management:

The Company's capital consists of shareholders' equity of \$46,027,752 (2020 - \$41,412,574). The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of resource properties, the advancement of the Company's prospective separation technology, and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financings.

Future financings are dependent on market conditions, and there can be no assurance the Company will be able to raise funds in the future.

The Company invests all capital that is surplus to its immediate operational needs in a high interest savings account. There were no changes to the Company's approach to capital management during the year.

5. Financial instruments and risk management:

Assets and liabilities measured at fair value in the consolidated financial statements are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate fair values. The three levels of fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

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5. Financial instruments and risk management (continued):

The fair value hierarchy of assets and liabilities measured at fair value of the consolidated statements of financial position are disclosed in the notes to the financial statements is as follows:

	December 31, 2021			December 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets:						
Marketable securities	1,000	-	-	27,833	-	-
Financial liabilities:						
Convertible debenture - conversion option	-	(199,904)	-	-	(1,889,941)	-

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due and to continue to fund its exploration and evaluation activities, and advance the Company's RapidSX™ technology. The Company's accounts payable and accrued liabilities are due within six months. Their contractual cash flow is equal to their carrying value. Short term deposits are held in interest bearing instruments that can be converted to cash without penalty at any time and are recorded at fair value.

The following are the contractual maturities of the financial liabilities and other commitments. The table includes undiscounted cash flows of financial liabilities, including lease liabilities and other commitments, interest and principal cash flows based on the earliest date on which the Company is required to pay.

December 31, 2021	Carrying Amount	Total Contractual Cash Flows						
			2022	2023	2024	2025	2026	>2026
Interest - lease liabilities	\$ -	\$ 24,253	\$ 19,296	\$ 4,957	\$ -	\$ -	\$ -	\$ -
Principal repayments - lease liabilities	178,602	178,602	92,430	86,172	-	-	-	-
Interest - convertible debentures	-	132,807	94,125	38,682	-	-	-	-
Principal - convertible debentures	1,255,000	1,255,000	-	1,255,000	-	-	-	-
Interest - long-term debt	-	211,347	110,268	101,079	-	-	-	-
Principal repayments - long-term debt	1,225,198	1,225,198	-	1,225,198	-	-	-	-
Total long-term debt	2,658,800	3,027,207	316,119	2,711,088	-	-	-	-
Trade and other payables	902,837	902,837	902,837	-	-	-	-	-
Total	\$3,561,637	\$3,930,044	\$1,218,956	\$2,711,088	\$ -	\$ -	\$ -	\$ -

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

Years ended December 31, 2021 and 2020

Expressed in Canadian dollars, except where otherwise indicated

5. Financial instruments and risk management (continued):

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign currency rates, interest rates, and commodity and equity prices.

Foreign currency risk

A significant portion of the Company's transactions occur in United States dollars and accordingly, the related financial assets and liabilities are subject to fluctuations in the respective exchange rates. To limit exposure to this risk, cash and short-term investments are primarily held with high quality financial institutions in Canada.

The Company's exposure to US dollar currency risk as measured in Canadian dollars was as follows:

	2021	2020
Cash	\$ 292,212	\$ 106,905
Restricted cash	55,995	56,187
Accounts payable and accrued liabilities	(65,679)	(159,616)
Loan payable	(1,103,025)	(1,166,159)
	\$ (820,497)	\$ (1,162,683)

A 10% change in the US dollar exchange rate would affect net and comprehensive loss and deficit by \$82,050 (2020 - \$116,268).

Interest rate risk

The Company has cash held in a high interest savings account, as is the case at December 31, 2021. The Company does not have any debt that bears variable interest rates.

6. Receivables:

As at December 31, 2021, \$292,670 (2020 - \$154,827) is comprised of Good and Services Tax / Harmonized Sales Tax ("GST") due from government taxation authorities.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

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7. Plant and equipment:

	Office Equipment	Exploration Equipment	Research Equipment	Total
Cost				
Balance, January 1, 2020	\$ 243,825	\$ 142,746	\$ -	\$ 386,571
Additions	9,408	-	24,000	33,408
Balance, December 31, 2020	253,233	142,746	24,000	419,979
Additions	3,097	-	43,043	46,140
Balance, December 31, 2021	256,330	142,746	67,043	466,119
Accumulated amortization				
Balance, January 1, 2020	\$ 214,444	\$ 140,564	\$ -	\$ 355,008
Amortization	10,658	222	1,000	11,880
Balance, December 31, 2020	225,102	140,786	1,000	366,888
Amortization	9,027	155	17,114	26,296
Balance, December 31, 2021	234,129	140,941	18,114	393,184
Net book value				
Balance, December 31, 2020	\$ 28,131	\$ 1,960	\$ 23,000	\$ 53,091
Balance, December 31, 2021	\$ 22,201	\$ 1,805	\$ 48,929	\$ 72,935

8. Gain on sale of the MRT Pilot Plant:

On February 19, 2021, the Company and its named individual officers and IBC Advanced Technologies Inc., its named individual officers and all IBC shareholders that are party to the Option to Purchase Agreement, reached a settlement agreement regarding all litigation activities between the parties and any other associated individuals. The terms included IBC purchasing the MRT pilot plant from the Company for \$1,491,545 (\$1,175,000 USD) pursuant to a series of payments which have all been received during the year. During the year ended December 31, 2019 the Company recorded an impairment for the full cost of the MRT pilot plant of \$2,914,106. The payments received during the year ended December 31, 2021 were recorded through the statement of loss and comprehensive loss as a gain on the sale of the MRT pilot plant.

UCORE RARE METALS INC.

Notes to Consolidated Financial Statements

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9. Right of use asset:

The Company recognizes a right-of-use asset for the lease of the Company's head office located in Bedford, Nova Scotia. The discount rate applied to the lease is 15%.

Cost	
Balance, December 31, 2019	\$ 150,209
Additions	265,992
Balance, December 31, 2020	416,201
Additions	-
Balance, December 31, 2021	416,201
Amortization	
Balance, December 31, 2019	\$ 81,932
Charge for the year	83,054
Balance, December 31, 2020	164,986
Charge for the year	88,664
Balance, December 31, 2021	253,650
Net book value	
Balance, December 31, 2020	\$ 251,215
Balance, December 31, 2021	\$ 162,551

Amortization of the right-of-use assets is calculated using the straight-line method over the remaining lease term.

10. Acquisition of IMC:

On May 8, 2020, the Company acquired 100% of the issued and outstanding shares of Innovation Metals Corp. ("IMC"), a company focused on research and development of technologies for the separation of critical metals including rare earth elements, pursuant to the terms and conditions set forth in a share purchase agreement dated April 27, 2020.

The total fair value of the consideration paid by the Company was \$7,716,180 representing cash consideration of \$1,000 and the issuance of 4,538,341 common shares of the Company from treasury at a fair value of \$1.70 per share on the closing date.

The Company incurred transaction expenses in connection with the acquisition totaling \$498,767. These transaction costs include legal fees, stock exchange fees related to the listing of the additional 4,538,341 common shares of the Company, and financial advisory fees related to an independent formal valuation of IMC. These transaction expenses have been recorded as part of the acquisition.

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10. Acquisition of IMC (continued):

Management has assessed the acquisition of IMC to be an asset acquisition due to the concentration test. The assets and liabilities of IMC assumed on acquisition are as follows:

Cash	\$	12,165
Receivables		71,800
Prepaid expense and other		23,708
Marketable securities		28,750
Intellectual property		8,089,154
Accounts payable and accrued liabilities		(10,630)
Net assets acquired	\$	8,214,947

The total consideration for the acquisition was as follows:

Cash	\$	1,000
Fair value of shares issued		7,715,180
Transaction costs		498,767
Total consideration	\$	8,214,947

Amortization of the intellectual property will commence when the assets are available for commercial production.

11. Resource properties and related exploration costs:

The Company's interests in resource properties consist of:

	December 31, 2020	Deferred exploration costs	Movement in exchange rates	December 31 2021
Bokan Mountain, Alaska	\$ 36,838,028	\$ 299,366	\$ 67,616	\$ 37,205,010

	December 31, 2019	Deferred exploration costs	Movement in exchange rates	December 31, 2020
Bokan Mountain, Alaska	\$ 37,050,367	\$ 248,127	\$ (460,466)	\$ 36,838,028

Bokan Mountain, Alaska

The Company holds the exclusive right to acquire up to a 100% interest in the Bokan Mountain rare earth element property, subject to certain royalties. The Company holds a 100% interest in five separate option agreements to acquire a 100% interest in a parcel of unpatented mineral claims from underlying owners and staked 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 RARE METALS INC.

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12. Lease liabilities:

In February 2012, the Company entered into a five-year operating lease for its head office premises in Halifax, Nova Scotia which began in October 2012. This lease was extended until October 2020 and further extended to October 2023. The Company is required to make monthly lease payments of \$9,221 per month until the expiration of the lease. The Company entered into a lease for a research facility in Salt Lake City, Utah in February 2016 which expired in January 2019. This lease was extended until July 2019 and then extended into a month to month lease with three months notice to terminate the lease. The Company formally terminated this lease in March 2021. The Company entered into a research facility lease in Kingston, Ontario in June 2020 which either party can terminate with 60 days notice. The following table reconciles the changes attributable to the Company's lease liabilities:

	December 31, 2020	Additions	Principal payments	Current portion	December 31, 2021
Office lease liability	\$ 257,303	\$ -	\$ (78,700)	\$ (91,353)	\$ 87,250
	\$ 257,303	\$ -	\$ (78,700)	\$ (91,353)	\$ 87,250

	December 31, 2019	Additions	Principal payments	Current portion	December 31, 2020
Office lease liability	\$ 77,949	\$ 265,992	\$ (86,638)	\$ (78,701)	\$ 178,602
	\$ 77,949	\$ 265,992	\$ (86,638)	\$ (78,701)	\$ 178,602

13. Loan payable:

On March 30, 2019, the Company entered into a secured loan agreement with Orca Holdings, LLC ("Orca") in the amount of \$3,637,875 (\$2,725,000 USD) (the "Orca Loan"). Proceeds were used to repurchase the MRT Pilot Plant for \$2,670,000 (\$2,000,000 USD) and settle the related lease liability, settle accrued and unpaid lease payments totalling \$133,500 (\$100,000 USD); settlement of the remaining lease payments for the period April 1, 2019 to June 30, 2019 of \$100,132 (\$75,000 USD), settle payment of \$400,500 (\$300,000 USD) under a consulting agreement with Orca, and provide the Company with cash of \$333,750 (\$250,000 USD).

A discount on loan payable was determined to be \$194,869 which was recorded in the 2019 statement of loss. The discount represents the fair value adjustment on the loan. Interest was payable monthly and the principal amount was to be repaid in full on March 31, 2021. The loan had an interest at a rate of 12.5% annually for the first 9 months commencing July 1, 2019 and then a rate of 15% annually for the 12 months commencing April 1, 2020.

UCORE RARE METALS INC.

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13. Loan payable (continued):

First Amended Orca Loan

On November 27, 2019, the Company renegotiated the Orca Loan. This included revised terms that saw the Company pay \$2,500,000 (\$1,890,696 USD) in principal and issue 500,000 share purchase warrants to Orca, extend the maturity date of the loan to November 30, 2021, and reduce the interest rate to 9% (the "Amended Orca Loan").

Second Amended Orca Loan

On November 29, 2021, the Company renegotiated the Orca Loan extending the maturity date by 24 months to November 30, 2023 and in conjunction with the extension the Company issued 1,000,000 share purchase warrants to Orca. Each share purchase warrant entitles Orca to acquire one common share of the Company at an exercise price of \$1.20 to November 30, 2023. The amendment was treated as an extinguishment and creation of a new debt instrument as the amendments resulted in a substantive change to the loan agreement.

The effective interest rate used to determine the fair value of the amended loan for initial recognition was 15%. The fair value of the warrants was determined to be \$403,063 using the Black -Scholes model using the following assumptions: (risk-free interest rate – 0.95%, expected life – 2.00 years, expected annual volatility – 108%, expected dividends – Nil, expected forfeiture rate – Nil.

	December 31, 2021	December 31, 2020
Opening balance	\$ 1,166,159	\$ 1,126,207
Extinguishment of debt	(1,230,240)	-
Value of amended loan	1,103,003	-
Interest and accretion expense	66,680	63,249
Foreign exchange	(2,577)	(23,297)
Ending balance	\$ 1,103,025	\$ 1,166,159

As a result of the extension of the loan the Company has a net gain of \$127,237, along with the fair value of the warrants issued of \$403,063 resulting in a loss on debt restructuring of \$275,827. The loan balance is secured by a first charge on the Company's assets.

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14. Convertible debentures:

On May 21 and May 29, 2020, the Company issued 1,280 and 1,520 respectively, of convertible debentures, with a face value of \$1,000 each for total gross proceeds of \$2.8 million. The convertible debentures bear interest of 7.5% payable semi-annually and the principal amount matures on May 31, 2023. The Company has the option to extend the term to May 31, 2024 in the final year of the original term. If the Company elects to extend the term the Company shall pay an extension fee to the debenture holder in an amount equal to six months interest. The debenture holder has the right at any time on or prior to the maturity date to convert all or any portion of the outstanding principal into units of the Company at a conversion price of \$1.20 per unit. Each unit is comprised of one common share and one-half of one common share purchase warrant.

Each whole warrant is exercisable by the holder to purchase one common share at an exercise price of \$1.80 per common share, exercisable until the maturity date of the debenture.

Should the common shares of the Company trade at a closing price of \$2.20 per common share or higher on the TSX Venture Exchange for twenty consecutive trading days, the debentures shall automatically convert into units at a conversion price of \$1.20 per unit.

In conjunction with the convertible debenture offering the Company issued 140,000 commitment warrants, each warrant entitles the holder to acquire one common share at an exercise price of \$1.80 per common share prior to May 31, 2022.

For accounting purposes, the debentures represent a hybrid financial instrument, consisting of a host loan obligation, and embedded derivative instruments comprising the conversions, extension and early conversion features of the debenture. The Company accounts for the host loan obligation at amortized cost, accrued to maturity over the term of the debenture. The embedded conversion and extension options are accounted for as a financial liability measured at fair value through profit or loss. The commitment warrants are accounted for as equity.

At the dates of issue, the convertible debentures and its components were measured at fair values, as follows:

	May 21, 2020 Tranche	May 29, 2020 Tranche
Host liability component at issue	\$ 813,114	\$ 988,160
Conversion and extension options at issue date	555,086	672,096
Fair value of commitment warrants	202,964	244,550
Loss on initial recognition	291,164	384,806
Net proceeds from issue	\$ 1,280,000	\$ 1,520,000

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14. Convertible debentures (continued):

During the year ended December 31, 2021, 1,545 (2020 - \$Nil) convertible debentures were converted to units. In connection with the conversion of convertible debentures into units the Company issued 1,287,483, common shares and 643,746 share purchase warrants. The fair value of the shares issued was calculated using the fair value of the common shares of the Company on the date of conversion. Using the Black Scholes pricing model, the Company determined the fair value of the warrants issued was \$624,470. The assumptions in the Black-Scholes pricing model used to calculate the fair value of the warrants issued was determined using the Black-Scholes pricing model using the following weight average assumptions: volatility of 124.19%, an expected life of 2.31 years, risk free rate of 0.23%, and a zero expected dividend yield. A summary of the conversions during the year ended December 31, 2021 is provided below:

Conversion Date	Principal Converted (\$)	Number of Common Shares Issued	Fair Value of Common Shares Issued (\$)	Number of Warrants Issued	Fair Value of Warrants Issued (\$)	Gain or (Loss) on Conversion
January 8, 2021	50,000	41,666	40,833	20,833	10,933	3,269
January 11, 2021	50,000	41,666	38,749	20,833	10,176	3,564
January 29, 2021	518,000	431,652	561,164	215,832	167,192	(71,984)
February 10, 2021	600,000	500,000	835,000	250,000	268,973	(254,182)
February 16, 2021	250,000	208,333	383,333	104,166	126,701	(173,003)
February 26, 2021	52,000	43,333	84,933	21,666	28,804	(30,375)
March 22, 2021	25,000	20,833	36,041	10,416	11,691	(11,230)
Total	1,545,000	1,287,483	1,980,053	643,746	624,470	(533,941)

The following table summarizes the continuity of the host liability components of the loan:

	May 21, 2020 Tranche	May 29, 2020 Tranche	Total
Carrying value, date of issue	\$ 813,114	\$ 988,160	\$ 1,801,274
Accretion on discount	78,423	87,534	165,957
Balance, December 31, 2020	\$ 891,537	\$ 1,075,694	\$ 1,967,231
Conversion of debentures	\$ (872,661)	\$ (216,335)	(1,088,996)
Accretion on discount	16,022	137,448	153,470
Balance, December 31, 2021	\$ 34,898	\$ 996,807	\$ 1,031,705

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14. Convertible debentures (continued):

The following table summarizes the continuity of the conversion option components of the loan:

	May 21, 2020		May 29, 2020		
	Tranche		Tranche		Total
Carrying value, date of issue	\$	555,086	\$	672,096	\$ 1,227,182
Fair value adjustment		(29,421)		(47,869)	(77,290)
Balance, December 31, 2020	\$	525,665	\$	624,227	\$ 1,149,892
Conversion of debentures	\$	(792,545)	\$	(189,042)	\$ (981,587)
Fair value adjustment		272,455		(240,856)	31,599
Balance, December 31, 2021	\$	5,575	\$	194,329	\$ 199,904

The fair value of the conversion options outstanding have been determined using a binomial option valuation model, using the following key assumptions:

	Tranche 1 - May 21, 2020		Tranche 2 - May 29, 2020	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Expected volatility	90%	116%	90%	116%
Risk-free interest rate	0.84%	0.29%	0.84%	0.29%
Conversion option term	1.39 years	2.40 years	1.41 years	2.40 years
Credit spread	20.69%	20.69%	20.69%	20.69%
Underlying share price	\$ 0.73	\$ 1.18	\$ 0.73	\$ 1.18

15. Share capital:

Authorized:

Unlimited number of common voting shares

Unlimited number of first preferred non-voting shares issuable in series

Unlimited number of second preferred non-voting shares issuable in series

(a) Financing

On February 9, 2021, the Company closed a non-brokered private placement which consisted of an aggregate of 6.7 million units at a subscription price of \$1.00 per unit for aggregate gross proceeds to the Company of \$6.7 million.

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15. Share capital (continued):

Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share at a price of \$1.50 per share for a period of 36 months from the date of issuance, provided that, if, over a period of 10 consecutive trading days between the date that is four months and a day from the date of issuance of the warrants and the date that the warrants would otherwise expire, the closing price of the common shares on the TSX Venture Exchange is equal to or greater than \$1.75, then the Company may, at its option, elect to accelerate the expiry of the warrants by providing notice to the holders thereof within 10 calendar days following the end of such 10-consecutive-trading-day period, in which case the warrants will expire 30 calendar days following the end of such 10-consecutive-trading-day period. The Company determined that the fair value of the warrants issued was \$316,883. The fair value was determined using the Barrier Option pricing model. The assumptions used in the Barrier Option pricing model were: volatility of 111%, an expected life of 3 years, barrier price of \$1.75, risk-free rate of 0.24%, discount for lack of marketability of 25% to account for the warrants are nonmarketable interest.

The Company issued a total of 306,060 finder's units pursuant to certain subscriptions. Each finder's unit issued entitles the holder to acquire one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share at a price of \$1.50 per share for a period of 36 months from the date of issuance, provided that, if, over a period of 10 consecutive trading days between the date that is four months and a day from the date of issuance of the warrants and the date that the warrants would otherwise expire, the closing price of the common shares on the TSX Venture Exchange is equal to or greater than \$1.75, then the Company may, at its option, elect to accelerate the expiry of the warrants by providing notice to the holders thereof within 10 calendar days following the end of such 10-consecutive-trading-day period, in which case the warrants will expire 30 calendar days following the end of such 10-consecutive-trading-day period. The fair value of the warrants issued was \$86,049 which was determined using the Barrier Option pricing model. The assumptions used in the Barrier Option pricing model were: volatility of 111%, an expected life of 3 years, barrier price of \$0.75, discount for lack of marketability of 35% to account for the warrants are nonmarketable interest and non-transferability resulting in the following allocation of proceeds and costs between common shares and warrants. Other costs associated with the private placement totaled \$128,990.

A summary of the allocation of proceeds is provided below:

	Allocation of proceeds		
	Shares	Warrants	Total
Proceeds	\$ 6,383,117	\$ 316,883	\$ 6,700,000
Cash costs	(100,398)	(28,592)	(128,990)
Finder's warrants	(81,979)	81,979	-
Closing balance	\$ 6,200,740	\$ 370,270	\$ 6,571,010

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15. Share capital (continued):

(b) Acquisition of IMC

On May 8, 2020, the Company issued 4,538,341 common shares as consideration for the acquisition of IMC (note 10). The shares were ascribed a value of \$1.70 per share, being the closing price of the shares on the TSX Venture Exchange on the closing date of the transaction.

(c) Stock options

The Company adopted an incentive stock option plan whereby options may be granted from time to time to directors, officers, employees, and consultants of the Company (the "Plan"). Pursuant to the terms of the Plan, up to 10% of the issued and outstanding common shares have been reserved for issuance as options, with no one individual being granted more than 5% of the issued and outstanding common shares. Options granted under the Plan generally vest over a period of 12 to 18 months. Stock options expire up to five years after the date of grant. Stock options may also be granted to agents in certain public and private placements. Options granted to agents vest immediately and generally expire two years after the date of grant.

For the year ended December 31, 2021, the Company recognized share-based compensation expense of \$395,715 (2020 - \$468,258) for options granted to directors, employees, and consultants. The Company recorded a forfeiture recovery to share-based compensation expense of \$Nil (2020 - \$62,606). As a result of the transactions during the year \$395,715 (2020 - \$405,652) was charged to income.

The fair value of options granted during the year has been estimated using the Black-Scholes option pricing model. The weighted average assumptions used in the pricing model for options granted during the year are as follows:

	2021	2020
Risk-free interest rate	0.85%	1.15%
Expected life of each option	3 years	3 years
Expected volatility	117%	106%
Expected dividends	nil	nil
Weighted average grant date fair value	\$0.76	\$1.10
Rate of forfeiture	0%	0%

Expected volatility is estimated by considering historic average share price volatility.

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15. Share capital (continued):

A summary of changes in stock options during the year is as follows:

	2021		2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	1,829,000	\$ 2.22	1,958,333	\$ 2.40
Granted	790,000	1.28	265,000	1.65
Expired	(290,000)	3.01	(318,333)	2.86
Forfeited	-	-	(76,000)	1.84
Balance, end of year	2,329,000	\$ 1.81	1,829,000	\$ 2.22

The following table summarizes information about the stock options outstanding and exercisable at December 31, 2021:

Exercise price per share	Number of outstanding options	Expiry date	Number of exercisable options
1.20	120,000	May 17, 2026	40,000
1.20	384,000	November 15, 2024	384,000
1.30	480,000	September 1, 2026	-
1.30	190,000	March 26, 2026	63,333
1.55	40,000	September 23, 2024	40,000
1.65	265,000	May 15, 2025	265,000
1.90	20,000	February 12, 2023	20,000
2.30	20,000	July 30, 2023	20,000
2.65	810,000	August 21, 2022	810,000
	2,329,000		1,642,333
Weighted average remaining life			2.68 years

(d) Share purchase warrants

The fair value of warrants has been estimated using the Black-Scholes option pricing model. The weighted average assumptions used in the pricing model for the warrants granted during each year are as provided below.

	2021	2020
Risk-free interest rate	0.67%	0.28%
Expected life	2.12 years	3 years
Expected volatility	115%	102%
Expected dividends	N/A	N/A

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15. Share capital (continued):

A summary of the Company's share purchase warrants at December 31, 2021 and 2020, and the changes for the years then ended is as follows:

	2021		2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of year	1,412,128	\$ 1.92	1,274,578	\$ 1.90
Granted	5,299,806	1.45	140,000	1.80
Exercised	(46,666)	1.80	-	-
Expired	(1,272,128)	1.94	(2,450)	1.80
Balance, end of year	5,393,140	\$ 1.46	1,412,128	\$ 1.92

During the year ended December 31, 2021 and 2020, warrants from financings completed in 2018 expired unexercised. This resulted in a decrease to warrants and an increase to contributed surplus of \$588,803 (2020 - \$1,862). During the year ended December 31, 2021, warrants issued to extend the Orca Loan (note 13) expired unexercised. This resulted in a decrease to warrants and an increase to contributed surplus of \$249,106.

The following table summarizes information about the warrants outstanding and exercisable at December 31, 2021.

Exercise price Per share	Expiry date	Number of warrants
\$1.00	February 8, 2024	306,060
\$1.20	November 30, 2023	1,000,000
\$1.50	February 8, 2024	3,350,000
\$1.80	May 21, 2022	59,000
\$1.80	May 29, 2022	76,000
\$1.80	May 31, 2023	602,080
		5,393,140
Weighted average remaining life		1.95 years

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15. Share capital (continued):

(e) Deferred share units

The Company has adopted a Deferred Share Unit Plan for the directors and senior officers of the Company. Pursuant to the terms of the plan, the maximum number of Deferred Share Units issued to any individual, within any one year period, cannot exceed 1% of the issued and outstanding Shares as of the relevant Award Date, and the maximum number of Deferred Share Units issued to any individual, within any one year period, when aggregated with the number of Shares underlying all other awards made to such individual under all other Security Based Compensation Arrangements in such year period, cannot exceed 5% of the issued and outstanding Shares as of the relevant Award Date.

Awards granted under the Plan generally vest 25% immediately on the award date, 25% on the one-year anniversary of the award date, 25% on the two-year anniversary of the award date and 25% on the three-year anniversary of the award date. Early vesting is provided in the event of termination without cause, resignation at the request of the Company, death, or on the occurrence of a change of control of the Company.

During the years ended December 31, 2021 and 2020 there were no deferred share units issued. There are currently 55,710 (2020 – 55,710) deferred share units outstanding which are fully vested.

16. Related party transactions:

Related parties consist of key management personnel, directors, and entities that are associated with the Company as well as significant shareholders including Orca Holdings, LLC (“Orca”). The Company has defined key management personnel as senior executive officers, as well as the Board of Directors. The total remuneration of key management personnel and the Board of Directors was as follows:

	2021	2020
Director’s fees	\$ 230,722	\$ 163,000
Special and Independent Committee fees	-	235,000
Share-based payments to directors	53,036	72,226
Key management short-term benefits	529,121	687,112
Share-based payments to key management	55,879	158,960
	\$ 868,758	\$ 1,316,298

Key management short-term benefits include all salary, bonuses, and health/dental benefits earned by officers during the year.

During the year ended December 31, 2021, the Company paid \$230,093 (2020 - \$695,922) in legal fees to Miller Thomson LLP. Mr. Geoff Clarke, a director of the Company, is a partner of that law firm. Payments made by the Company to Miller Thomson LLP are for the various legal services provided to the Company by several lawyers and law clerks at the firm, which includes lawyers and law clerks in multiple provinces and offices across Canada.

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16. Related party transactions (continued):

On May 29, 2020, the Company closed a private placement of convertible debentures and issued 2,800 convertible debentures at a price of \$1,000 per debenture for aggregate gross proceeds of \$2,800,000. Certain officers and directors subscribed for a total of 35 convertible debentures.

On November 29, 2021, the Company amended a secured loan agreement with Orca for which the maturity date was extended 24 months to November 30, 2023 and the Company issued 1,000,000 warrants to Orca with an exercise price of \$1.20 and an expiry date of November 30, 2023. The loan with Orca is further described in note 13.

All related party transactions were valued at the exchange amount agreed to between the parties.

17. Deferred income taxes:

Deferred income tax recovery differs from the amount that would be computed by applying the combined Canadian federal and Nova Scotia provincial statutory income tax rate of 29% (2020 – 29.5%) to net loss before income taxes. The reasons for the difference are as follows:

	2021	2020
Computed tax recovery at the statutory rates	\$ (1,598,117)	\$ (1,630,210)
Stock-based compensation, not deductible for tax purposes	114,757	119,667
Changes in tax assets related to deductible temporary differences and unused tax losses not recognized	1,497,782	1,361,733
Other	(14,422)	148,810
	\$ -	\$ -

The deferred tax assets relating to the following deductible temporary differences and non-capital losses have not been recognised in the consolidated financial statements:

	Dec 31, 2021	Dec 31, 2020
Non-capital losses carried forward	\$ 52,624,000	\$ 44,621,000
Capital loss carried forward	4,194,000	-
Debt and equity issuance costs	716,000	344,000
Marketable securities	45,000	45,000
Plant and equipment	1,230,000	3,864,000
IBC option	-	841,000
Resource properties and related exploration costs	1,563,000	1,563,000
Non refundable advance on technology	-	3,353,000
Convertible debentures	-	317,000
	\$ 60,372,000	\$ 54,948,000

The Company has accumulated losses for Canadian tax purposes of approximately \$52,721,000, which may be carried forward and used to reduce taxable income in future years. These losses expire between 2026 and 2041.

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18. Supplementary cash flow information:

	December 31, 2021	December 31, 2020
	\$	\$
Non-cash financing and investment activities:		
Accounts payable and accrued liabilities related to resources properties and related exploration costs	-	(46,866)
Prepays related to resource properties and related exploration costs	13,738	(2,003)
Issuance of commitment warrants	-	447,514
Capitalization of right-of-use assets and lease liabilities	-	265,992
Reversal of reserves relating to the exercise of warrants	22,695	-
Shares issued on conversion of convertible debentures	1,980,053	-
Warrants issued on conversion of convertible debentures	624,470	-