UCORE RARE METALS INC.

(A Development Stage Enterprise)

Unaudited Condensed Interim Consolidated Financial Statements

Second Quarter
For the six month period ended June 30, 2017

Under National instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice to this effect. Management of Ucore Rare Metals Inc. has prepared these condensed consolidated interim financial statements. Management has compiled the unaudited condensed consolidated interim Statement of Financial Position of Ucore Rare Metals Inc. as at June 30, 2017, the audited condensed consolidated interim Statement of Financial Position as at December 31, 2016 and the unaudited condensed consolidated interim statements of comprehensive loss, changes in shareholder's equity and cash flows for the six month periods ended June 30, 2017 and June 30, 2016. The Company's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the June 30, 2017 condensed consolidated interim financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

UCORE RARE METALS INC.

Consolidated Statements of Financial Position
Expressed in Canadian dollars
(Unaudited - Prepared by Management)

	June 30, 2017	December 31, 2016
	$	$
ASSETS		
Current assets		
Cash	1,459,411	3,114,200
Restricted cash	231,380	239,403
Marketable securities	2,500	1,000
Other receivables	47,334	63,156
Prepaid expenses and other (note 5)	308,828	285,179
	2,049,453	3,702,938
Plant and equipment	728,787	749,517
Derivative asset (note 8)	359,462	462,577
Resource properties and related exploration costs (note 7)	39,617,029	40,308,855
Non-refundable advance on technology (note 6)	3,353,446	3,353,446
	46,108,177	48,577,333
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	118,945	129,582
	118,945	129,582
Shareholders' equity		
Share capital	58,718,427	60,843,236
Contributed surplus	12,629,550	10,714,134
Warrants (note 10)	10,167,621	9,679,444
Accumulated other comprehensive income	4,243,762	5,040,805
Deficit	(39,770,128)	(37,829,868)
	45,989,232	48,447,751
	46,108,177	48,577,333

Nature of Operations (note 1)

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

Approved on behalf of the Board of Directors

(s) Jim McKenzie
Jim McKenzie, Director

(s) Geoff Clarke
Geoff Clarke, Director

UCORE RARE METALS INC.

Condensed Interim Consolidated Statements of Comprehensive Loss
Expressed in Canadian dollars
(unaudited - Prepared by Management)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
	$	$	$	$
EXPENSES				
Amortisation	8,765	9,729	17,250	19,242
Investor relations and marketing	48,754	90,919	112,079	176,087
Office and premises	77,753	78,717	164,618	157,755
Professional services	135,385	361,974	276,917	441,898
Salaries and consultants	392,443	761,212	825,079	1,146,722
Securities and regulatory	34,486	42,977	72,987	76,290
Share-based payments	106,651	89,102	276,130	216,051
Travel	35,019	125,859	90,258	197,004
Fair value adjustment of derivative asset (note 8)	51,846	-	103,115	-
	891,102	1,560,489	1,938,433	2,431,049
OTHER INCOME (LOSS)				
Interest income	2,549	316	5,533	1,320
Foreign exchange	(4,583)	4,957	(7,360)	(244,896)
	(2,034)	5,273	(1,827)	(243,576)
LOSS BEFORE INCOME TAXES	(893,136)	(1,555,216)	(1,940,260)	(2,674,625)
INCOME TAXES RECOVERABLE	-	(11,233)	-	(11,233)
NET LOSS	(893,136)	(1,543,983)	(1,940,260)	(2,663,392)
Net Loss per share - basic and diluted	(0.00)	(0.01)	(0.01)	(0.01)
Weighted average number of basic and diluted common shares outstanding	270,142,077	251,159,244	270,142,077	231,388,294
COMPREHENSIVE LOSS:				
Net loss for the periods	(893,136)	(1,543,983)	(1,940,260)	(2,663,392)
Items which may be subsequently recycled through profit or loss				
Foreign currency translation difference arising on translation of foreign subsidiaries	(572,044)	66,075	(798,543)	(1,444,904)
Unrealized gain (loss) on available-for-sale securities	-	250	1,500	500
	(1,465,180)	(1,477,658)	(2,737,303)	(4,107,796)

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
(Unaudited - Prepared by Management)

	Number of Shares	Share Capital	Contributed Surplus	Warrants	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
Balance at January 1, 2016	197,576,471	$ 45,865,391	$ 10,219,858	$ 5,637,377	$ 5,747,855	$ (32,433,478)	$ 35,037,003
Net Loss						(2,663,392)	(2,663,392)
Unrealised gain (loss) on available for sale securities					500		500
Foreign currency translation adjustment					(1,444,904)		(1,444,904)
Share-based payments			230,098				230,098
Shares issued on exercise of warrants	1,690,300	527,741					527,741
Fair value of warrants exercised		176,279		(176,279)			-
Shares issued on exercise of options	166,667	38,333					38,333
Fair value of options exercised		19,667	(19,667)				-
Financing (net of costs)	25,344,821	4,561,311		2,388,687			6,949,998
Shares issued to settle liabilities	600,000	195,000					195,000
Shares issued on conversion of liabilities	43,146,811	10,932,689					10,932,689
Extension of warrants		(1,382,698)		1,382,698			-
Expiry of warrants (net of tax)			61,235	(72,468)			(11,233)
Balance at June 30, 2016	268,525,070	$ 60,933,713	$ 10,491,524	$ 9,160,015	$ 4,303,451	$ (35,096,870)	$ 49,791,833
Balance at January 1, 2017	270,142,077	$ 60,843,236	$ 10,714,134	$ 9,679,444	$ 5,040,805	$ (37,829,868)	$ 48,447,751
Net Loss						(1,940,260)	(1,940,260)
Unrealised gain (loss) on available for sale securities					1,500		1,500
Foreign currency translation adjustment					(798,543)		(798,543)
Share-based payments (note 9)			278,784				278,784
Extension of warrants (note 10)		(2,124,809)		2,124,809			-
Expiry of warrants (note 10)			1,636,632	(1,636,632)			-
Balance at June 30, 2017	270,142,077	$ 58,718,427	$ 12,629,550	$ 10,167,621	$ 4,243,762	$ (39,770,128)	$ 45,989,232

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

UCORE RARE METALS INC.

Condensed Consolidated Statements of Cash Flows
Expressed in Canadian dollars
(Unaudited - Prepared by Management)

	2017	2016
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(1,940,260)	(2,663,392)
Adjustments for items not involving cash:		
Amortisation	17,250	19,242
Share-based payments	276,130	216,051
Foreign exchange loss on convertible royalty	-	197,490
Fair value adjustment of derivative asset	103,115	-
Liabilities settled through issuance of shares	-	195,000
Deferred income tax recovery	-	(11,233)
Unrealized foreign exchange loss	8,023	722
	(1,535,742)	(2,046,120)
Change in non-cash operating working capital:		
Other receivables	15,822	32,753
Prepaid expenses and other	(23,649)	(85,325)
Accounts payable and accrued liabilities	13,628	(86,412)
	(1,529,941)	(2,185,104)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease (increase) in restricted cash	-	14,817
Issuance of common shares and warrants for cash	-	6,949,998
Issuance of common shares on exercise of options and warrants	-	566,074
	-	7,530,889
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(1,400)	(2,666)
Purchase of non-refundable advance on technology and other	-	(653,738)
Resource properties and related exploration costs	(123,448)	(735,774)
	(124,848)	(1,392,178)
INCREASE (DECREASE) IN CASH	(1,654,789)	3,953,607
CASH, beginning of period	3,114,200	2,733,673
CASH, end of period	1,459,411	6,687,280
Non-cash financing and investment activities:		
Accounts payable and accrued liabilties related to resource properties and related exploration costs	(24,265)	2,921

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

1. NATURE OF OPERATIONS

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 engaged in the exploration for and separation of rare earth elements within Canada and the United States. The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. To date, the Company has not earned significant revenues and is considered to be a development stage enterprise.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 previous years and has a deficit. Management estimates current working capital may not be sufficient to fund all of the Company's planned expenditures through the next 12 months. The ability of the Company to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business and continue with or expand upon its exploration programs is contingent upon securing financing or monetizing assets. The timing and availability of additional financing will be determined largely by market conditions and the results of the Company's ongoing exploration programs. There is no certainty that the Company will be able to raise funds as they are required in the future.

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.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*.

The policies applied in these condensed interim consolidated financial statements are consistent with the policies disclosed in the consolidated financial statements for the year ended December 31, 2016 with the exception of those new standards, amendments, and interpretations mandatorily effective as of January 1, 2017 discussed in note 3. The date the Board of Directors approved the financial statements is August 29, 2017.

Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for available for sale financial assets, share based payments, and warrants measured at fair value.

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 condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Company.

For the six month period ended June 30, 2017 (Expressed in Canadian dollars)

Use of estimates and judgments

The preparation of financial statements 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 judgments based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

3. ACCOUNTING CHANGES AND RECENT PRONOUNCEMENTS

(a) Adoption of new accounting standards

The Company adopted the following accounting standards and amendments to accounting standards effective January 1, 2017:

In January 2016, the IAS issued amendments to IAS 7, Statement of Cash Flows. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities from financing activities. These amendments apply prospectively for annual periods beginning on or after January 1, 2017. These amendments had no impact on the Company's condensed interim financial statements.

In January 2016, the IASB issued amendments to IAS 12, Income Taxes. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences. The amendments apply retrospectively for annual periods beginning on or after January 1, 2017. These amendments had no impact on the Company's condensed interim consolidated financial statements.

The Company adopted the following accounting standards and amendments to accounting standards effective January 1, 2016:

Amendments to IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangibles*: These amendments prohibit the use of revenue-based depreciation methods for property, plant and equipment and limit the use of revenue-based amortization for intangible assets. These amendments had no impact on the Company's condensed interim consolidated financial statements as revenue-based depreciation or amortization methods are not used.

(b) Standards issued but not yet adopted:

For the purposes of preparing and presenting the Company's condensed interim consolidated financial statements, the Company has adopted all applicable standards and interpretations issued other than those discussed below. These standards have not been adopted because they are not effective for the Company until subsequent to December 31, 2017. Standards and interpretations issued, but not yet adopted include:

	Effective for the Company
IFRS 15, Revenue from Contracts with Customers	January 1, 2018
IFRS 9, Financial Instruments	January 1, 2018
IFRS 16, Leases	January 1, 2019

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. The standard replaces IAS 11, Construction Contracts; IAS 18, Revenue; IFRIC 13, Customer Loyalty Programmes; IFRIC 15, Agreements for the Construction of Real Estate; IFRIC 18, Transfer of Assets from Customers; and SIC 31, Revenue – Barter Transactions Involving Advertising Services. This standard establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

In July 2014, the IASB issued IFRS 9, Financial Instruments, which will replace IAS 39, Financial Instruments, Recognition and Measurement. The replacement standard provides a new model for the classification and measurement of financial instruments. The IASB has determined the revised effective date for IFRS 9 will be for annual periods beginning on or after January 1, 2018. The Company will evaluate the impact of the change to the consolidated financial statements based on the characteristics of financial instruments outstanding at the time of adoption.

In January 2016, the IASB issued IFRS 16 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The new standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

4. CAPITAL MANAGEMENT

The Company's capital at June 30, 2017 consists of shareholders' equity of $45,989,232 (December 31, 2016: $48,447,751). 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 separation technology, and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity and royalty based 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 period. The Company is not subject to externally imposed capital requirements.

5. RELATED PARTY TRANSACTIONS

As at June 30, 2017 the Company has recorded an advance, for corporate expenses, to officers of the Company in the amount of $188,407 (December 31, 2016 - $180,407), which is non-interest bearing and is to be repaid over three years. The amount is included in prepaid expenses and other.

During the period ending June 30, 2017, the Company paid $78,976 (2016 - $83,256) in fees to a law firm of which a director of the Company is a partner. Additionally, travel expenditures in the amount of $340 (2016 - $983) were reimbursed to directors of the Company.

All related party transactions were in the normal course of operations and were valued at the exchange amount agreed to between the parties.

For the six month period ended June 30, 2017 (Expressed in Canadian dollars)

6. NON-REFUNDABLE ADVANCE ON TECHNOLOGY

The Company has an option to make payments of $2.9 million USD to secure the exclusive, perpetual, full and royalty free license and authorization to use, enjoy and benefit from the proprietary Superlig® Molecular Recognition Technology ("MRT") intellectual property for rare earth purification, tailings remediation, and related recycling applications. To date, the Company has made non-refundable payments totaling $2,445,291 ($1,915,000 USD) to IBC Advanced Technologies Inc. ("IBC") with respect to this option. Under the terms of the advance agreement, these payments, when complete are expected to result in the creation of a joint venture which will hold the rights to this technology. The joint venture would be owned 40% by Ucore, 40% by IBC, and 20% by a financing partner. Ucore will be responsible for either providing initial capital for the new venture as the financing partner, or finding a third party investor to provide the required investment. If Ucore were to invest the capital directly, it would result in Ucore controlling the entity. These non-refundable payments as well as a commitment to provide a minimum of $1,000,000 USD in start-up capital will form the basis for its contribution to the joint venture. The amortization method, useful life, and residual value of the underlying asset or assets related to the license will be determined upon formation of the joint venture.

The Company has made a number of payments totaling $908,155 ($690,000 USD) for certain considerations from IBC, including the devotion of IBC's resources to the development of the joint venture's potential business opportunities. These payments will be assigned to the joint venture discussed above upon formation and will be paid back to Ucore preferentially on any distributions from the joint venture.

7. RESOURCE PROPERTIES AND RELATED EXPLORATION COSTS

The Company's interest in resource properties and related exploration costs consist of the following:

	December 31, 2016	Acquisition Costs	Deferred Exploration Costs	Reclass from Equipment	Impairment	Movement in exchange rates	June 30, 2017
Bokan Mountain, Alaska	$ 40,308,855	$ -	$ 106,717	$ -	$ -	$ (798,543)	$ 39,617,029
	$ 40,308,855	$ -	$ 106,717	$ -	$ -	$ (798,543)	$ 39,617,029

	December 31, 2015	Acquisition Costs	Deferred Exploration Costs	Reclass from Equipment	Impairment	Movement in exchange rates	December 31, 2016
Bokan Mountain, Alaska	$ 39,750,578	$ -	$ 1,265,576	$ -	$ -	$ (707,300)	$ 40,308,855
Seagull Tin, Yukon	251,994	-	-	-	(251,994)	-	-
	$ 40,002,572	$ -	$ 1,265,576	$ -	$ (251,994)	$ (707,300)	$ 40,308,855

8. FINANCIAL DERIVATIVE

The Company has made $841,050 ($650,000 USD) in non-refundable payments in respect of a purchase option from IBC, a private company. This option (the "IBC option") allows the Company to purchase 100% of the outstanding shares of IBC in exchange for cash considerations totaling $10,000,000 USD and an issuance of 4,000,000 Units of Ucore. Each Unit consisting of one common share of Ucore plus one half of a common share purchase warrant. Each full warrant shall entitle the holder to acquire one additional common share of Ucore at a strike price equal to the market price of the common shares of Ucore as of the date on which the option is exercised. This option expires March 14, 2019.

Upon the exercise of the IBC option, IBC key personnel shall become entitled to receive performance incentives and payments totaling 7% of annual EBITDA for each of the first 5 years of IBC's operations subsequent to the exercise of the option.

For the six month period ended June 30, 2017 (Expressed in Canadian dollars)

Shareholders representing the majority of the outstanding and fully diluted shares of IBC are parties to, and bound by the IBC option agreement. In the event that any IBC shareholder that is not a party to the option agreement elects not to sell their shares to the Company, consideration to be paid would be adjusted to reflect the percentage of the Company that is not acquired.

The option is a derivative financial asset that is recorded at fair value, with changes in fair value recognized through profit or loss. The premium paid for the derivative at inception of $841,050 represents the initial fair value. As the derivative is out of the money at June 30, 2017, the fair value has been estimated based on amortizing the premium on a straight-line basis over the term of the option agreement. Changes in the fair value are summarized as follows:

	December 31, 2016	Additions	Amorisation	June 30, 2017
IBC Option	$ 462,577	$ -	$ (103,115)	$ 359,462
	$ 462,577	$ -	$ (103,115)	$ 359,462

	December 31, 2015	Additions	Amorisation	December 31, 2016
IBC Option	$ -	$ 841,050	$ (378,473)	$ 462,577
	$ -	$ 841,050	$ (378,473)	$ 462,577

9. SHARE BASED PAYMENTS

Changes in stock options during the six month period ended June 30, 2017 and year ended December 31, 2016 are summarized as follows:

	Six month period ended June 30, 2017		**Year ended December 31, 2016**	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Opening balance	16,318,333	0.29	15,605,000	0.35
Granted	-	-	3,100,000	0.30
Exercised		-	(166,667)	0.23
Forfeited	(550,000)	0.35	(2,220,000)	0.58
Closing balance	15,768,333	0.29	16,318,333	0.29

For the six month period ended June 30, 2017 (Expressed in Canadian dollars)

The following table summarizes information about the stock options outstanding and exercisable at June 30, 2017:

Exercise price per share $	Number of outstanding options	Expiry Date	Number of exercisable options
0.23	333,333	November 3, 2020	333,333
0.25	500,000	May 13, 2018	500,000
0.26	3,685,000	June 11, 2018	3,685,000
0.26	250,000	October 30, 2018	250,000
0.27	150,000	February 17, 2019	150,000
0.27	2,900,000	June 30, 2019	2,900,000
0.28	2,850,000	September 11, 2020	2,850,000
0.30	2,800,000	November 4, 2021	933,333
0.30	300,000	November 4, 2021	100,000
0.32	500,000	June 30, 2019	500,000
0.33	100,000	August 6,2020	100,000
0.38	300,000	June 12, 2020	200,000
0.38	650,000	April 25, 2019	650,000
0.40	150,000	September 14, 2017	150,000
0.46	300,000	January 29, 2018	300,000
	15,768,333		**13,601,666**

In addition, the Company has 587,800 outstanding deferred share units as at June 30, 2017. In the current period, these deferred share units represented a total expense of $7,930 (2016 - $16,248). This has been recorded in share based compensation expense.

10. WARRANTS

Changes in share purchase warrants during the six month period ended June 30, 2017 and year ended December 31, 2016 are summarized as follows:

	Six month period ended June 30, 2017		**Year ended December 31, 2016**	
	Number of warrants	Weighted average exercise price $	Number of warrants	Weighted average exercise price $
Opening balance	66,188,701	0.41	39,989,249	0.42
Granted	-	-	28,503,449	0.37
Exercised	-	-	(1,807,300)	0.31
Expired	16,953,340	0.35	(496,697)	0.29
Closing balance	49,235,361	0.35	66,188,701	0.41

During the period, 16,953,340 broker warrants from financings completed in 2013 expired unexercised. This resulted in an increase to contributed surplus of $1,636,632.

The 20,731,912 warrants issued between April 11 and April 17, 2014 originally expiring between April 11 and April 17, 2017, were extended by two years, to dates between April 11 and April 17, 2019, depending upon the exact date of issue of each warrant. The value of this modification totalled $2,124,809 and was charged to equity. The original exercise price of $0.50 per common share was amended to $0.305. In accordance with TSX policy, in the event that the market price of the Company's common shares exceeds $0.38125 for ten consecutive days, the remaining term of the warrants will be reduced to 30 days.

11. SUBSEQUENT EVENTS

On July 31, 2017, the Company completed a sale leaseback agreement with Orca Holdings, LLC ("Orca"). The terms of the agreement resulted in the Company selling its' SuperLig®-One MRT Rare Earth Pilot Plant (the "Pilot Plant") for CAD$2.5 million (USD$2 million) (the "Purchase Price"). Orca will lease the Pilot Plant to Ucore over a 3-year term at an annual lease rate of 15% (the "Term"). At the option of either party, the lease may be terminated upon the payout by the Company of the Purchase Price at any time commencing the second year of the Term. Of the total proceeds, USD$1 million (CAD $1.25 million) has been budgeted and set aside for payment to IBC Advanced Technologies to complete the option payments referenced in Note 6, above.

On August 21, 2017, pursuant to the terms of its stock option plan, the Company granted 8.45 million options to Advisory Board personnel, as well as directors, officers, employees and consultants, with an exercise price of $0.265 per share, expiring August 21, 2022, with 1/3 of the options vesting on February 21, 2018 and an additional third vesting every six months thereafter, until fully vested. In addition, subsequent to June 30, 2017 1,550,000 stock options expired unexercised.