



UCORE RARE METALS INC.

Unaudited Condensed Interim Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2026

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, then such financial statements must be accompanied by a notice to this effect. Management of Ucore Rare Metals Inc. has prepared these condensed interim consolidated financial statements. Management has compiled the unaudited condensed interim consolidated statement of financial position of Ucore Rare Metals Inc. as at June 30, 2026, the audited consolidated statement of financial position as at December 31, 2025 and the unaudited condensed interim consolidated statements of comprehensive loss, changes in shareholder's equity and cash flows for the three-month and six-month periods ended June 30, 2026 and June 30, 2025. The Company's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2026. 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)

	June 30, 2026	December 31, 2025
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	19,876,348	26,114,089
Receivables (note 4)	3,377,576	1,801,613
Prepaid expenses	500,619	529,639
	<u>23,754,543</u>	<u>28,445,341</u>
Other asset	72,790	70,181
Plant and equipment (note 5)	8,937,619	5,115,598
Right-of-use assets	2,358,478	2,446,369
Intellectual property	6,726,926	6,994,348
Resource properties and related exploration costs	41,489,784	40,510,840
	<u>83,340,140</u>	<u>83,582,677</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	5,695,056	1,926,370
Lease liabilities	88,944	137,177
Loans payable (note 6)	8,377,762	6,879,897
	<u>14,161,762</u>	<u>8,943,444</u>
Long-term liabilities		
Loans payable (note 6)	-	862,248
Lease liabilities	2,587,510	2,617,907
	<u>16,749,272</u>	<u>12,423,599</u>
Shareholders' equity		
Share capital (note 7)	171,069,271	161,924,455
Contributed surplus (note 7)	32,104,593	29,581,282
Warrants (note 7)	5,531,271	10,020,939
Accumulated other comprehensive income	6,688,455	5,594,355
Deficit	(148,802,722)	(135,961,953)
	<u>66,590,868</u>	<u>71,159,078</u>
	<u>83,340,140</u>	<u>83,582,677</u>

Equity is solely attributable to shareholders of the Company

Contingency (note 11)

Subsequent events (note 12)

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 unaudited condensed interim consolidated financial statements.

UCORE RARE METALS INC.

Consolidated Statements of Net Loss and Comprehensive Loss
Expressed in Canadian dollars
(Unaudited)

	Three-month period ended June 30,		Six-month period ended June 30,	
	2026	2025	2026	2025
	\$	\$	\$	\$
EXPENSES				
Amortization	236,303	234,737	468,674	470,789
Investor relations and marketing	107,933	290,481	180,860	436,234
Office and premises	112,955	91,996	219,405	152,216
Professional services (note 8)	695,633	353,505	1,056,809	568,158
Salaries and management fees (note 8)	410,690	409,892	822,587	700,606
Securities and regulatory	101,888	54,878	148,189	71,028
Research and development, net (note 4)	3,147,409	688,349	6,510,675	2,454,189
Share-based payments (note 7 and 8)	2,365,161	421,460	2,615,353	584,674
Travel	137,554	115,472	230,627	208,270
	<u>7,315,526</u>	<u>2,660,770</u>	<u>12,253,179</u>	<u>5,646,164</u>
OTHER INCOME (EXPENSES)				
Interest income	152,335	2,885	259,453	2,885
Other income	-	-	-	25,121
Interest and accretion expense (note 6)	(446,050)	(778,730)	(868,260)	(1,516,379)
Fair value adjustment of derivative liabilities	-	(604,647)	-	(1,952,424)
Loss on the conversion of convertible debentures	-	(6,979)	-	(58,876)
Foreign exchange gain (loss)	(70,046)	414,101	21,217	388,146
	<u>(363,761)</u>	<u>(973,370)</u>	<u>(587,590)</u>	<u>(3,111,527)</u>
NET LOSS	<u>(7,679,287)</u>	<u>(3,634,140)</u>	<u>(12,840,769)</u>	<u>(8,757,691)</u>
Net loss per share - basic and diluted	<u>(0.07)</u>	<u>(0.05)</u>	<u>(0.11)</u>	<u>(0.13)</u>
Weighted average number of basic and diluted common shares outstanding	<u>116,444,063</u>	<u>75,431,373</u>	<u>115,130,869</u>	<u>69,798,834</u>
COMPREHENSIVE LOSS:				
Net loss for the period	(7,679,287)	(3,634,140)	(12,840,769)	(8,757,691)
Other comprehensive income (loss)				
<i>Items which may be subsequently recycled through profit or loss</i>				
Foreign currency translation difference arising on translation of foreign subsidiaries	649,205	(1,170,460)	1,094,100	(1,191,382)
	<u>(7,030,082)</u>	<u>(4,804,600)</u>	<u>(11,746,669)</u>	<u>(9,949,073)</u>

Net loss and comprehensive loss are solely attributable to the shareholders of the Company

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

UCORE RARE METALS INC.

Consolidated Statements of Changes in Equity

Expressed in Canadian dollars, except for the number of shares

For the six-month periods ended June 30, 2026 and 2025

(Unaudited)

	Number of Shares	Share Capital	Contributed Surplus	Warrants	Accumulated Other Comprehensive (Loss) Income	Deficit	Total Equity
Balance at January 1, 2025	66,881,831	\$ 92,876,671	\$ 29,911,487	\$ 8,852,243	\$ 6,581,573	\$(96,577,303)	\$ 41,644,671
Net loss	-	-	-	-	-	\$(8,757,691)	\$(8,757,691)
Other comprehensive loss	-	-	-	-	\$(1,191,382)	-	\$(1,191,382)
Shares issued on the exercise of warrants	1,606,474	2,063,967	-	\$(587,235)	-	-	1,476,732
Shares issued on the exercise of stock options	120,000	194,463	\$(71,463)	-	-	-	123,000
Shares and warrants issued on the exercise of compensation options	15,514	11,654	-	3,860	-	-	15,514
Shares and warrants issued on the conversion of convertible debentures	256,664	295,108	-	50,577	-	-	345,685
Private placements (net of issuance costs)	18,472,467	12,361,740	-	5,157,734	-	-	17,519,474
Share-based payments	-	-	604,562	-	-	-	604,562
Balance at June 30, 2025	87,352,950	\$ 107,803,603	\$ 30,444,586	\$ 13,477,179	\$ 5,390,191	\$(105,334,994)	\$ 51,780,565
Balance at January 1, 2026	111,344,786	\$ 161,924,455	\$ 29,581,282	\$ 10,020,939	\$ 5,594,355	\$(135,961,953)	\$ 71,159,078
Net loss	-	-	-	-	-	\$(12,840,769)	\$(12,840,769)
Other comprehensive income	-	-	-	-	1,094,100	-	1,094,100
Shares issued on the exercise of warrants (note 7)	4,905,008	8,488,498	-	\$(4,489,668)	-	-	3,998,830
Shares issued on the exercise of stock options (note 7)	369,500	656,318	\$(231,464)	-	-	-	424,854
Share-based payments (note 7)	-	-	2,754,775	-	-	-	2,754,775
Balance at June 30, 2026	116,619,294	\$ 171,069,271	\$ 32,104,593	\$ 5,531,271	\$ 6,688,455	\$(148,802,722)	\$ 66,590,868

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

UCORE RARE METALS INC.

Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the six-month periods ended June 30, 2026 and 2025

(Unaudited)

	2026	2025
	\$	\$
CASH FLOWS FROM (USED) IN OPERATING ACTIVITIES		
Net loss	(12,840,769)	(8,757,691)
Adjustments and items not involving cash:		
Amortization	468,674	470,789
Amortization included in research and development	890,700	890,700
Fair value adjustment of derivative liabilities	-	1,952,424
Share-based payments (note 7)	2,615,353	584,674
Share-based payments in research and development (note 7)	139,422	19,889
Interest and accretion expense	871,602	1,343,638
Loss on the conversion of convertible debentures	-	58,876
Unrealized foreign exchange loss (gain)	255,190	(464,282)
	<u>(7,599,828)</u>	<u>(3,900,983)</u>
Change in non-cash operating working capital:		
Receivables	(1,575,963)	869,121
Prepaid expenses and other	(77,365)	(226,709)
Accounts payable and accrued liabilities	2,750,145	(3,028,887)
Cash flows used in operating activities	<u>(6,503,011)</u>	<u>(6,287,458)</u>
CASH FLOWS FROM (USED) IN FINANCING ACTIVITIES		
Interest paid on lease liabilities	(113,802)	(123,274)
Repayment of lease liabilities	(206,428)	(66,006)
Interest paid on loans payable (note 6)	(420,639)	(713,212)
Proceeds from the exercise of compensation options	-	15,514
Proceeds from the exercise of stock options (note 7)	424,854	123,000
Proceeds from the exercise of warrants (note 7)	3,998,830	1,476,732
Proceeds from the issuance of common shares, net of issuance costs	-	17,519,474
Cash flows from financing activities	<u>3,682,815</u>	<u>18,232,228</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of plant and equipment	(3,409,528)	(22,497)
Additions to resource properties and related exploration costs	(12,140)	(13,507)
Cash flows used in investing activities	<u>(3,421,668)</u>	<u>(36,004)</u>
INCREASE (DECREASE) IN CASH	<u>(6,241,864)</u>	<u>11,908,766</u>
Foreign exchange impact on cash	4,123	(3,450)
CASH AND CASH EQUIVALENTS, beginning of period	<u>26,114,089</u>	<u>627,522</u>
CASH AND CASH EQUIVALENTS, end of period	<u><u>19,876,348</u></u>	<u><u>12,532,838</u></u>

Supplementary Cash Flow Information (note 10)

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

UCORE RARE METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2026

(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Ucore Rare Metals Inc. ("Ucore" or the "Company") is a corporation domiciled in Canada with its head office located at 210 Waterfront Drive, Suite 106, Bedford, Nova Scotia, B4A 0H3. The Company is focused on rare and critical metal resources, extraction, beneficiation, and separation technologies, aiming for production, growth and scalability. Ucore holds an effective 100% ownership stake in the Bokan-Dotson Ridge rare earth element project in southeast Alaska, United States. The Company's wholly owned subsidiary, Innovation Metals Corp. ("IMC"), is advancing its proprietary RapidSX™ processing technology for the low-cost separation and purification of rare earth elements ("REEs") and other technology metals. The Company's vision is to become a leading advanced technology company, providing top-tier metal separation products and services to the mining and mineral extraction industry.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*.

The date the Board of Directors approved these unaudited condensed interim consolidated financial statements is August 26, 2026.

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 period. 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. The use of estimates and judgments is consistent with those applied in Note 2 of the Company's audited consolidated financial statements as at and for the year ended December 31, 2025.

3. ACCOUNTING POLICIES, CHANGES, AND RECENT PRONOUNCEMENTS

The accounting policies applied in these unaudited condensed interim consolidated financial statements are the same as those applied in the Company's audited consolidated financial statements for the year ended December 31, 2025.

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments which amend IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (the "Amendments"). The narrow scope amendments clarify classification guidance for financial assets with environmental, social and corporate governance features; and clarify the date on which a financial asset or financial liability is derecognized, including those through electronic payment systems. The Amendments aim to address diversity in practice by specifying that receivables and payables settled electronically should only be derecognized when a corporation has transferred control of the cash and no longer retains settlement-related risks, which may occur later than the point when a payment is initiated. An entity may elect an accounting policy option to derecognize a financial liability settled through an electronic payment system prior to the settlement date when those specific criteria are met. This election does not apply to payments made by cheque, which continue to be derecognized only upon settlement. The Amendments became effective for annual reporting periods beginning on or after January 1, 2026.

The Company adopted the Amendments effective January 1, 2026, with no material impact on the Company's unaudited condensed interim consolidated financial statements. The Company elected the accounting policy option to derecognize financial liabilities settled through electronic payment systems prior to the settlement date when the specific criteria described above are met. The Amendments were applied prospectively, and comparative information was not restated.

UCORE RARE METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2026

(Unaudited - Expressed in Canadian dollars)

3. ACCOUNTING POLICIES, CHANGES, AND RECENT PRONOUNCEMENTS (continued)

Other accounting standards issued but not yet effective

The Company is in the process of determining how the following new standard could impact its unaudited condensed interim consolidated financial statements.

IFRS 18 *Presentation and Disclosure in Financial Statements* is a new standard that will provide new presentation and disclosure requirements and replace IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces changes to the structure of the income statement; provides required disclosures in financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and provides enhanced principles on aggregation and disaggregation in financial statements. Many other existing principles in IAS 1 have been maintained. IFRS 18 is effective for years beginning on or after January 1, 2027, with earlier application permitted.

4. RECEIVABLES

The following table is a summary of the Company's amounts receivable as at June 30, 2026, and December 31, 2025.

	June 30, 2026 \$	December 31, 2025 \$
Sales tax	620,564	448,122
Tax credits receivable	640,813	560,813
US DoD	-	688,280
NRC-CMRDD	2,021,889	104,398
Interest receivable	94,310	-
Total	3,377,576	1,801,613

Tax credits receivable

During the six-month period ended June 30, 2026, the Company recognized a cost recovery to research and development expense of \$80,000 (June 30, 2025 - \$120,000).

Government assistance

U.S. Department of Defense ("US DoD")

During the six-month period ended June 30, 2026, the Company recorded a cost recovery of \$2,556,984 (US\$1,870,136) (June 30, 2025 - \$1,448,189 (US\$1,057,412)) for completed milestones in research and development. As at June 30, 2026, the amount outstanding from the US DoD was \$nil (December 31, 2025 - \$688,280 (US\$502,130)). As at June 30, 2026, the Company has completed milestones totaling \$8,168,382 (US\$5,899,867), with US\$16,500,133 remaining available to be claimed upon achievement of future milestones.

National Research Council of Canada's Critical Minerals Research Development and Demonstration Program ("NRC-CMRDD")

During the six-month period ended June 30, 2026, the Company recorded a cost recovery to research and development for incurred eligible expenditures for non-repayable contributions of \$2,021,889 (June 30, 2025 - \$189,497). As at June 30, 2026, the Company incurred reimbursable eligible expenditures of \$3,955,209 out of the total \$4,275,848 available under the agreement with NRC-CMRDD, with \$320,639 remaining available for future claims. As at June 30, 2026, the amount outstanding from NRC-CMRDD for incurred eligible expenditures was \$2,021,889 (December 31, 2025 - \$104,398). The project is to be completed by March 31, 2027, following extensions from the original completion date of March 31, 2025, and the subsequent revised completion date of March 31, 2026, and the eligible expenditures period runs from September 22, 2023, to March 31, 2027.

UCORE RARE METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2026

(Unaudited - Expressed in Canadian dollars)

5. PLANT AND EQUIPMENT

	Office Equipment \$	RapidSX™ Pilot Plant \$	Construction in Progress ⁽¹⁾ \$	Total \$
Cost				
Balance, January 1, 2025	264,451	7,238,780	660,246	8,163,477
Additions	-	-	784,564	784,564
Translation adjustment	-	-	70,994	70,994
Balance, December 31, 2025	264,451	7,238,780	1,515,804	9,019,035
Additions	-	-	4,514,455	4,514,455
Translation adjustment	-	-	199,387	199,387
Balance, June 30, 2026	264,451	7,238,780	6,229,646	13,732,877
Accumulated amortization				
Balance, January 1, 2025	253,781	1,850,293	-	2,104,074
Amortization	3,201	1,796,162	-	1,799,363
Balance, December 31, 2025	256,982	3,646,455	-	3,903,437
Amortization	1,121	890,700	-	891,821
Balance, June 30, 2026	258,103	4,537,155	-	4,795,258
Net book value				
Balance, December 31, 2025	7,469	3,592,325	1,515,804	5,115,598
Balance, June 30, 2026	6,348	2,701,625	6,229,646	8,937,619

⁽¹⁾ Construction in progress relates to the Company's Strategic Metals Complex which is being constructed in Alexandria, Louisiana. Amortization will occur once the Strategic Metals Complex has been fully constructed and available for use.

6. LOANS PAYABLE

The Company is party to various debt and credit arrangements with Orca Holdings, LLC ("Orca"), a related party, as further described in note 8. The following table summarizes the repayments and amounts owing to Orca under the 2023 Orca LOC, 2022 Orca LOC, and the Orca Term Loan:

	2023 Orca LOC \$	2022 Orca LOC \$	Orca Term Loan \$	Total \$
Balance, December 31, 2024	7,129,009	1,556,349	641,302	9,326,660
Interest and accretion expense	1,034,572	195,737	378,409	1,608,718
Repayment of interest	(956,583)	(173,146)	(123,282)	(1,253,011)
Repayment of principal	-	(1,611,047)	-	(1,611,047)
Loss on extinguishment of debt	-	69,601	-	69,601
Foreign exchange	(327,101)	(37,494)	(34,181)	(398,776)
Balance, December 31, 2025	6,879,897	-	862,248	7,742,145
Interest and accretion expense	514,191	-	243,610	757,801
Repayment of interest	(359,626)	-	(61,013)	(420,639)
Foreign exchange	260,664	-	37,791	298,455
Balance, June 30, 2026	7,295,126	-	1,082,636	8,377,762

The 2023 Orca LOC and the 2022 Orca LOC have a maturity date of October 1, 2026, and the Orca Term Loan has a maturity date of January 31, 2027. The loan balances are secured by a first charge on the Company's assets.

UCORE RARE METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2026

(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL

a) Stock Options, Restricted Share Units, and Deferred Share Units

The Company adopted an omnibus equity incentive plan (the "Incentive Plan") whereby the Board or, from time to time, a committee thereof, in its discretion, and in accordance with TSX Venture Exchange requirements, can grant to eligible directors, officers, employees, and consultants of the Company, non-transferable awards (the "Awards"). Such Awards include stock options ("Stock Options"), restricted share units ("RSUs"), share appreciation rights ("SARs"), deferred share units ("DSUs") and performance share units ("PSUs").

During the six-month period ended June 30, 2026, the Company recognized share-based compensation of \$2,754,775 (June 30, 2025 - \$604,563) for Stock Options and RSUs granted to directors, employees, and consultants of which \$139,422 (June 30, 2025 - \$19,889) was recorded in research and development. As a result of the transactions during the six-month period ended June 30, 2026, \$2,615,353 (June 30, 2025 - \$584,674) was recognized as share-based payments.

Stock Options

On April 27, 2026, the Company granted 2,775,000 Stock Options to directors, officers, employees, and consultants of the Company. The Stock Options are exercisable into common shares at a price of \$5.33 per share and the Stock Options expire five years from the date of grant. One third of the Stock Options will vest after six months, with one third vesting every six months thereafter until fully vested. The fair value of Stock Options granted has been estimated using the Black-Scholes option pricing model. The assumptions used in the Black-Scholes option pricing model are as follows:

	April 27, 2026
Risk-free interest rate	3.11%
Expected life of each option	5 years
Expected volatility	84.54%
Expected dividends	nil
Weighted average grant date fair value	\$3.93

Changes in Stock Options during the six-month period ended June 30, 2026, and year ended December 31, 2025, are summarized as follows:

	Six-month period ended June 30, 2026		Year ended December 31, 2025	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Opening balance	4,972,834	1.06	5,915,000	1.02
Granted	2,775,000	5.33	1,755,000	1.22
Forfeited	-	-	(220,000)	1.28
Exercised	(369,500)	1.15	(2,342,166)	1.03
Expired	-	-	(135,000)	1.65
Closing balance	7,378,334	2.66	4,972,834	1.06
Weighted average remaining life		3.38 years		2.99 years

The weighted average share price at the exercise dates was \$8.23.

UCORE RARE METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2026

(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

The following table summarizes information about the Stock Options outstanding and exercisable at June 30, 2026:

Exercise price per share \$	Number of Stock Options outstanding	Expiry date	Number of exercisable (vested) Stock Options
0.70	185,000	November 29, 2029	185,000
0.70	693,334	September 2, 2029	693,334
0.85	1,105,000	August 9, 2027	1,105,000
1.08	1,185,000	April 14, 2030	756,664
1.30	185,000	September 1, 2026	185,000
1.30	870,000	April 11, 2028	870,000
1.45	60,000	March 6, 2028	60,000
1.48	145,000	July 16, 2030	48,333
1.57	100,000	April 16, 2030	66,666
1.60	25,000	July 16, 2030	-
2.92	50,000	August 13, 2030	16,666
5.33	2,775,000	April 27, 2031	-
	7,378,334		3,986,663
Weighted average remaining life			3.38 years

Restricted Share Units

Changes in RSUs during the six-month period ended June 30, 2026 and the year ended December 31, 2025 are summarized as follows:

	Six-month period ended June 30, 2026	Year ended December 31, 2025
Opening balance	640,000	960,000
Granted	-	-
Exercised	-	(320,000)
Closing balance	640,000	640,000

Deferred Share Units

During the six-month period ended June 30, 2026, and the year ended December 31, 2025, there were no deferred share units granted. During the six-month period ended June 30, 2026, nil (December 31, 2025 – 30,000) DSUs were exercised. As at June 30, 2026, there were 25,710 (December 31, 2025 – 25,710) deferred share units outstanding which are fully vested.

b) Warrants

Changes in warrants during the six-month period ended June 30, 2026 and year ended December 31, 2025 are summarized as follows:

	Six-month period ended June 30, 2026		Year ended December 31, 2025	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Opening balance	16,512,089	0.86	21,016,374	0.88
Granted	-	-	14,761,695	1.26
Exercised	(4,905,008)	0.82	(19,265,980)	1.19
Closing balance	11,607,081	0.88	16,512,089	0.86
Weighted average remaining life		0.38 years		1.09 years

UCORE RARE METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2026

(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

The following table summarizes information about the warrants outstanding at June 30, 2026:

Exercise price per share \$	Expiry date	Number of warrants
0.75	October 1, 2026	3,300,000 ¹
0.75	November 14, 2026	1,693,376
0.75	February 28, 2028	39,300
0.89	January 31, 2027	1,200,000 ¹
0.89	October 1, 2026	4,400,000 ¹
1.25	July 27, 2026	473,292
1.75	June 19, 2028	501,113
		11,607,081
Weighted average remaining life		0.38 years

- (1) These warrants contain a condition precedent to their exercise such that no warrants shall be exercised if such exercise would cause Orca's ownership of the Company, as calculated on a partially diluted basis, to exceed 19.99% of the aggregate of the issued and outstanding common shares of the Company, unless the Company obtains prior shareholder approval.

c) Compensation Options

Changes in compensation options during the six-month period ended June 30, 2026 and year ended December 31, 2025 are summarized as follows:

	Six-month period ended June 30, 2026		Year ended December 31, 2025	
	Number of Compensation options	Weighted average exercise price \$	Number of compensation options	Weighted average exercise price \$
Opening balance	2,625	1.00	220,555	1.00
Exercised	-	-	(217,930)	1.00
Closing balance	2,625	1.00	2,625	1.00
Weighted average remaining life		0.07 years		0.57 years

The following table summarizes information about the compensation options outstanding at June 30, 2026:

Exercise price \$	Expiry date	Number of Compensation options
1.00	July 27, 2026	2,625
Weighted average remaining life		0.07 years

8. 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") which is owned by a director of the Company. The Company has defined key management personnel as senior executive officers, as well as the Board. The total remuneration of key management personnel and the Board was as follows:

	Six-month period ended June 30, 2026 \$	Six-month period ended June 30, 2025 \$
Directors' fees	123,500	109,500
Share-based payments to directors	675,557	15,047
Key management short-term benefits	448,448	346,018
Share-based payments to key management	764,149	148,464
	2,011,654	619,029

UCORE RARE METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2026

(Unaudited - Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS (continued)

Key management short-term benefits include all salary, bonuses, and health/dental benefits earned by officers during the period. The Company paid legal fees to Miller Thomson LLP of \$424,572 during the six-month period ended June 30, 2026, compared to \$377,458 for the six-month period ended June 30, 2025. 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.

The Company has loans payable to Orca and, during the six-month period ended June 30, 2026, and the year ended December 31, 2025, the Company repaid principal and interest and incurred interest charges, as further described in note 6.

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

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments

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 – Significant inputs that are not based on observable market data.

The fair value of cash, receivables, and accounts payable and accrued liabilities is approximated by their carrying value due to their short-term to maturity.

The Company's loans payable are carried at amortized cost. These bear fixed interest rates, and as such, their fair value may differ from their carrying value due to changes in market interest rates and the Company's credit risk. The fair value of loans payable is approximated by the carrying value. The fair value was determined using an estimated discounted cash flow analysis based on current market interest rates available to the Company for similar debt instruments, which are classified as level 2 in the fair value hierarchy.

Capital Management

The Company's capital consists of shareholders' equity of \$66,590,868 (December 31, 2025 - \$71,159,078). The Company's objective when managing capital is to maintain adequate levels of funding to support the development and construction of the Company's Strategic Metals Complex, the advancement and commercialization of the Company's RapidSX™ separation technology and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity and debt financings. Future financings are dependent on market conditions, and there can be no assurance that 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 high-interest savings accounts and short-term deposits. There were no changes to the Company's approach to capital management during the period.

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 ability to meet its obligations is contingent upon securing financing or monetizing assets. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due, under both stressed and normal conditions, and to continue to fund its exploration and evaluation activities and advance the Company's RapidSX™ technology.

Management concluded that the Company has sufficient liquidity to meet its obligations for the next twelve months, considering the Company's planned capital expenditures and exploration activities. The Company has the ability to scale back its capital expenditures and exploration activities, and will do so as necessary, based on cash availability.

UCORE RARE METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited - Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company will also need to raise further financing within the next two years to execute its strategic plan and meet its objectives.

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.

As at June 30, 2026	Total contractual cash flows	2026	2027	2028	2029	2030	>2030
	\$	\$	\$	\$	\$	\$	\$
Lease liabilities	3,625,518	170,836	383,854	511,805	511,805	511,805	1,535,413
Loans payable	9,028,057	7,645,950	1,382,107	-	-	-	-
Trade and other payables	5,695,056	5,695,056	-	-	-	-	-
	18,348,631	13,511,842	1,765,961	511,805	511,805	511,805	1,535,413

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 deposits 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:

	June 30, 2026	December 31, 2025
	\$	\$
Cash	6,106,563	1,690,438
Other asset	72,790	70,181
Accounts payable	(398,978)	(79,702)
Loans payable	(8,377,762)	(7,742,145)
	(2,597,387)	(6,061,228)

At June 30, 2026, a 10% change in the US dollar exchange rate would affect net loss and deficit by \$259,739 (December 31, 2025 - \$606,123).

Interest Rate Risk

From time to time the Company holds cash in a high-interest savings account and short-term deposits. The Company does not have any debt that bears variable interest rates.

Commodity Risk

The Company's ability to raise capital to fund exploration or development activities and continue the advancement of the Company's technology is subject to risks associated with fluctuations in the market prices of minerals under exploration and to be used in the Company's processing technology. However, the Company is not party to financial instruments that create a direct exposure to commodity prices.

UCORE RARE METALS INC.

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(Unaudited - Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Equity Price Risk

Equity price risk is defined as the potential adverse impact on the Company's results of operations and the ability to obtain equity financing due to movements in individual prices or general movements in the level of the stock market.

The Company closely monitors the individual equity movements to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

10. SUPPLEMENTARY CASH FLOW INFORMATION

	Six-month period ended June 30, 2026 \$	Six-month period ended June 30, 2025 \$
Non-cash financing and investing activities:		
Accounts payable and accrued liabilities related to resource properties and related exploration costs	20,000	(72)
Accounts payable and accrued liabilities related to construction in progress	611,909	-
Prepaid expenses related to construction in progress	106,386	-

11. CONTINGENCY

On December 14, 2022, a former employee of the Company's wholly owned subsidiary IMC filed a civil claim against IMC and the Company for wrongful dismissal and breach of contract. The claim is derived from an employment relationship between the former employee and IMC and the subsequent termination of this relationship. The former employee is seeking \$650,000, plus interest and costs. The Company believes that the action is without merit and intends to fully defend its interests and take all other legal actions available to it. The parties have agreed to settle the claim through arbitration, which remains ongoing. While arbitration was initially expected to conclude in Q1 2025, the process has been extended, and a revised timeline has not yet been established. The outcome of this claim cannot be determined at this time, and no provision has been recorded in the consolidated financial statements for the six-month period ended June 30, 2026.

12. SUBSEQUENT EVENTS

2026 Bought Deal Public Offering

On August 13, 2026, the Company closed a bought deal public offering (the "Offering") for aggregate gross proceeds of \$69,004,600. Pursuant to the Offering, the Company sold a total of 24,644,500 common shares of the Company at a price of \$2.80 per common share. In connection with the Offering, the Company paid a cash fee of \$4,125,276, which is equal to 6.0% of the gross proceeds of the Offering, except for gross proceeds from the sale of common shares to purchasers on the President's List, which were subject to a cash fee of 3.0%.

Warrants

Subsequent to June 30, 2026, the Company received proceeds of \$591,615 from the exercise of 473,292 warrants.

Stock Options

Subsequent to June 30, 2026, the Company received proceeds of \$92,000 from the exercise of 65,000 Stock Options.

Compensation Options

Subsequent to June 30, 2026, 2,625 compensation options expired unexercised.