IBC ADVANCED ALLOYS CORP.

(Formerly International Beryllium Corporation)

CONSOLIDATED FINANCIAL STATEMENTS
Expressed in United States Dollars

JUNE 30, 2009

BDO

BDO Dunwoody LLP
Chartered Accountants

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Auditors' Report

To the Shareholders of
IBC Advanced Alloys Corporation
(Formerly International Beryllium Corporation)

We have audited the consolidated balance sheets of IBC Advanced Alloys Corporation (formerly International Beryllium Corporation) as at June 30, 2009 and 2008 and the consolidated statement of operations and comprehensive loss, cash flows and shareholders' equity for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) “BDO Dunwoody LLP”

Chartered Accountants

Vancouver, Canada
October 16, 2009

IBC ADVANCED ALLOYS CORP.
(Formerly International Beryllium Corporation)

Consolidated Balance Sheets
(Expressed in United States dollars)
For the Year Ended June 30

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	$ 841,275	$ 6,365,904
Receivables	1,729,528	1,308,632
Income taxes refundable	562,088	-
Inventories (note 6)	3,523,971	2,676,116
Prepaid expenses and deposits	44,274	26,406
Total current assets	6,701,136	10,377,058
Deposits	13,156	-
Property, plant and equipment (note 7)	6,461,277	1,486,006
Deferred acquisition costs (note 8)	-	525,336
Mineral properties (note 10)	1,283,662	1,046,303
Intangible assets (note 11)	2,761,556	2,400,168
Goodwill (note 12)	-	7,580,121
Other assets	85,106	12,795
	$ 17,305,893	$ 23,427,787
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Lines of credit (note 13)	$ 2,979,397	$ 1,900,000
Accounts payable and accrued liabilities	1,047,611	1,296,749
Current portion of loans payable (note 14)	2,681,423	1,165,249
Interest rate swap (note 19)	62,853	-
Total current liabilities	6,771,284	4,361,998
Notes payable (note 14)	3,000,000	-
Loans payable (note 14)	3,674	12,253
Future income taxes (note 18)	2,255,225	1,113,000
	12,030,183	5,487,251
Shareholders' equity		
Preferred shares (note 15)	-	-
Common shares (note 15)	19,653,776	18,191,777
Contributed surplus (note 18)	3,461,992	2,942,264
Brokers' warrants (note 17)	482,626	498,076
Deficit	(18,322,684)	(3,691,581)
	5,275,710	17,940,536
	$ 17,305,893	$ 23,427,787

Ability to continue as a going concern (note 2)
Commitments (note 21)
Subsequent events (note 26)

On behalf of the board of directors:

"Dal Brynelsen" Director — *"Denis Brady"* Director
Dal Brynelsen — Denis Brady

The accompanying notes are an integral part of these financial statements.

IBC ADVANCED ALLOYS CORP.
(Formerly International Beryllium Corporation)

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in United States dollars)
For the Year Ended June 30

	2009	2008
Sales	$ 11,616,872	$ 978,056
Cost of goods sold	11,362,595	997,828
Gross profit (loss)	254,277	(19,772)
Selling, general and administrative expenses		
Amortization	479,274	58,916
Consulting fees (note 20)	141,360	134,053
Director fees (note 20)	36,805	-
Doubtful debts	59,000	-
Inventory write-off	332,088	-
Management and contractor fees (note 20)	339,842	713,914
Office and miscellaneous (note 20)	498,229	76,519
Professional fees	297,178	82,446
Public company costs	123,282	34,804
Research	254,463	-
Salaries and wages (note 20)	1,286,904	103,777
Stock-based compensation (note 16)	718,000	2,227,000
Travel, meals and entertainment	225,558	188,801
	4,791,983	3,620,230
Loss before other items	(4,537,706)	(3,640,002)
Other income (expense)		
Foreign exchange loss	(999,990)	(360,512)
Write-off of mineral properties (note 10)	(191,398)	-
Goodwill impairment provision (note 12)	(9,639,636)	-
Interest expense		
- On debt with an initial term of more than one year	(316,079)	(11,712)
- Other	(133,999)	(15,945)
Loss on financial instruments held for trading	(62,853)	-
Interest income	71,569	243,184
Other income	30,901	-
Loss before income taxes	(15,779,191)	(3,784,987)
Income tax recovery (note 18)		
Current	562,088	-
Future	586,000	91,561
	1,148,088	91,561
Loss and comprehensive loss for the year	$ (14,631,103)	$ (3,693,426)
Basic and diluted loss per common share	$ (0.14)	$ (0.05)
Weighted average number of common shares outstanding	107,914,230	76,220,435

The accompanying notes are an integral part of these financial statements.

IBC ADVANCED ALLOYS CORP.
(Formerly International Beryllium Corporation)

Consolidated Statements of Cash Flows
(Expressed in United States dollars)
For the Year Ended June 30

	2009	2008 **Restated Note 25**
Cash flows used in operating activities		
Loss for the year	$ (14,631,103)	$ (3,693,426)
Items not involving cash		
Future income taxes	(586,000)	(91,561)
Stock-based compensation	718,000	2,227,000
Exploration property write-off	191,398	-
Impairment of goodwill	9,639,636	-
Doubtful debts expense	59,000	-
Amortization	1,005,531	83,360
Inventory write-down	332,088	-
Accrued income	-	(3,939)
Foreign exchange loss	999,990	-
Changes in non-cash working capital items:		
Receivables	1,181,189	473,157
Inventories	2,464,894	(131,897)
Prepaid expenses	15,480	4,028
Other current assets	74,718	-
Accounts payable and accrued liabilities	(1,343,615)	251,456
Income taxes payable or refundable	(559,113)	-
Net cash used in operating activities	(437,907)	(881,822)
Cash flows provided by financing activities		
Issuance of shares	975,546	7,445,394
Recapitalization	-	10,609,269
Share issue and recapitalization costs	-	(638,406)
Related party transactions	1,672,561	-
Loan repayments	-	(40,123)
Repayment of line of credit (net)	(638,483)	-
Shareholder advances	-	25,251
Net cash provided by financing activities	2,009,624	17,401,385
Cash flows used in investing activities		
Advances to subsidiary before acquisition	-	(165,000)
Deferred acquisition costs	-	(492,179)
Investment in mineral properties	(333,636)	(477,760)
Purchase of plant and equipment	(311,943)	(870)
Purchase of subsidiaries, net of cash acquired	(6,006,157)	(9,116,658)
Repayment of advances from shareholder	484,568	(50,130)
Net cash used in investing activities	(6,167,168)	(10,302,597)
Foreign exchange effect on cash	(929,178)	-
Change in cash and equivalents during the year	(5,524,629)	6,216,966
Cash and equivalents, beginning of year	6,365,904	148,938
Cash and equivalents, end of year	$ 841,275	$ 6,365,904

Supplementary cash flow information – note 22

The accompanying notes are an integral part of these financial statements.

IBC ADVANCED ALLOYS CORP.
(Formerly International Beryllium Corporation)

Consolidated Statements of Shareholders' Equity
(Expressed in United States dollars)

	Number of Shares	Common Shares	Contributed Surplus	Brokers' Warrants	Deficit	Total Shareholders' Equity
At June 30, 2007	4,100,000	$ 500,210	$ -	$ -	$ 1,845	$ 502,055
Recapitalization on reverse takeover						
Pursuant to the acquisition of HRM (note 1)	(4,100,000)	-	-	-	-	-
- exchange of shares	50,000,000	-	-	-	-	-
- outstanding common shares of the Company prior to acquisition	36,601,494	9,881,783	715,264	71,222	-	10,668,269
Private placement (note 15)	14,000,000	7,135,149	-	-	-	7,135,149
Fair value of finders' warrants issued	-	(426,854)	-	426,854	-	-
Warrants exercised	1,080,691	310,243	-	-	-	310,243
Shares issued on business acquisitions (note 15)	2,693,963	1,429,652	-	-	-	1,429,652
Stock-based compensation	-	-	2,227,000	-	-	2,227,000
Share issue costs (note 15)	-	(638,406)	-	-	-	(638,406)
Loss for the year	-	-	-	-	(3,693,426)	(3,693,426)
At June 30, 2008	104,376,148	18,191,777	2,942,264	498,076	(3,691,581)	17,940,536
Broker warrants expired (note 17)	-	-	70,100	(70,100)	-	-
Issued on purchase of Nonferrous (note 8)	3,000,000	541,100	-	-	-	541,100
Private placement (note 15)	8,333,332	1,028,974	-	-	-	1,028,974
Share issue costs (note 15)	-	(108,075)	-	54,650	-	(53,425)
Loss on purchase of Specialloy (note 9)	-	-	(268,372)	-	-	(268,372)
Stock-based compensation (note 16)	-	-	718,000	-	-	718,000
Loss for the year	-	-	-	-	(14,631,103)	(14,631,103)
At June 30, 2009	115,709,480	$ 19,653,776	$ 3,461,992	$ 482,626	$ (18,322,684)	$ 5,275,710

The accompanying notes are an integral part of these financial statements.

1. Basis of Presentation

These audited consolidated financial statements include the accounts of IBC Advanced Alloys Corp. (formerly International Beryllium Corporation) ("IBC"), and its subsidiaries. IBC and its subsidiaries are collectively referred to as the "Company". All intercompany transactions and accounts have been eliminated upon consolidation. Except where indicated all amounts are expressed in United States dollars. The principal subsidiaries of the Company at June 30, 2009 and their geographic locations are listed below:

Entity	Location	Principal Activity	Ownership Interest
Mineração Berilo do Brasil Ltda.	Brazil	Exploration	100%*
IBC US Holdings, Inc.	United States	Holding company	100%
Freedom Alloys, Inc. ("Freedom")	United States	Manufacturing	100%
Nonferrous Products, Inc.	United States	Manufacturing	100%
NF Industries, Inc.	United States	Holding company	100%
Specialloy Copper Alloys LLC ("Specialloy")	United States	Manufacturing	100%
Rare Earths Limited, LLC ("REL")	United States	Mineral exploration	100%
IBC Mineral Properties, Inc.	United States	Holding company	100%

* 30% interest is held in trust for the Company

The audited consolidated annual financial statements have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP") and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended June 30, 2008.

On November 23, 2007 IBC completed the acquisition of all the outstanding common shares of Horn Rare Metals Ltd. ("HRM"), in exchange for common shares of IBC. Pursuant to the terms of the share exchange agreement entered into with HRM and its shareholders, IBC issued 50,000,000 common shares to acquire the 4,100,000 outstanding common shares of HRM. The transaction constituted a reverse takeover (the "RTO") of IBC by HRM. Upon completion of the transaction, IBC changed its name from Janina Resources Limited to International Beryllium Corporation.

The net assets acquired were as follows:

Total assets	$	10,758,093
Total liabilities		(89,824)
Net assets	$	10,668,269

The operations of the Company are included in the consolidated statement of loss from November 23, 2007, the effective date of the acquisition. The consolidated statement of operations for the year ended June 30, 2008, do not include the results of operations of IBC for the period July 1, 2007 to November 23, 2007.

1. Basis of Presentation (continued)

The acquisition of the shares of HRM has been accounted for as a RTO transaction in accordance with guidance provided in Emerging Issues Committee ("EIC") Abstract No. 10. IBC did not qualify as a business for accounting purposes, and accordingly the transaction has been accounted for as an issuance of shares, stock options and warrants by HRM for the net monetary assets of IBC and its subsidiary of $10,668,269 (including cash and cash equivalents of $10,652,721), accompanied by a recapitalization of HRM.

Further to the RTO transaction described above, these consolidated financial statements, for the year ended June 30, 2008, reflect the assets, liabilities and results of operations of HRM, the legal subsidiary, prior to the RTO and the consolidated assets, liabilities and results of operations of the Company and HRM subsequent to the RTO. The consolidated financial statements are issued under the name of the legal parent (the Company), but are considered to be a continuation of HRM.

In February 2009, IBC changed its name to IBC Advanced Alloys Corp. to better reflect the Company's business.

2. Nature of Operations and Ability to Continue as a Going Concern

The Company's principal activity is the production of beryllium copper and specialty alloy products, but is also sourcing and exploring for beryllium resource properties. The Company's mineral property activities are in the exploration stage and it has interests in resource properties located in the United States and Brazil.

In October 2008, the Company acquired the issued and outstanding shares of NF Industries, Inc. and its wholly owned subsidiary Nonferrous Products, Inc. (collectively "Nonferrous"), a manufacturer of forged copper, beryllium copper and bronze alloys based in Franklin, Indiana (note 8).

In April 2009, the Company closed the acquisition of Specialloy Copper Alloys, LLC ("Specialloy"), a master and specialty alloy manufacturer and processing company based in New Madrid, Missouri in a non-arm's length transaction (note 9).

The recoverability of amounts shown for resource properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, continuation of the Company's interest in the underlying resource claims, the ability of the Company to obtain necessary financing to complete its development and upon future profitable production or proceeds from its disposition.

At June 30, 2009, the Company had not yet achieved profitable operations, had accumulated losses of $18,322,684 since inception and expects to incur further losses in the development of its business, all of which casts doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate profits from its operations to obtain financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

3. Significant Accounting Policies

The Company's consolidated financial statements have been prepared in accordance with Canadian GAAP. The Company's significant accounting policies are as follows:

Basis of consolidation

The consolidated accounts include the accounts of IBC and its subsidiaries made up to June 30 each year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated results of operations from or to the date of their acquisition or disposal, as appropriate. All significant intercompany transactions and balances are eliminated on consolidation.

Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities at the date of the financial statements, as well as the expenses incurred during the year. Actual results could differ from those estimated.

Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to, recoverability of receivables, estimated net realizable value of inventories, accounting for stock-based compensation, expected economic lives of and the estimated future operating results and net cash flows from mineral properties and plant and equipment, valuation allowances applied against future tax assets, and the fair value of assets and liabilities acquired in business combinations.

Valuation of the mineral properties, intangible assets, goodwill and property and plant and equipment (long-lived assets) is based on management's best estimate of the future recoverability of these assets, which in turn, is based on estimates of future operating profits, mineral prices, reserves, mineral reserves and future operating costs. These estimates affect the carrying value of long-lived assets and the amortization of intangible assets and plant and equipment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements from changes in such estimates in future periods could be significant.

Inventories

Inventories are recorded at the lower of cost and net realizable value. For work in progress, cost includes all direct costs incurred in production including direct labour and materials, freight, amortization and directly attributable overhead costs. For raw materials, cost includes acquisition, freight and other directly attributable costs.

Cash and cash equivalents

For purposes of reporting cash flows, the Company includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all short-term highly liquid investments with an original maturity to the holder of three months or less as cash and cash equivalents on the accompanying balance sheet.

(Expressed in United States dollars)

3. Significant Accounting Policies (continued)

Receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of all outstanding amounts. Management determines the allowance for doubtful accounts based on current and historical experience of uncollectible accounts charged off. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At June 30, 2009, the allowance for doubtful accounts was $104,000 (2008 - $nil).

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. With respect to internally developed equipment, recorded historical costs include materials, direct labour, and direct labour-related costs. Amortization is calculated over the estimated useful life of the asset at the commencement of operations using the straight-line method over the following estimated useful lives:

	Years
Machinery and equipment	7-25
Office furniture and equipment	5-7
Vehicles	5
Leasehold improvements	39

Mineral properties

The Company accounts for resource property costs in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3061, "Property, plant and equipment" ("CICA 3061"), and abstract EIC-126, "Accounting by Mining Enterprises for Exploration Costs" ("EIC-126") of the Emerging Issues Committee. CICA 3061 provides for the capitalization of the acquisition and exploration costs of a resource property where such costs are considered to have the characteristics of property, plant and equipment. EIC-126 provides that a mining enterprise is not precluded from considering exploration costs to have the characteristics of property, plant and equipment when it has not established resource reserves objectively and therefore does not have a basis for preparing a projection of the estimated future net cash flow from the property.

The acquisition costs of mineral properties and all direct exploration and development expenditures are deferred until the properties are placed into production, sold or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following the commencement of production or written-off if the properties are sold, allowed to lapse, or abandoned.

Cost includes the cash consideration and the fair market value of shares as they are issued, if any, on the acquisition of mineral properties. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. The recorded amounts of mineral claim acquisition costs and their related deferred exploration and development costs represent actual expenditures incurred and are not intended to reflect present or future values.

3. Significant Accounting Policies (continued)

CICA 3061 also provides that property, plant and equipment be written down when the long-term expectation is that the net carrying amount will not be recovered. EIC-126 states that a mining enterprise which has not objectively established resource reserves and therefore does not have a basis for preparing a projection of the estimated future cash flow from a property is not obliged to conclude that the capitalized costs have been impaired. However, EIC-126 references certain conditions that should be considered in determining subsequent write-downs, such as changes or abandonment of a work program or poor exploration results, and management reviews such conditions to determine whether a write-down of capitalized costs is required. When the carrying value of a property exceeds its net recoverable amount, provision is made for the impairment in value.

The Company reviews capitalized costs on its mineral properties when there is indication of impairment and will recognize impairment in value based upon exploration results and upon management's assessment of the future probability of profitable revenues from the property or from the sale of the property. Management's assessment of the property's estimated current fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

Accounting standards subsequently issued by the CICA dealing with intangible assets (CICA 1581 and CICA 3062) include reference to "use rights such as drilling, water, air, mineral, timber cutting, and route authorities" as examples of intangible assets. CICA 3062 also states, inter alia, that intangible assets should be amortized over their useful life and tested for impairment. Management has reviewed this potential reporting conflict with the previously issued standards and is of the opinion that it is appropriately accounting for its resource properties as having the characteristics of property, plant and equipment.

Translation of foreign currencies

The Company has a subsidiary that maintains its accounts in Brazilian real. The accounts of the Company's subsidiaries, all of which are considered to be integrated foreign operations, are translated into United States dollars using the temporal method. Under this method, monetary assets and liabilities are translated at year-end exchange rates. Non-monetary assets and liabilities are translated using historical rates of exchange. Revenues and expenses are translated at exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses on translation are included in operating results.

Stock-based compensation

Stock options and direct awards of stock granted to employees and non-employees are recorded at fair value on the measurement date and the associated expense is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to common share capital.

Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the vesting period of the award and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date unless there is a specific contractual term.

3. Significant Accounting Policies (continued)

Compensation cost attributable to awards to employees is measured at fair value at the grant date and recognized over the vesting period. Compensation cost attributable to awards to employees that call for settlement in cash or other assets is measured at fair value and recognized over the vesting period. Changes in fair value between the grant date and the measurement date result in a change in the measure of compensation cost. Compensation cost is generally recognized on a straight-line basis over the vesting period.

Revenue recognition

The Company recognizes revenue from the sale of metals and alloy products when shipped, title has passed to the customer and collection is reasonably assured. Revenues for fiscal 2009 and 2008 consisted primarily of beryllium alloy products.

Asset retirement obligations

The Company recognizes a liability for an asset retirement obligation when a reasonable estimate of fair value can be made and calculates the liability based upon discounted future payments to be made. A corresponding amount is added to the carrying amount of the related long-lived asset, and this amount is subsequently allocated to expense over its expected life. The obligations recognized are statutory, contractual, or legal obligations. Adjustment will also be made in subsequent periods to changes in asset retirement obligations due to changes in estimates.

The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in depletion, amortization and accretion expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and asset retirement obligations. Accordingly, adoption of CICA Handbook Section 3110 had no impact on the consolidated financial statements. The Company does not have any asset retirement obligations as at June 30, 2009 and 2008.

Financial Instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments and derivatives are measured on the trade date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument. Held-for-trading financial assets are measured at fair value, with changes in fair value recorded in net income. Available-for-sale financial assets are measured at fair value, with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. Equity instruments that do not have a quoted market price in an active market are carried at cost. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sales and purchases exemption. Changes in the fair value of derivatives that are not exempt are recorded in the statement of operations. Transaction costs on the acquisition of financial assets and liabilities that are classified as other than held-for-trading are expensed.

Derivatives are carried as financial assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives, except those that qualify as cash flow hedges, are taken to the income statement. The Company does not have any designated hedging relationships at the balance sheet date (2008 - none).

3. Significant Accounting Policies (continued)

The Company has designated cash and cash equivalents as held-for trading. Receivables are designated as loans and receivables and recognized at amortized cost. Accounts payable and other financial liabilities are designated as other liabilities and recognized at amortized cost, except for interest rate swaps which are designated as held-for-trading. At June 30, 2009 and 2008, the Company did not have available-for-sale or held-to maturity financial instruments.

Income taxes

The Company accounts for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net assets are recognized.

Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred.

For the years ended June 30, 2009 and 2008, potentially dilutive common shares (relating to options and warrants outstanding at year-end) totalling 34,797,832 common shares (2008 - 30,438,832) were not included in the computation of loss per share because their effect was anti-dilutive.

Goodwill and intangible assets

Goodwill is the excess of the purchase consideration over the fair value of the Company's share of the attributable net identifiable assets at the date of acquisition in a business combination. Goodwill is not amortized but is assessed annually for impairment through a comparison of the fair value and the carrying value of a reporting unit to which the goodwill is allocated. Fair value of a reporting unit is estimated using an income approach. If the carrying value exceeds fair value there is an impairment of goodwill. Any impairment in goodwill is measured by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation. The notional goodwill from the purchase price allocation is then compared to the carrying value of goodwill. During the year ended June 30, 2009, the Company recorded an impairment for the full amount of goodwill previously recorded (note 12).

Intangible assets represent the value of certain identifiable intangible assets at the date of acquisition of subsidiaries. Intangible assets are amortized on a straight-line basis over their useful lives, which are estimated to be between five and 15 years with definite lives. Intangible assets are assessed for impairment annually. Amortization and impairment are charged to operations.

4. Adoption of New Accounting Pronouncements and Recent Developments

Accounting pronouncements implemented July 1, 2008

Effective July 1, 2008, the Company adopted CICA Handbook Section 3862, "Financial Instruments – Disclosures" and CICA Handbook Section 3863, "Financial Instruments – Presentation". Section 3862 requires the disclosure of quantitative and qualitative information in the Company's financial statements to evaluate (a) the significance of financial instruments for the Company's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the Company is exposed to during the year and at the balance sheet date. Management's objectives, policies and procedures for managing such risks are disclosed in note 24. Section 3863 replaces the existing requirements on presentation of financial instruments.

As at June 30, 2009, the Company's financial instruments are comprised of cash and cash equivalents, receivables, lines of credit, accounts payable, accrued liabilities, interest rate swaps, loans payable, and notes payable. The fair value of accounts receivable, accounts payable and accrued liabilities approximate their carrying value due to their short-term maturity or capacity of prompt liquidation. Cash and cash equivalents and interest rate swaps are designated as held-for-trading. Lines of credit, loans payable and notes payable are designated as other liabilities as their default category and related transaction costs are expensed as incurred. Interest expense related to expenditures incurred on development projects are capitalized to the project.

Section 1400, "General Standards of Financial Statement Presentation", has been updated to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The adoption of this section has not resulted in significant changes to the disclosure within the financial statements.

Section 1535, "Capital Disclosures" establishes disclosure requirements about the Company's objectives, policies and processes for managing capital, as well as quantitative information about the capital (note 5).

Section 3031, "Inventories", which replaces the previous Section 3030, establishes standards for the measurement and disclosure of inventories. The new standard provides more extensive guidance on the determination of cost, including allocation of overhead, requires impairment testing and expands the disclosure requirements. The adoption of Section 3031 has not had a material impact on the Company's consolidated financial position and results of operations.

Accounting pronouncements to be implemented July 1, 2009 and later

Goodwill and Intangible Assets

Section 3064, "Goodwill and Intangible Assets", replaces Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new Section will be applicable to the Company's financial statements for its fiscal year beginning July 1, 2009. The Company has determined that there will not be a material impact on its consolidated financial statements on the adoption of this accounting policy.

4. Adoption of New Accounting Pronouncements and Recent Developments (continued)

Business combinations, consolidated financial statements and non-controlling interest

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-controlling Interests". These sections replace the former CICA Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements" and establish a new section for accounting for a non-controlling interest in a subsidiary.

CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3, "Business Combinations" (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, "Consolidated and Separate Financial Statements" (January 2008).

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently valuating the impact of the adoption of these sections, and intends to adopt these standards effective July 1, 2009.

International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS. IFRS will replace Canadian GAAP for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will begin reporting under IFRS in the year ended June 30, 2012. The transition date of July 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. The Company has begun assessing the adoption of IFRS for fiscal 2012; the following IFRS standards are expected to have the most significant impact:

- IFRS 1 – First-time adoption of IFRS
- IFRS 2 – Share Based Payments
- IFRS 6 – Exploration and evaluation of mineral resources
- IAS 16 – Property, plant and equipment
- IAS 36 – Impairment of Assets

(Expressed in United States dollars)

5. Capital Management

The Company's primary objectives, when managing its capital, are to maintain adequate levels of funding to support the manufacturing operations of the Company to maintain corporate and administrative functions. The Company defines capital as bank loans, other long-term debt and equity, consisting of the issued common shares, stock options, warrants and deficit. The capital structure of the Company is managed to provide sufficient funding for manufacturing, mineral exploration and other operating activities. Funds are primarily secured through a combination of equity capital raised by way of private placements and bank debt. There can be no assurances that the Company will be able to continue raising equity capital and bank debt in this manner.

The Company invests all capital that is surplus to its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term deposits, which are all held with major financial institutions.

The Company's bank agreements require that it maintain a minimum net worth and certain ratios indicating debt coverage and debt-to-tangible net worth. In addition, there are limitations on dividends and capital withdrawals. The Company's subsidiaries were in violation of certain of the above covenants in the year ended June 30, 2009 and accordingly the Company has classified the loan payable obligations as current liabilities that would otherwise be considered long-term.

The Company classifies its financial instruments as follows:

Held for trading, measured at fair value	• Interest rate swaps • Cash and cash equivalents
Loans and accounts receivable, recorded at amortized cost	• Receivables • Note receivable from related party
Financial liabilities, recorded at amortized cost	• Lines of credit • Accounts payable and accrued liabilities • Notes payable • Loans payable

6. Inventories

	June 30, 2009			June 30 2008
	Cost	Valuation Provision	Net	
Raw materials	$ 1,155,383	$ (78,000)	$ 1,077,383	$ 702,042
Work in process	743,089	(3,770)	739,319	22
Finished goods	1,707,269	-	1,707,269	1,974,052
	$ 3,605,741	$ (81,770)	$ 3,523,971	$ 2,676,116

(Expressed in United States dollars)

7. Property, Plant and Equipment

	Land	Machinery and Equipment	Vehicles	Leasehold Improve-ments	Furniture and Fixtures	Total
Cost						
At June 30, 2007	$ -	$ -	$ -	$ -	$ -	$ -
Business acquisition	-	2,200,864	62,459	61,033	61,189	2,385,545
Disposals	-	-	-	-	-	-
At June 30, 2008	-	2,200,864	62,459	61,033	61,189	2,385,545
Business acquisitions	426,244	2,904,457	10,637	1,829,749	24,160	5,195,247
Purchases	-	232,890	-	30,027	49,026	311,943
Disposals	-	-	-	-	-	-
At June 30, 2009	426,244	5,338,211	73,096	1,920,809	134,375	7,892,735
Accumulated amortization						
At June 30, 2007	-	-	-	-	-	-
Amortization expense		817,383	32,792	12,749	36,615	899,539
Disposals	-	-	-	-	-	-
At June 30, 2008	-	817,383	32,792	12,749	36,615	899,539
Amortization expense	-	447,121	18,010	51,657	15,131	531,919
Disposals	-	-	-	-	-	-
At June 30, 2009	-	1,264,504	50,802	64,406	51,746	1,431,458
Net book value						
At June 30. 2008	-	1,383,481	29,667	48,284	24,574	1,486,006
At June 30, 2009	$ 426,244	$ 4,073,707	$ 22,294	$ 1,856,403	$ 82,629	$ 6,461,277

With respect to internally developed equipment, recorded historical costs include materials, direct labour, and direct labour-related costs.

The amortization expense for property, plant and equipment and intangible assets (note 11) amounts to $1,005,531 (2008 - $83,360). The amortization expense reflected in selling, general and administrative expenses on the statement of operations is $479,274 (2008 - $58,916). The difference of $526,257 (2008 - $24,444) is allocated to cost of goods sold in the statement of operations.

The Company has pledged substantially all of its plant and equipment as security for bank loans (note 14).

(Expressed in United States dollars)

8. Business Acquisitions

Acquisition of Nonferrous

On October 31, 2008, the Company acquired the issued shares of NF Industries, Inc., which, through its subsidiary Nonferrous Products, Inc., manufactures forged copper, beryllium copper and bronze alloys. The Company paid $9,541,100 made up of $6,000,000 in cash, $3,000,000 in vendor debt bearing interest at 8% with a three-year term and 3,000,000 common shares with an acquisition-date value of $0.18 (C$0.19) per share (based on a volume-weighted average price in the period either side of the acquisition date). The Company incurred acquisition-related professional fees and other costs of $82,016.

The Company accounted for its investment in Nonferrous using the purchase method. The Company allocated the purchase price to estimated fair values of the assets acquired and liabilities assumed as follows:

Current assets	$	6,035,412
Property, plant and equipment		5,008,070
Other assets*		3,025,000
Goodwill		2,059,515
Intangible assets		835,000
Current liabilities		(3,990,520)
Long term liabilities		(1,615,000)
Future income tax liability		(1,734,361)
Purchase price	$	9,623,116

* Other assets include loan and note receivables of $2,950,000 and a life insurance policy of a former owner for approximately $67,000. Subsequent to the acquisition, a note receivable for $450,000 from Specialloy was converted to equity as part of the Specialloy acquisition (see note 9).

At June 30, 2008, the Company had recorded $25,336 of deferred acquisition costs and a $500,000 non-refundable deposit relating to the purchase of Nonferrous. These amounts have been included in the purchase price above.

Acquisition of Freedom Alloys, Inc.

On May 9, 2008, the Company and Freedom merged and the Company acquired the issued and outstanding shares of Freedom, a manufacturer and supplier of beryllium, beryllium copper and beryllium containing alloy products. IBC paid $9,955,917 made up of $9,034,441 in cash and 1,693,963 common shares of the Company with a value of C$0.55 per share. In addition, the Company incurred transaction costs of $80,729 for the acquisition of Freedom for total consideration of $10,036,646.

The Company accounted for its investment in Freedom using the purchase method. The Company allocated the purchase price to assets acquired and liabilities assumed as follows:

Current assets	$	4,224,817
Property, plant and equipment		1,513,120
Other assets		12,795
Intangible assets		1,520,000
Goodwill		7,580,121
Current liabilities		(2,032,755)
Long term liabilities		(1,900,000)
Future income tax liability		(881,452)
Purchase price	$	10,036,646

(Expressed in United States dollars)

8. Business Acquisitions (continued)

Acquisition of Rare Earths Limited, LLC

In May 2008, the Company acquired the issued and outstanding shares of REL, a private Colorado-based company from a director and an officer of the Company. The aggregate purchase price was 1,000,000 common shares of the Company, which had a fair value of C$0.51 per share at the transaction date, and $40,000 in cash. In addition, the Company incurred transaction costs of $27,858 for the acquisition of REL for total consideration of $576,358.

The Company accounted for its investment in REL using the purchase method. The Company allocated the purchase price to assets acquired and liabilities assumed as follows:

Current assets	$	91,541
Property, plant and equipment		12,375
Mineral properties		106,431
Intangible assets		923,169
Current liabilities		(65,110)
Advances from parent before acquisition		(168,939)
Future income tax liability		(323,109)
Purchase price	$	576,358

9. Acquisition of Specialloy Copper Alloys Corp.

In April 2009, the Company acquired a 100% membership interest in Specialloy, a master and specialty alloy manufacturer and processing company, through its wholly owned subsidiary Nonferrous. IBC paid aggregate cash consideration of $25,000. In connection with the membership interest and purchase sale agreement, Nonferrous signed an exchange agreement with Specialloy whereby Specialloy converted $450,000 of debt owed to Nonferrous to equity. The aggregate value ascribed to Specialloy was therefore $475,000. The Company incurred transaction costs of $16,726 in connection with the purchase. Immediately prior to the purchase, Denis Brady, a director of the Company holding a membership interest in Specialloy, forgave $99,150 owed to him by Specialloy.

The Company accounted for its investment in Specialloy using the asset acquisition method. The acquisition is considered a related party transaction due to the vendor of Specialloy, Denis Brady, being a director of the Company. As the exchange amount of the transaction is not supported by the independence evidence, the assets and liabilities incurred must be recognized at their carrying amounts. At the date of this transaction, the net book value of property, plant and equipment was $187,177 with an appraised value-in-use of $1,087,163.

The difference between the amount paid for the acquisition of net assets ($491,726) and their net book value ($223,354) was recognized in equity.

(Expressed in United States dollars)

10. Mineral Properties

The net book value of the Company's mineral properties is:

	Brazil		Uganda	United States		Total
	Coronel Murta	Santa Maria		Lake George (Boomer)	Spor Mountain	
At June 30, 2007	$ 148,369	$ 148,366	$ 120,877	$ -	$ -	$ 417,612
Acquisition, including staking	30,062	30,062	3,042	148,053	250,321	461,540
Deferred exploration expenditures						
Administration and general	16,460	16,461	21,257	-	-	54,178
Consulting	6,024	6,024	8,787	-	-	20,835
Filing fees	2,908	2,908	4,932	-	-	10,748
Geological and geophysical	23,276	23,275	27,003	-	-	73,554
Legal	2,644	2,644	-	2,548	-	7,836
At June 30, 2008	229,743	229,740	185,898	150,601	250,321	1,046,303
Acquisition, including staking	-	-	-	196,403	-	196,403
Deferred exploration expenditures						
Administration and general	4,046	4,048	-	-	-	8,094
Consulting	27,500	27,500	4,865	-	-	59,865
Filing fees	224	224	-	-	-	448
Geological and geophysical	24,427	24,427	-	-	-	48,854
Legal	102	102	635	-	-	839
Permits	-	-	-	92,064	22,190	114,254
Written off	-	-	(191,398)	-	-	(191,398)
At June 30, 2009	$ 286,042	$ 286,041	$ -	$ 439,068	$ 272,511	$ 1,283,662

In the year ended June 30, 2009, the Company relinquished its property rights in Uganda and accordingly wrote off the value of these properties.

(Expressed in United States dollars)

11. Intangible Assets

	Trade Names	Customer Relationships	Data Library	Total
Cost				
At June 30, 2007	$ -	$ -	$ -	$ -
Business acquisition	770,000	750,000	923,169	2,443,169
At June 30, 2008	770,000	750,000	923,169	2,443,169
Business acquisition (note 8)	158,000	677,000	-	835,000
At June 30, 2009	928,000	1,427,000	923,169	3,278,169
Accumulated amortization				
At June 30, 2007	-	-	-	-
Amortization expense	19,250	18,750	5,001	43,001
At June 30, 2008	19,250	18,750	5,001	43,001
Amortization expense	175,067	234,308	64,237	473,612
At June 30, 2009	194,317	253,058	69,238	516,613
Net book value				
At June 30, 2008	750,750	731,250	918,168	2,400,168
At June 30, 2009	$ 733,683	$ 1,173,942	$ 853,931	$ 2,761,556

The Company has changed the allocation of value assigned to intangible assets from amounts previously disclosed based on additional information received.

12. Goodwill

At June 30, 2007	$ -
Freedom goodwill acquired	7,580,121
At June 30, 2008	7,580,121
Nonferrous goodwill acquired (note 8)	2,059,515
Goodwill impairment provision	(9,639,636)
At June 30, 2009	$ -

In view of weakness in the world economy, the Company undertook a review of its long-lived assets in the year ended June 30, 2009 and concluded that it should record a $9,639,636 (2008 - $nil) impairment of goodwill related to the acquisition of Freedom and Nonferrous. The impairment charge was required to reduce the carrying value of goodwill to its implied fair value of nil after it was determined in the annual impairment test at June 30, 2009 that the carrying value of the reporting units exceeded the fair value of the reporting units.

(Expressed in United States dollars)

13. Lines of Credit

		June 30 2009		June 30 2008
Line of credit with New Century Bank (maximum $2,000,000) at 5.85% collateralized by substantially all of Freedom's assets.	$	1,700,000	$	1,900,000
Line of credit with M&I Bank (maximum $2,500,000) at one month LIBOR plus 2.75% (3.06% at June 30, 2009) collateralized by substantially all of Nonferrous' assets.		1,279,397		-
	$	2,979,397	$	1,900,000

In addition to the security provided by the operating subsidiaries, IBC has guaranteed these lines of credit.

(Expressed in United States dollars)

14. Loans and Notes Payable

		June 30 2009		June 30 2008
Note payable to New Century Bank in monthly payments of $15,777 including interest at 8.00% per year to August 2016, collateralized by substantially all assets of Freedom.	$	1,038,090	$	1,132,266
Loan payable to M&I Bank in monthly principal payments of $7,083 plus the monthly accrued interest at 6.15% (hedged with interest rate swap contract) per year to October 15, 2011, collateralized by substantially all the assets of Nonferrous (see interest rate swap, note 19).		1,643,333		-
Notes payable to vendors of Nonferrous due October 31, 2011 bearing interest at an annual rate of 8%, payable monthly, collateralized by a stock pledge agreement by IBC US Holdings, Inc and Nonferrous Products, Inc (note 8)		3,000,000		-
Note payable to Phelps Dodge Industries, Inc. collateralized by the respective equipment acquired. The agreement expired November 2008.		-		24,733
Note payable to a finance company in monthly payments of $742 including interest at 3.90% per year to November 2010, collateralized by the vehicle acquired.		3,674		20,503
Balance outstanding	$	5,685,097	$	1,177,502
Financial statement presentation:				
Current portion of loans payable	$	2,681,423	$	1,165,249
Long-term loans payable		3,674		12,253
Notes payable		3,000,000		-
	$	5,685,097	$	1,177,502

(Expressed in United States dollars)

14. Loans and Notes Payable (continued)

In addition to the security provided by the operating subsidiaries, IBC has guaranteed the loans payable to banks.

Aggregate maturities required on long-term debt at June 30, 2009 are as follows:

Year ending June 30		
2010	$	2,681,423
2011		3,674
2012		3,000,000
	$	5,685,097

The New Century Bank and M&I bank loan agreements require that the Company maintain a minimum net worth and minimum debt coverage and debt-to-tangible net worth ratios. In addition, there are limitations on dividends and capital withdrawals. The Company was in violation of certain of the above covenants in the year ended June 30, 2009 (see note 5).

15. Share Capital

Authorized capital

Unlimited number of preferred shares issuable in series without par value. The board of directors may determine the designations, rights, preferences or other variation of each class or series within the preferred shares.

Unlimited number of common shares without par value.

Issued capital

No preferred shares.

115,709,480 common shares (2008 - 104,376,148)

Reverse takeover

In November 2007, the Company and HRM entered into a RTO transaction as described in note 1. This transaction resulted in an adjustment of 82,501,494 to the Company's issued common shares.

Escrow shares

As at June 30, 2009, 25,406,471 (June 30, 2008 – 42,344,117) common shares were held in escrow to be released in six installments of 8,468,823 over the May 23, 2009 to November 23, 2010. During the year, a total of 16,937,646 shares were released on November 23, 2008 and May 23, 2009 (2008 - 8,468,823).

Share issuances

In April 2009, the Company closed a private placement and issued an aggregate of 8,333,332 common shares at a price of C$0.15 per share for aggregate gross proceeds of C$1,250,000 ($1,028,974) pursuant to the placement. The Company paid finders' fees in connection with the financing consisting of C$61,475 ($53,425) in cash and issued 500,000 warrants which entitle the holder to purchase one common share at C$0.15 for 24 months. The weighted average fair value of the warrants was estimated to be $54,650, using the Black-Scholes option pricing model with the following assumptions: 110% volatility, 0% dividend yield, 1.04% risk-free interest rate and a weighted average expected life of two years.

15. Share Capital (continued)

In the year ended June 30, 2008:

In March 2008, the Company raised gross proceeds of $7,135,149 through the sale of units (consisting of one common share and one-half share purchase warrant, at C$0.50 per unit). The exercise price of the warrants is C$0.75. Proceeds from the sale of these units were allocated to share capital. The Company paid a finders fee of $285,868 of which $122,054 was paid to related parties. The Company also issued compensation warrants to finders entitling them to purchase 704,000 common shares at an exercise price of C$0.50 per share for a period of 24 months following closing. The fair value of the compensation warrants was calculated to be $426,854.

In May 2008, the Company issued 1,693,963 common shares with a value of $921,152 as partial consideration for the acquisition of Freedom.

In May 2008, the Company issued 1,000,000 common shares with a value of $508,500 as partial consideration for the purchase of REL.

16. Stock Options

On August 27, 2007, IBC's board of directors adopted a stock option plan, subsequently approved by shareholders and adopted by the Company, under which the Company is authorized to grant options to directors, employees and consultants to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock for a period preceding the date of grant. The options can be granted for a maximum term of five years and vest as determined by the board of directors. The Company's shares trade in Canadian dollars and options granted to date have been denominated in Canadian funds.

A summary of stock option activity to June 30, 2009 is as follows:

	Stock Options Outstanding	Weighted Average Exercise Price
June 30, 2007	-	C$ -
Assumed on reverse takeover	1,649,000	C$0.50
Granted	5,300,000	C$0.61
Exercised	-	C$ -
Expired or forfeited	(400,000)	C$0.50
June 30, 2008	6,549,000	C$0.59
Granted	5,220,000	C$0.18
Exercised	-	C$ -
Expired or forfeited	(2,065,000)	C$0.55
June 30, 2009	9,704,000	C$0.27

The 5,220,000 stock options granted had a weighted average grant date fair value of $0.10 each.

(Expressed in United States dollars)

16. Stock Options (continued)

At June 30, 2009, the Company had outstanding and exercisable stock options as follows:

	Outstanding Options			Exercisable Options	
Exercise Price	Number	Weighted Average Remaining Life	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
C$0.15	8,835,000	4.25 years	C$0.15	8,355,000	C$0.15
C$0.50	229,000	3.35 years	C$0.50	229,000	C$0.50
C$0.51	265,000	3.86 years	C$0.51	88,333	C$0.51
C$0.55	150,000	4.25 years	C$0.55	150,000	C$0.55
C$0.83	225,000	3.69 years	C$0.83	225,000	C$0.83
	9,704,000	4.12 years	C$0.27	9,047,333	C$0.28

Stock options granted

In the year ended June 30, 2009:

In July 2008, 400,000 stock options exercisable at C$0.50 and 600,000 stock options exercisable at C$0.60 were forfeited due to the previous resignation of a director and officer of the Company.

In November 2008, 250,000 stock options exercisable at C$0.59 were forfeited due to the split of business partners in the Company's investors' relation firm.

In September 2008, the Company awarded 400,000 stock options to a contractor with an exercise price of C$0.55 and a grant date fair value of $0.13. Compensation expense recognized upon grant of these options was estimated to be $46,995 using the Black-Scholes option pricing model.

In February 2009, the Company granted 1,550,000 stock options to directors and officers and 2,570,000 stock options to employees, consultants and advisors at an exercise price of C$0.15 for a period of five years. The Company accounts for stock option grants using the fair value method by a charge against earnings (loss) at the time of grant. Compensation expense recognized upon grant of these options was estimated to be $390,445 using the Black-Scholes option pricing model.

In February 2009, the Company reduced the exercise price of 4,344,000 of its existing 5,699,000 incentive stock options with exercise prices of between C$0.50 and C$0.83. This repricing has been accepted by the Exchange but is still subject to the approval of a majority of disinterested shareholders. The Company intends to seek such disinterested shareholder approval in accordance with Exchange policy at the next annual meeting of shareholders. If approved, each of the subject option holders will have the exercise price of their options reduced to C$0.15 per share. There was no change to the expiry date of the options. Compensation expense recognized upon repricing of these options was estimated to be $110,560, using the Black-Scholes option pricing model with the following assumptions: 110% volatility, 0% dividend yield, 1.83% weighted average risk-free interest rate and a weighted average expected life of 4.11 years.

In February 2009, the Company granted 250,000 stock options to an investor relations provider at an exercise price of $0.15 until February 24, 2014. These options will vest in four equal quarterly instalments over 12 months. Compensation expense recognized upon grant of these options was estimated to be $14,286 using the Black-Scholes option pricing model.

16. Stock Options (continued)

In February 2009, certain option holders forfeited their options to acquire up to 765,000 common shares at an exercise price of between C$0.50 and C$0.59.

In April 2009, the Company granted 400,000 incentive stock options to a director at an exercise price of C$0.15 for a period of five years. Compensation expense recognized upon grant of these options was estimated to be $37,873 using the Black-Scholes option pricing model.

In June 2009, the Company granted 50,000 incentive stock options to an investor relations provider at an exercise price of C$0.15 for a period of five years. These options will vest in four equal quarterly instalments over 12 months. Compensation expense recognized upon grant of these options was estimated to be $296 using the Black-Scholes option pricing model.

During the year, compensation expense was recognized on vesting options that were granted during the prior year to certain employees of Freedom. Compensation expense recognized on these options was estimated to be $117,545 (2008 - $24,428) using the Black-Scholes option pricing model.

In the year ended June 30, 2008:

In January 2008, the Company granted 1,200,000 stock options to three new directors of the Company, 400,000 stock options to a new officer of the Company and 150,000 stock options to a consultant, all at an exercisable price of C$0.50 per share. The options vested at the grant date for a term of five years. Compensation expense recognized upon grant of these options was estimated to be $742,518 using the Black-Scholes option pricing model.

In February 2008, the Company granted options to an investor relations firm to purchase up to 500,000 common shares, in connection with an investor relations contract, at an exercise price of C$0.59 per share. The options have a two-year term and vested over 12 months. Compensation expense recognized upon grant of these options was estimated to be $54,051 using the Black-Scholes option pricing model.

In March 2008 the Company granted 600,000 stock options to a director and officer of the Company at an exercise price of C$0.60 each until March 6, 2013. The options were granted pursuant to the terms of the Company's stock option plan. Compensation expense recognized upon grant of these options was estimated to be $387,842 using the Black-Scholes option pricing model.

In March 2008 the Company granted 1,450,000 stock options to directors and officers of the Company at an exercise price of C$0.83 each until March 7, 2013. The options were granted pursuant to the terms of the Company's stock option plan. Compensation expense recognized upon grant of these options was estimated to be $1,018,161 using the Black-Scholes option pricing model.

In May 2008, the Company granted 1,000,000 stock options to certain employees of Freedom at acquisition, at an exercise price of C$0.51 per share. The options vest in three annual instalments on the anniversary date of Freedom's acquisition. Compensation expense recognized upon grant of these options was estimated to be $24,428 using the Black-Scholes option pricing model.

(Expressed in United States dollars)

16. Stock Options (continued)

The weighted average grant-date fair value of options awarded in 2009 was $0.17 (2008 - $0.50). The Company employed the Black-Scholes option-pricing model using the following weighted average assumptions:

	2009	2008
Annualized stock price volatility	110%	121%
Risk-free interest rate	2.0%	3.2%
Expected option lives	4.6 years	3.8 years
Dividend yield	0.0%	0.0%

17. Warrants

	Financing Warrants		Broker Warrants	
	Warrants Outstanding	Weighted Average Exercise Price	Warrants Outstanding	Weighted Average Exercise Price
At June 30, 2007				
Assumed on RTO transaction	17,970,523	C$ 0.55	160,000	C$ 0.50
Issued	7,000,000	C$ 0.75	704,000	C$ 0.50
Expired	-	-	-	-
Exercised	(1,080,691)	-	-	-
At June 30, 2008	23,889,832	C$ 0.62	864,000	C$ 0.50
Issued	-	-	500,000	C$0.15
Expired	-	-	(160,000)	C$ 0.50
Exercised	-	-	-	-
At June 30, 2009	23,889,832	C$ 0.62	1,204,000	C$ 0.35

At June 30, 2009, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Financing Warrants	Number of Broker Warrants	Exercise Price	Expiry Date
-	500,000	C$ 0.15	May 29, 2011
6,834,832	-	C$ 0.29	May 29, 2010 (see below)
10,055,000	-	C$ 0.75	November 23, 2009
7,000,000	-	C$ 0.75	March 14, 2010
-	704,000	C$ 0.50	March 28, 2010
23,889,832	1,204,000		

In November 2008, 160,000 with weighted average fair value of $70,100 expired.

In May 2009, the Company granted 500,000 finder warrants exercisable at $0.15 for a term of two years in connection with a financing (note 15).

In May 2009, the Company extended, with regulatory approval, the expiry date of 6,834,832 financing warrants exercisable at C$0.29 from May 29, 2009 to May 29, 2010.

(Expressed in United States dollars)

18. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2009	2008
Loss before income taxes	$ (15,779,191)	$ (3,784,987)
Expected income tax recovery	$ (4,759,000)	$ (1,240,000)
Foreign tax rate difference	(596,000)	(13,000)
Permanent differences	5,311,000	773,000
Financing costs	(13,000)	(155,000)
Effect of income tax rate changes	133,000	159,000
Loss carryback relating to previously unrecognized net operating losses	(562,088)	-
Change in valuation allowance	(662,000)	384,439
Income tax recovery	$ (1,148,088)	$ (91,561)

The significant components of the Company's future income tax assets and liabilities are as follows:

	2009	2008
Future income tax assets relating to:		
Exploration properties	$ -	$ 49,000
Share issue costs	39,000	151,000
Non-capital loss carry forwards	1,352,000	642,000
Valuation allowance	(1,220,000)	(810,000)
Future income tax assets	171,000	32,000
Future income tax liabilities relating to:		
Exploration properties	(10,000)	-
Plant and equipment	(1,702,225)	(243,000)
Inventory	-	(62,000)
Intangible assets	(714,000)	(840,000)
Future income tax liabilities	(2,426,225)	(1,145,000)
Net future income tax liability	$ 2,255,225	$ 1,113,000

In the year ended June 30, 2009, the Company recognized a future income tax liability of $1,734,361 on the acquisition of Nonferrous (note 8).

In the year ended June 30, 2008, the Company recognized a future income tax liability of $881,452 on the acquisition of Freedom and a future income tax liability of $323,109 on the acquisition of REL.

The Company has available for deduction against future years' taxable income non-capital losses in Canada of approximately $3,887,000, which will expire up to 2029 subject to certain restrictions. The Company also has United States non-operating losses of approximately $1,330,000 which expire up to 2029.

19. Interest Rate Swap

On November 3, 2008, the Company entered into an interest rate swap contract covering the period to October 15, 2011. This had the effect of converting a variable interest rate loan from M&I Bank (note 14) to one with a fixed interest rate. The interest rate swap contract provides for monthly settlements from November 15 to October 15, 2011. Pursuant to the interest rate swap agreement, the Company will receive interest at the one-month LIBOR and will pay interest at a rate of 3.3%. The notional amount of the swap at June 30, 2009 is $1,664,583. The fair value of the interest rate swap at June 30, 2009 is $62,853.

The Company has not designated the interest rate swap contracts as a hedge in accordance with CICA Handbook Section 3865 – Hedges. Accordingly, the Company accounted for the interest rate swaps as derivative financial instruments and recorded the fair value of the interest rate swaps on its balance sheet at year end, with realized and unrealized gains as losses from the change in fair value being recorded in the consolidated statements of operations.

(Expressed in United States dollars)

20. Related Party Transactions

The Company entered into the following transactions with related parties not disclosed elsewhere in these consolidated financial statements as follows:

June 30, 2009	Director or Officer Fees	Consulting Fees	Rent and Finder's Fees	Total
Delu International Ltd. [1]	$ 129,576	$ -	$ -	$ 129,576
Lindsey Maness, Jr. [2]	75,000	-	-	75,000
Lee Rice [3]	90,000	-	22,816	112,816
S2 Management Inc. [4]	103,661	33,301	-	136,962
MCSI Consulting Services Inc. [5]	-	16,370	-	16,370
Dal Brynelsen [6]	27,141	-	-	27,141
Denis Brady[7]	33,000	-	-	33,000
Ian Slater[8]	3,000	-	-	3,000
Endeavour Resources Ltd[9]	-	8,700	-	8,700
Rafael Hernandes Correa Silva[10]	-	95,000	-	95,000
Mark Wolma[11]	-	4,000	-	4,000
Michael Fisher[12]	10,356	-	-	10,356
Total	$ 471,734	$ 157,371	$ 22,816	$ 651,921

June 30, 2008	Director or Officer Fees	Consulting Fees	Rent and Finder's Fees	Total
Ronald Bopp[13]	$ 337,735			$ 337,735
Delu International Ltd. [1]	91,170	-	122,054	213,224
Lindsey Maness, Jr. [2]	87,817	-	-	87,817
Lee Rice [3]	87,817	-	-	87,817
S2 Management Inc. [4]	19,848	-	-	19,848
MCSI Consulting Services Inc. [5]	29,839	6,993	-	36,832
Dal Brynelsen [6]	25,360	-	-	25,360
Secret Cove Management Ltd.[14]	-	-	122,054	122,054
Total	$ 679,586	$ 6,993	$ 244,108	$ 930,687

1. Beneficially owned by the Company's CEO.
2. Mr. Maness was an officer of the Company.
3. Mr. Rice is a director of the Company.
4. Beneficially owned by the Company's CFO who is a former director. Consulting fees related to a contract employee provided at cost.
5. The Company's CFO holds a 50% interest.
6. Mr. Brynelsen is a director of the Company.
7. Mr. Brady is a director of the Company
8. Mr. Slater is a director of the Company
9. Endeavour Resources Ltd. is owned by Mr. Nathoo, who is a director of Mineraçäo Berilo do Brasil Ltda.
10. Mr. Hernandes Correa Silva is a director of Mineraçäo Berilo do Brasil Ltda.
11. Mr. Wolma is a director of Nonferrous Products, Inc.
12. Mr. Fisher is the president of Freedom and a director of Nonferrous Products, Inc.
13. In April 2008, the company reached an severance settlement with Mr. Bopp
14. Secret Cove Management Ltd. is beneficially owned by Dal Brynelsen, a director of the Company.

(Expressed in United States dollars)

20. Related Party Transactions (continued)

As at June 30, 2009, $36,824 (June 30, 2008 - $42,512) is owing to directors and officers for services and $21,905 (June 30, 2008 - $22,512) is owing to officers for expenses paid on the Company's behalf.

Related party transactions are in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

21. Commitments

The Company is contractually committed under lease and research contracts to make payments as follows:

Year ending June 30		
2010	$	490,000
2011		195,000
2012		172,000
2013		114,000
2014		114,000
	$	1,085,000

22. Supplemental Cash Flow Information

	June 30			
		2009		2008
Cash paid for interest costs	$	452,400	$	-
Cash paid for income taxes		13,035		-
Shares issued on Nonferrous acquisition		541,100		-
Debt converted into equity on Specialloy acquisition		450,000		-
Amortization expense included in cost of sales		559,335		-
Debt assumed by vendors on Nonferrous acquisition		3,000,000		-
Acquiring part of a mineral property by assuming a loan payable		-		45,000
Shares issued as partial consideration on:				
- Freedom acquisition		-		921,152
- REL acquisition		-		508,500
Finders' warrants granted		-		426,854

23. Segment Reporting

Prior to May 2008, the principal activities of the Company were the acquisition, exploration and development of its properties. As at June 30, 2009, the Company had two reportable segments: mineral properties and manufacturing. The mineral properties segment manages the acquisition, exploration and development of beryllium natural resources and analysis of the Company's resource information database; the manufacturing segment produces beryllium copper and other specialty alloy products.

The accounting polices of the segments are the same as described in note 3 of these financial statements. IBC's management evaluates performance based on profit or loss from operations before income taxes, not including foreign exchange gains and losses.

(Expressed in United States dollars)

23. Segment Reporting (continued)

Loss by reportable segment for the years ended June 30, 2009 and 2008:

	June 30, 2009			June 30, 2008		
	Mineral Properties	Manufacturing	Total	Mineral Properties	Manufacturing	Total
Revenue	$ -	$ 11,616,872	$ 11,616,872	$ -	$ 978,056	$ 978,056
Cost of sales	-	11,362,595	11,362,595	-	997,828	997,828
Gross profit (loss)	-	254,277	254,277	-	(19,722)	(19,722)
Operating expenses	(374,816)	(2,771,033)	(3,145,849)	(47,870)	(165,023)	(212,893)
	$ (374,816)	$ (2,516,756)	(2,891,572)	$ (47,870)	$ (165,023)	(232,665)
Corporate expenses			(1,646,134)			3,407,337
Operating loss			$ (4,537,706)			$ (3,640,002)

Supplemental disclosure for the years ended June 30, 2009 and 2008:

	June 30, 2009				June 30, 2008
	Exploration	Manufacturing	Corporate	Total	Total
Amortization expense	$ 70,259	$ 931,290	$ 3,982	$ 1,005,531	$ 83,360
Stock-based compensation	57,000	239,000	422,000	718,000	2,227,000
Interest income	-	-	71,569	71,569	243,184
Interest expense	-	290,078	160,000	450,078	27,657
Income tax recovery	-	1,148,088	-	1,148,088	91,561
Capital expenditures	$ 333,636	$ 311,943	$ -	$ 645,579	$ 478,630

(Expressed in United States dollars)

23. Segment Reporting (continued)

Total assets	June 30, 2009	June 30 2008
Mineral properties	$ 2,147,356	$ 2,071,209
Manufacturing	14,950,617	15,123,056
Corporate	699,646	6,233,522
Intercompany eliminations	(491,726)	-
	$ 17,305,893	$ 23,427,787

The geographical division of the Company's revenues based on the customer's country of origin is as follows:

Sales	June 30, 2009	June 30, 2008
North America	$ 7,737,401	$ 978,056
Europe	2,871,474	-
Asia	1,007,997	-
	$ 11,616,872	$ 978,056

The following customers represented more than 10% of annual sales:

	2009		2008	
	Amount	%	Amount	%
Customer A	$ 1,913,649	16.5	$ 163,510	16.7
Customer B	$ 1,259,550	10.8	$ 215,203	22.0
Customer C			$ 231,253	23.6
Customer D			$ 172,589	17.7
Customer E			$ 120,303	12.3

23. Segment Reporting (continued)

Mineral properties, property, plant and equipment, intangible assets and goodwill	June 30, 2009	June 30 2008
Canada	$ 34,762	$ 150,601
Brazil	572,083	459,483
Uganda	-	185,898
United States	9,899,650	11,716,616
	$ 10,506,495	$ 12,512,598

24. Financial Risk Management

The Company's activities expose it to a variety of financial risks, including foreign exchange risk, interest rate risk, commodity price risk, credit risk and liquidity risk. From time to time, the Company may use foreign exchange contracts, commodity price contracts and interest rate swaps to manage exposure to fluctuations in foreign exchange, metal prices and interest rates. The Company does not have a practice of trading derivatives. In the past, the Company's use of derivatives was limited to specific programs to manage fluctuations in foreign exchange risk, which are subject to the oversight of the board of directors.

Foreign Exchange Risk

The Company operates projects in several different countries and therefore, foreign exchange risk exposures arise from transactions denominated in foreign currencies. Foreign exchange risk arises primarily with respect to the US dollar, as the majority of the Company's debt and capital expenses are denominated in US dollars.

As at June 30, 2009, with other variables unchanged, a 1% increase (decrease) in the US dollar would increase (decrease) net earnings by approximately $2,500.

Exposure of the US dollar on financial instruments is as follows:

Balance at June 30, 2009	Canadian Dollars	Brazilian Real
Cash and cash equivalents	194,783	-
Receivables	107,392	-
Accounts payable	18,077	-

Balance at June 30, 2008	Canadian Dollars	Brazilian Real
Cash and cash equivalents	6,058,117	-
Receivables	19,980	-
Accounts payable	83,201	23,950

24. Financial Risk Management (continued)

Interest Rate Risk

The Company's interest rate risk mainly arises from the interest rate impact on cash and cash equivalents. Cash and cash equivalents receive interest based on market interest rates. The Company's long-term debt has a fixed interest rate and is not exposed to interest rate risk.

As at June 30, 2009, with other variables unchanged, a 1% increase (decrease) in the interest rate would increase (decrease) net earnings by approximately $21,500.

Commodity Price Risk

The Company's profitability and long-term viability will depend, in large part, on the market price of copper and beryllium. The market prices for these metals are volatile and are affected by numerous factors beyond the Company's control, including: global or regional consumption patterns; the supply of, and demand for, these metals; speculative activities; the availability and costs of metal substitutes; expectations for inflation; and political and economic conditions, including interest rates and currency values. The Company cannot predict the effect of these factors on metal prices.

The market price of these minerals and metals may not remain at current levels. In particular, an increase in worldwide supply and consequent downward pressure on prices may result over the longer term from increased copper and beryllium production from mines developed or expanded as a result of current metal price levels.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's credit risk arises primarily with respect to its trade accounts receivable.

The Company manages credit risk by trading with recognized creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debt is not significant.

The Company also manages its credit risk by investing only in obligations of any province of Canada, Canada or the United States of America or their respective agencies, obligations of enterprises sponsored by any of the above governments; banker's acceptances purchased in the secondary market and having received the highest credit rating from a recognized rating agency in Canada or the United States, with a term of less than 180 days; and bank term deposits and bearer deposit notes, with a term of less than 180 days.

The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents, and other receivables.

Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. If necessary, it may raise funds through the issuance of debt, equity, or monetization of non-core assets. To ensure that there is sufficient capital to meet obligations, the Company continuously monitors and reviews actual and forecasted cash flows and matches the maturity profile of financial assets to development, capital and operating needs.

See note 14 for contractual undiscounted cash flow requirements for financial liabilities as at June 30, 2009.

(Expressed in United States dollars)

25. Restatement

During the year ended June 30, 2008, a recapitalization of $10,609,269 was netted against an acquisition of subsidiary companies for $9,116,658 when the transactions should have been separately disclosed as financing and investing cash flows. As a result, the statement of cash flows for the year ended June 30, 2008 has been restated to show the effect of the recapitalization as a financing activity.

	As Presented	Revised
Net cash used in operating activities	$ (881,822)	$ (881,822)
Net cash provided by financing activities	6,792,116	17,401,385
Net cash provided by (used in) investing activities	306,672	(10,302,597)
Change in cash and equivalents	$ (6,216,966)	$ (6,216,966)

26. Subsequent Events

a) In July 2009, the Company granted 100,000 stock options to a consultant at an exercise price of C$0.15 for a period of five years.

b) In August 2009, Company granted 100,000 stock options to a consultant at an exercise price of C$0.15 for a period of five years.