

IBC ADVANCED ALLOYS CORP.

CONSOLIDATED FINANCIAL STATEMENTS
Expressed in United States Dollars
Unaudited – Prepared by Management

MARCH 31, 2010

NOTICE TO READER

Our auditors have not reviewed these unaudited consolidated financial statements for the period ended March 31, 2010. IBC Advanced Alloys Corp.'s management prepared these financial statements in accordance with accounting principles generally accepted in Canada, consistent with previous quarters and years except for the adoption of new accounting policies as described in note 2. You should read these unaudited consolidated financial statements in conjunction with IBC Advanced Alloys Corp.'s audited financial statements for the year ended June 30, 2009.

IBC ADVANCED ALLOYS CORP.**Consolidated Statements of Operations and Comprehensive Loss**

(US dollars in thousands, except for share and per share amounts)

Unaudited – Prepared by Management

	Note	Three Months Ended		Nine Months Ended	
		March 31		March 31	
		2010	2009	2010	2009
Sales		\$ 4,034	\$ 3,090	\$ 10,361	\$ 9,007
Cost of goods sold	5	3,376	3,119	8,651	8,186
Gross profit		658	(29)	1,710	821
Selling, general and administrative expenses					
Amortization	5	122	145	379	400
Consulting fees	16	53	28	187	85
Director fees	16	15	-	43	-
Doubtful debts		33	5	42	64
Management and contractor fees	16	118	35	284	289
Office and miscellaneous		183	166	441	588
Professional fees		73	1	177	160
Public company costs		45	20	83	86
Research		74	81	223	181
Salaries and wages		315	372	987	1,146
Stock-based compensation	13	39	522	106	639
Travel, meals and entertainment		48	27	189	146
		(1,118)	(1,402)	(3,141)	(3,784)
Loss before other items		(460)	(1,431)	(1,431)	(2,963)
Other income (expense)					
Foreign exchange gain (loss)		(30)	(3)	(19)	(1,033)
Mineral property write-off	7	-	-	-	(191)
Goodwill impairment provision		-	-	-	(5,300)
Interest expense					
- On debt with an initial term of less than one year	9, 11	(140)	(31)	(264)	(103)
- On debt with an initial term of more than one year	10	(110)	(112)	(347)	(214)
(Loss) gain on financial instruments held for trading		-	3	2	(73)
Interest income		3	14	3	99
Other income		14	(4)	47	(2)
Loss before income taxes		(723)	(1,564)	(2,009)	(9,780)
Income tax (expense) recovery					
Current		(23)	53	(159)	544
Future		(51)	-	91	-
		(74)	53	(68)	544
Loss and comprehensive loss for the period		\$ (797)	\$ (1,511)	\$ (2,077)	\$ (9,263)
Basic and diluted loss per common share		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.09)
Weighted average number of common shares outstanding		121,857,977	107,376,148	117,487,067	106,029,433

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

IBC ADVANCED ALLOYS CORP.
Consolidated Statements of Cash Flows
(US dollars in thousands)
Unaudited – Prepared by Management

	Note	Three Months Ended March 31		Nine Months Ended March 31	
		2010	2009	2010	2009
Cash flows from (used in) operating activities					
Loss for the period		\$ (797)	\$ (1,511)	\$ (2,077)	\$ (9,236)
Items not involving cash					
Future income taxes		51	(27)	(91)	(513)
Stock-based compensation	13	39	522	106	639
Mineral property write-off	7	-	-	-	191
Impairment of goodwill		-	-	-	5,300
Doubtful debts expense		33	5	42	64
Inventory write-down		-	(116)	-	-
Amortization	5	407	242	1,100	634
Loss on financial liabilities held for trading		-	(3)	(2)	73
Unrealized foreign exchange gain (loss)		30	2	19	1,033
Changes in non-cash working capital items:					
Receivables		(388)	918	(1,520)	1,359
Income taxes refundable		345	-	480	-
Inventories		76	844	435	1,284
Prepaid expenses		(15)	46	(55)	20
Accounts payable and accrued liabilities		276	(746)	1,253	(1,656)
Income taxes payable		-	(15)	-	(15)
Net cash used in operating activities		57	161	(310)	(823)
Cash flows from financing activities					
Issuance of shares, net of issue costs	12	9,224	-	9,104	-
Loan repayments	10	(52)	(50)	(153)	(143)
Loan proceeds	10	100	-	100	2,500
Convertible note payables	11	-	-	238	-
Repayment of line of credit	10	(386)	(197)	(552)	(320)
Net cash provided by (used in) financing activities		8,886	(247)	8,737	2,037
Cash flows used in investing activities					
Deposit		(15)	-	(15)	-
Investment in mineral properties	7	(28)	(22)	(171)	(406)
Purchase of plant and equipment	5	(51)	(95)	(143)	(148)
Purchase of subsidiaries, net of cash acquired	6	(2,250)	(3)	(2,250)	(5,560)
Net cash used in investing activities		(2,344)	(120)	(2,579)	(6,114)
Foreign exchange effect on cash		(30)	(2)	(19)	(1,033)
Change in cash and cash equivalents during the period		6,569	(208)	5,829	(5,933)
Cash and cash equivalents, beginning of period		101	641	841	6,366
Cash and cash equivalents, end of period		\$ 6,670	\$ 433	\$ 6,670	\$ 433

Supplementary cash flow information (note 17)

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

IBC ADVANCED ALLOYS CORP.
Consolidated Statements of Shareholders' Equity
(US dollars in thousands, except for share amounts)
Unaudited – Prepared by Management

	Note	Number of Shares	Common Shares	Equity Component of Convertible Debt	Contributed Surplus	Brokers' Warrants	Deficit	Total Shareholders' Equity
At June 30, 2008		104,376,148	\$ 18,192	\$ -	\$ 2,943	\$ 498	\$ (3,692)	\$ 17,941
Broker warrants expired		-	-	-	70	(70)	-	-
Issued on purchase of Nonferrous		3,000,000	541	-	-	-	-	541
Private placement		8,333,332	1,029	-	-	-	-	1,029
Share issue costs		-	(108)	-	-	55	-	(53)
Loss on purchase of Specialloy		-	-	-	(269)	-	-	(269)
Stock-based compensation		-	-	-	718	-	-	718
Loss for the year		-	-	-	-	-	(14,631)	(14,631)
At June 30, 2009		115,709,480	19,654	-	3,462	483	(18,323)	5,276
Acquisition of Beralcast [®] Corporation	6	13,261,176	2,519	-	-	-	-	2,519
Convertible note issuance	11	-	-	126	-	-	-	126
Issuance of shares for cash	12	60,882,354	10,161	-	-	-	-	10,161
Share issue costs	12, 14	-	(1,525)	-	-	468	-	(1,057)
Stock-based compensation	13	-	-	-	106	-	-	106
Loss for the period		-	-	-	-	-	(2,077)	(2,077)
At March 31, 2010		189,853,010	\$ 30,809	\$ 126	\$ 3,568	\$ 951	\$ (20,400)	\$ 15,054

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

IBC ADVANCED ALLOYS CORP.

Notes to the Consolidated Financial Statements

(US dollars in thousands, except for share and per share amounts)

Nine months ended March 31, 2010

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1. Organization and Basis of Presentation

Consolidation

These unaudited 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 March 31, 2010 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. (“Nonferrous”)	United States	Manufacturing	100%
NF Industries, Inc.	United States	Holding company	100%
Specialloy Copper Alloys LLC (“Specialloy”)	United States	Manufacturing	100%
Beralcast [®] Corporation	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 unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada (“Canadian GAAP”). They do not include all information and disclosures required for annual financial statements and therefore should be read in conjunction with the audited consolidated financial statements of the Company for the year ended June 30, 2009.

Nature of Operations

The Company’s principal activity is the production of specialty alloy products, but it also sources and explores beryllium resource properties. The Company’s mineral property activities are in the exploration stage and it has interests in resource properties in the United States and Brazil.

In March 2010, the Company acquired, through its subsidiary IBC US Holdings, Inc. (“IBC US”) the issued and outstanding shares of Beralcast[®] Corporation, a private specialty alloy manufacturing business that owns proprietary and patented technology for a castable beryllium aluminum alloy that is currently used in a wide variety of aerospace and advanced technology applications (note 6).

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.

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2. Adoption of New Accounting Pronouncements and Recent Developments

Accounting pronouncements implemented July 1, 2009

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 Canadian Institute of Chartered Accountants ("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 was adopted effective July 1, 2009. The Company has determined that the impact on its consolidated financial statements on the adoption of this accounting policy is not material.

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. The Company has adopted these sections prospectively from July 1, 2009. Adoption of these standards has not had a material effect on the Company's consolidated financial statements.

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).

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). The Company does not have any investments with a non-controlling interest.

General accounting

CICA Handbook Section 1000 has been amended to focus on the capitalization of costs that meet the definition of an asset and de-emphasizes the matching principle. The revised requirements have been adopted effective for annual and interim financial statements from July 1, 2009. The Company has determined that the impact of adopting this standard is not material.

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

Financial instruments

CICA Handbook Section 3862, “Financial Instruments – Disclosures” was amended in June 2009. It establishes revised standards for the disclosure of financial instruments. The new standard established a three-tier hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company’s investments. The hierarchy of inputs and description of inputs is described as follows:

- Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
- Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

Changes in valuation methods may result in transfers into or out of an investment’s assigned level. During the period ended March 31, 2010, there were no significant transfers between level 1 and 2. The required disclosures are included in note 19.

Future accounting changes

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

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3. 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 and 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. Freedom was in violation of certain covenants during the nine months ended March 31, 2010 and accordingly the Company has classified certain loan payable obligations as current liabilities that would otherwise be considered long-term (note 10).

The Company classifies its financial instruments as follows:

Held for trading, measured at fair value	<ul style="list-style-type: none">• Interest rate swaps• Cash and cash equivalents
Loans and accounts receivable, recorded at amortized cost	<ul style="list-style-type: none">• Receivables
Financial liabilities, recorded at amortized cost	<ul style="list-style-type: none">• Lines of credit• Accounts payable and accrued liabilities• Notes payable• Loans payable• Convertible note

4. Inventories

	March 31, 2010				June 30, 2009
	Cost	Valuation Provision	Net		
Raw materials	\$ 934	(60)	874	\$	1,077
Work in process	1,053	(4)	1,049		740
Finished goods	1,244	(78)	1,166		1,707
	\$ 3,231	(142)	3,089	\$	3,524

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5. Property, Plant and Equipment

	Land	Machinery and Equipment	Vehicles	Leasehold Improve- ments	Furniture and Fixtures	Total
Cost						
At June 30, 2009	\$ 426	\$ 5,338	\$ 73	\$ 1,921	\$ 135	\$ 7,893
Purchases	-	142	-	1	-	143
Business acquisition	-	750	-	-	-	750
At March 31, 2010	426	6,230	73	1,922	135	8,786
Accumulated amortization						
At June 30, 2009	-	1,265	51	64	52	1,432
Amortization expense	-	570	7	110	18	705
At March 31, 2010	-	1,835	58	174	70	2,137
Net book value						
At June 30, 2009	426	4,073	22	1,857	83	6,461
At March 31, 2010	\$ 426	\$ 4,395	\$ 15	\$ 1,748	\$ 65	\$ 6,649

The cost of internally developed equipment includes materials, direct labour, and direct labour-related costs.

Presentation of the Company's amortization expense, including amortization of intangible assets (note 8), is as follows:

	Three months ended March 31		Nine months ended March 31	
	2010	2009	2010	2009
Cost of goods sold	\$ 285	\$ 97	\$ 721	\$ 234
Selling general and administrative expenses	122	145	379	400
Total amortization expense	\$ 407	\$ 242	\$ 1,100	\$ 634

The Company has pledged substantially all of its plant and equipment as collateral for bank loans (note 10).

IBC ADVANCED ALLOYS CORP.

Notes to the Consolidated Financial Statements

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6. Acquisition of Beralcast Corporation

In March 2010, the Company, through its wholly owned subsidiary IBC US, acquired all of the outstanding and issued shares of Beralcast[®] Corporation from two individuals. The purchase consideration was \$2,250 in cash and 13,261,176 common shares of IBC with a fair value of \$2,519 for aggregate consideration of \$4,769. Beralcast[®] Corporation operates a specialty alloy manufacturing business that owns proprietary and patented technology for a castable beryllium aluminum alloy.

The acquisition-date fair value of the share consideration was \$0.19 (C\$0.19) per share based on the volume-weighted average price in the period either side of the acquisition date. The Company issued the common shares pursuant to the policies of the Exchange, subject to a hold period of four months and one day from the date on which they are issued. No finder's fee was payable in connection with the acquisition, but the Company incurred acquisition costs of \$15 which were expensed as incurred.

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

Property, plant and equipment (net of accumulated amortization)	\$	750
Technology		4,282
Future income tax liability		(263)
Purchase price	\$	4,769

The allocation of the purchase price is based upon management's preliminary estimates and certain assumptions with respect to fair value associated with the assets acquired and liabilities assumed. The actual fair values of assets and liabilities is determined as of the date of acquisition and may differ materially from the amounts disclosed below because of changes in the Company's understanding of the fair values of the assets and liabilities at the date of acquisition. Consequently, the allocation of the purchase price may be revised in future periods.

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7. Mineral Properties

	Brazil		Uganda	United States		Total
	Coronel Murta	Santa Maria		Lake George (Boomer)	Spor Mountain	
At June 30, 2008	\$ 230	\$ 230	\$ 185	\$ 151	\$ 250	\$ 1,046
Acquisition, including staking	-	-	-	196	-	196
Deferred exploration expenditures						
Administration and general	4	4	-	-	-	8
Consulting	28	28	5	-	-	61
Filing fees	-	-	-	-	-	-
Geological and geophysical	24	24	-	-	-	48
Legal	-	-	1	-	-	1
Permits	-	-	-	92	23	115
Written off	-	-	(191)	-	-	(191)
At June 30, 2009	286	286	-	439	273	1,284
Deferred exploration expenditures						
Administration and general	10	10	-	-	-	20
Consulting	8	8	-	-	-	16
Filing fees	1	1	-	3	-	5
Geological and geophysical	9	9	-	-	-	18
Permits	-	-	-	61	51	112
At March 31, 2010	\$ 314	\$ 314	\$ -	\$ 503	\$ 324	\$ 1,455

In fiscal 2009, the Company relinquished its property rights in Uganda and accordingly wrote off the value of its Ugandan properties.

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8. Intangible Assets

	Trade Names	Customer Relationships	Technology	Data Library	Total
Cost					
At June 30, 2009	\$ 928	\$ 1,427	\$ -	\$ 923	\$ 3,278
Business acquisition	-	-	4,282	-	4,282
At March 31, 2010	928	1,427	4,282	923	7,560
Accumulated amortization					
At June 30, 2009	194	253	-	69	516
Amortization expense	236	113	-	46	395
At March 31, 2010	430	366	-	115	911
Net book value					
At June 30, 2009	734	1,174	-	854	2,762
At March 31, 2010	\$ 498	\$ 1,061	\$ 4,282	\$ 808	\$ 6,649

9. Lines of Credit

	March 31, 2010	June 30 2009
Line of credit with New Century Bank (maximum \$2,000) at 5.85% collateralized by substantially all of Freedom's assets.	\$ 1,800	\$ 1,700
Line of credit with M&I Bank (maximum \$2,500) at one-month LIBOR plus 3.75% (3.99% at March 31, 2010), with a minimum rate of 5.00%, collateralized by substantially all of Nonferrous' assets.	727	1,279
	<u>\$ 2,527</u>	<u>\$ 2,979</u>

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

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10. Loans and Notes Payable

	March 31, 2010	June 30, 2009
Note payable to New Century Bank in monthly payments of \$15 including interest at 8.00% per year to August 2016, collateralized by substantially all assets of Freedom.	\$ 947	\$ 1,030
Loan payable to M&I Bank in monthly principal payments of \$7 plus the monthly accrued interest at 6.15% per year to October 15, 2011, collateralized by substantially all the assets of Nonferrous (see interest rate swap, note 15).	1,580	1,643
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 and Nonferrous	3,000	3,000
Note payable to a finance company in monthly payments of \$1 including interest at 3.90% per year to November 2010, collateralized by the vehicle acquired.	6	12
	<u>\$ 5,533</u>	<u>\$ 5,685</u>
Financial statement presentation:		
Current portion of loans payable	\$ 1,038	\$ 2,681
Long-term loans payable	1,495	4
Notes payable	3,000	3,000
	<u>\$ 5,533</u>	<u>\$ 5,685</u>

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10. Loans and Notes Payable (continued)

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

Contractual aggregate maturities required on notes and loans payable at March 31, 2010 are as follows:

Year ending June 30	
2010	\$ 969
2011	1,564
2012	3,000
	<u>\$ 5,533</u>

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 has been in violation of certain of the above covenants for its banks loans but both New Century Bank and M&I Bank have waived the debt service violations. Subsequently, Freedom was still in breach of one covenant on the New Century bank loan and so the Company has classified the long-term obligation to New Century Bank as current.

11. Convertible Note

In December 2009, the Company closed a convertible note (the "Note") financing in the principal amount of C\$250 (\$238) issued to Firebird Global Master Fund II, Ltd. ("Firebird"). On the issuance of the Note, Firebird was an insider of the Company by way of holding more than 10% of the voting rights attached to outstanding common shares. The Note matured on March 23, 2010, bore interest at 10% per year and was convertible into units comprising one common share and one full warrant, with a conversion price of C\$0.14 per unit. The transaction was measured at exchange amount.

	Liability Component	Equity Component	Total
June 30, 2009	\$ -	\$ -	\$ -
Gross proceeds	112	126	<u>238</u>
Accretion	133	-	
March 31, 2010	<u>\$ 245</u>	<u>\$ 126</u>	

As described in note 20, in April 2010, Firebird elected to convert the Note and exercised its option to convert accrued interest under the Note into common shares at a rate of C\$0.14 per share.

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12. 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. In November 2009, the Company's shareholders provided authorization for the board of directors to undertake a consolidation of the Company's common shares up to one-post consolidation share for each three pre-consolidation shares. The Company's board of directors has decided not to effect a share consolidation.

Issued capital

No preferred shares.

189,853,010 common shares

Escrow shares

As at March 31, 2009, 16,937,646 (June 30, 2009 – 25,406,471) common shares were held in escrow to be released in two installments of 8,468,823 on May 23, 2010 and November 23, 2010.

Short form prospectus financing

In March 2010, the Company closed a short-form prospectus offering for the sale of 60,882,354 units of IBC at a price of C\$0.17 per unit, raising gross proceeds of C\$10,350 (\$10,161); total offering costs were \$1,525. Union Securities Ltd. and Pope & Company Limited were agents for the Company.

Each unit was priced at C\$0.17 and consisted of one common share of IBC and one-half of one common share purchase warrant exercisable at C\$0.25 (each whole warrant, a "Warrant"). Each unit Warrant entitles the holder to purchase one common share of IBC for a price of C\$0.25 per common share until March 23, 2012 subject to acceleration of the exercise period in certain circumstances. If following the closing of the unit offering, the Company's closing price is C\$0.50 or more per common share for 20 consecutive trading days on the Exchange, or an equivalent stock exchange (the "Accelerating Event"), the exercise period of the unit Warrants may be reduced to expire on the date that is 30 days following the Accelerating Event.

The Company paid the agents a cash commission of C\$725 in connection with the unit offering and issued an aggregate of 4,261,764 broker warrants to acquire up to 4,261,764 common shares at a price of C\$0.17 per common share until March 23, 2012. The fair value of the broker warrants was \$468, calculated using the Black-Scholes option-pricing model employing the following assumptions:

Annualized stock price volatility	141%
Risk-free interest rate	1.63%
Expected option lives	2.0 years
Dividend yield	0.0%

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13. Stock Options

On August 27, 2007, IBC's board of directors adopted a rolling 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.

In November 2009, the Company's shareholders approved a 2009 amended stock option plan at the Company's annual general meeting.

A summary of stock option activity to March 31, 2010 is as follows:

	Stock Options Outstanding	Weighted Average Exercise Price
June 30, 2009	9,704,000	C\$0.19
Granted	600,000	C\$0.17
Exercised	-	-
Forfeited	(80,000)	C\$0.15
March 31, 2010	10,224,000	C\$0.19

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13. Stock Options (continued)

At March 31, 2010, the Company had outstanding and exercisable stock options as follows:

Exercise Price	Outstanding Options			Exercisable Options	
	Number	Weighted Average Remaining Life	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
C\$0.15	8,955,000	3.45 years	C\$0.15	8,578,333	C\$0.15
C\$0.18	400,000	4.78 years	C\$0.18	100,000	C\$0.18
C\$0.50	229,000	2.62 years	C\$0.50	229,000	C\$0.50
C\$0.51	265,000	3.11 years	C\$0.51	88,333	C\$0.51
C\$0.55	150,000	3.50 years	C\$0.55	150,000	C\$0.55
C\$0.83	225,000	2.94 years	C\$0.83	225,000	C\$0.83
	10,224,000	3.46 years	C\$0.19	9,370,666	C\$0.28

Stock options granted

In January 2010, the Company granted 400,000 stock options to an employee at an exercise price of C\$0.18 for a period of five years.

In August 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.

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.

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 to C\$0.15. This repricing has been accepted by the Exchange and in November 2009 the Company's disinterested shareholders provided their approval. The expense associated with the repricing was recognized in February 2009.

The weighted average grant-date fair value of options awarded in nine months ended March 31, 2010 was \$0.12. The Company employed the Black-Scholes option-pricing model using the following weighted average assumptions:

	2010	2009
Annualized stock price volatility	110%	110%
Risk-free interest rate	2.68%	2.0%
Expected option lives	5.0 years	4.6 years
Dividend yield	0.0%	0.0%

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14. Warrants

	Financing Warrants		Broker Warrants	
	Warrants Outstanding	Weighted Average Exercise Price	Warrants Outstanding	Weighted Average Exercise Price
At June 30, 2009	23,889,832	C\$ 0.62	1,204,000	C\$ 0.35
Issued	30,441,177	C\$ 0.25	4,261,764	C\$ 0.17
Expired	(17,055,000)	C\$ 0.75	(704,000)	C\$ 0.50
Exercised	-	-	-	-
At March 31, 2010	37,276,009	C\$ 0.26	4,761,764	C\$ 0.17

At March 31, 2010, warrants were outstanding enabling holders to acquire common shares as follows:

Number of Financing Warrants	Number of Broker Warrants	Exercise Price	Expiry Date
6,834,832	-	C\$ 0.29	May 29, 2010 (see below)
-	500,000	C\$ 0.15	May 29, 2011
30,441,177	-	C\$ 0.17	March 23, 2012
-	4,261,764	C\$ 0.17	March 23, 2012
37,276,009	4,761,764		

Subsequent to quarter-end, in connection with the Firebird Note, the Company reserved 1,785,714 warrants (note 20).

Also subsequent to quarter-end, the Company amended the terms of its C\$0.29 warrants whereby the expiry date of the warrants to purchase 6,834,832 common shares is extended from May 29, 2010 to May 29, 2012. All other terms remain the same.

15. 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 10) to one with a fixed interest rate. The interest rate swap contract provides for monthly settlements from November 15, 2008 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 March 31, 2010 is \$1,580. The fair value of the interest rate swap at March 31, 2010 is \$61 (June 30, 2009 - \$63).

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 period-end, with realized and unrealized gains as losses from the change in fair value being recorded in the consolidated statements of operations.

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16. Related Party Transactions

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

Three months ended March 31, 2010	Director or officer fees	Consulting fees	Rent	Total
Delu International Ltd. ¹	\$ 36	\$ -	\$ -	\$ 36
Lee Rice ²	20	-	2	22
S2 Management Inc. ³	29	10	-	39
Dal Brynelsen ⁴	5	-	-	5
Denis Brady ⁵	5	-	-	5
Ian Slater ⁶	5	-	-	5
Endeavour Resources Ltd ⁷	-	6	-	6
Rafael Hernandes Correa Silva ⁸	-	6	-	6
Total	\$ 100	\$ 22	\$ 2	\$ 124

Three months ended March 31, 2009	Director or officer fees	Consulting fees	Rent	Total
Delu International Ltd. ¹	\$ 22	\$ -	\$ -	\$ 22
Lindsey Maness, Jr. ⁹	10	-	-	10
Lee Rice ²	10	-	7	17
S2 Management Inc. ³	20	9	-	29
Dal Brynelsen ⁴	3	-	-	3
Total	\$ 65	\$ 9	\$ 7	\$ 81

Nine months ended March 31, 2010	Director or officer fees	Consulting fees	Rent	Total
Delu International Ltd. ¹	\$ 106	\$ -	\$ -	\$ 106
Lee Rice ²	50	-	7	57
S2 Management Inc. ³	85	30	-	115
Dal Brynelsen ⁴	14	-	-	14
Denis Brady ⁵	14	-	-	14
Ian Slater ⁶	14	-	-	14
Endeavour Resources Ltd ⁷	-	17	-	17
Rafael Hernandes Correa Silva ⁸	-	18	-	18
Total	\$ 283	\$ 65	\$ 7	\$ 355

Nine months ended March 31, 2009	Director or officer fees	Consulting fees	Rent	Total
Delu International Ltd. ¹	\$ 84	\$ -	\$ -	\$ 84
Lindsey Maness, Jr. ⁹	60	-	-	60
Lee Rice ²	70	-	23	93
S2 Management Inc. ³	66	20	-	86
MCSI Consulting Services Inc. ¹⁰	-	19	-	19
Dal Brynelsen ⁴	19	-	-	19
Total	\$ 299	\$ 39	\$ 23	\$ 361

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16. Related Party Transactions (continued)

- ¹ Beneficially owned by the Company's CEO.
- ² Mr. Rice is a director of the Company.
- ³ Beneficially owned by the Company's CFO who is a former director. Consulting fees related to a contract employee provided at cost.
- ⁴ Mr. Brynelsen is a director of the Company.
- ⁵ Mr. Brady is a director of the Company
- ⁶ Mr. Slater is a director of the Company
- ⁷ Endeavour Resources Ltd. is owned by Mr. Azim Nathoo, who is a director of Mineração Berilo do Brasil Ltda.
- ⁸ Mr. Hernandez Correa Silva is a director of Mineração Berilo do Brasil Ltda.
- ⁹ Mr. Maness was an officer of the Company until January 31, 2009.
- ¹⁰ The Company's CFO holds a 50% interest.

As at March 31, 2010, \$5 (June 30, 2009 - \$37) is owing to directors and officers for services and \$nil (June 30, 2009 - \$22) is owing to officers for expenses paid on the Company's behalf.

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

17. Supplementary Cash Flow Information

	Three months ended		Nine months ended	
	March 31		March 31	
	2010	2009	2010	2009
Cash paid for interest costs	\$ 149	\$ 131	\$ 476	\$ 317
Cash paid for income taxes	23	-	128	-
Amortization expense included in cost of sales	285	201	722	234
Deferred financing costs applied to share issue proceeds	120	-	-	-
Shares issued on Nonferrous acquisition	-	-	-	541
Debt assumed by vendors on Nonferrous acquisition	\$ -	\$ -	\$ -	\$ 3,000

18. Segment Reporting

Prior to May 2008, the principal activities of the Company were the acquisition, exploration and development of mineral properties. As at March 31, 2010, the Company had three reportable segments: mineral properties, manufacturing and corporate. 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; corporate oversees and administers the operating divisions and undertakes research and development.

The accounting policies of the segments are the same as described in note 3 of the June 30, 2009 audited financial statements. IBC's management evaluates performance based on profit or loss from operations before other items.

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18. Segment Reporting (continued)

	Manufacturing	Mineral Properties	Corporate	Total
Three months ended March 31, 2010				
Sales to external customers	\$ 4,034	\$ -	\$ -	\$ 4,034
Operating income (loss)	(25)	(41)	(394)	(460)
Amortization	387	17	3	407
Stock-based compensation	31	-	8	39
Interest income	3	-	-	3
Interest expense	(88)	-	(162)	(250)
Income tax recovery (expense)	(79)	5	-	(74)
Property, plant and equipment purchases	51	-	-	51
Three months ended March 31, 2009				
Sales to external customers	3,090	-	-	3,090
Operating income (loss)	(552)	(35)	(844)	(1,431)
Amortization	224	17	1	242
Stock-based compensation	177	-	345	522
Interest income	13	-	1	14
Interest expense	83	-	60	143
Income tax recovery (expense)	48	5	-	53
Property, plant and equipment purchases	95	-	-	95
Nine months ended March 31, 2010				
Sales to external customers	10,361	-	-	10,361
Operating income (loss)	(202)	(120)	(1,109)	(1,431)
Amortization	1,041	51	8	1,100
Stock-based compensation	64	-	42	106
Interest income	3	-	-	3
Interest expense	(296)	-	(315)	(611)
Income tax recovery (expense)	(83)	16	(1)	(68)
Property, plant and equipment purchases	141	-	2	143
Nine months ended March 31, 2009				
Sales to external customers	9,007	-	-	9,007
Operating income (loss)	(1,172)	(269)	(1,522)	(2,963)
Amortization	579	50	3	632
Stock-based compensation	244	-	395	639
Interest income	28	-	71	99
Interest expense	217	-	100	317
Income tax recovery (expense)	188	356	-	544
Property, plant and equipment purchases	\$ 135	\$ 1	\$ 12	\$ 148

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18. Segment Reporting (continued)

Total assets	March 31, 2010	June 30 2009
Manufacturing	\$ 19,335	\$ 14,459
Mineral properties	2,267	2,147
Corporate	6,411	700
	\$ 28,013	\$ 17,306

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

Sales	Three months ended March 31, 2010	Three months ended March 31, 2009	Nine months ended March 31, 2010	Nine months ended March 31, 2009
North America	\$ 2,960	\$ 2,308	\$ 8,180	\$ 5,768
Europe	793	469	1,207	2,345
Asia	281	313	974	894
	\$ 4,034	\$ 3,090	\$ 10,361	\$ 9,007

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

	March 31, 2010		March 31, 2009	
	Amount	%	Amount	%
Customer A	-	-	\$ 1,145	12.7
Customer B	-	-	1,106	12.3
Customer C	-	-	\$ -	-

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18. Segment Reporting (continued)

Mineral properties, property, plant and equipment and intangible assets	March 31, 2010	June 30 2009
Canada	\$ 29	\$ 35
Brazil	628	572
United States	14,096	9,900
	\$ 14,753	\$ 10,507

19. Financial Risk Management*Fair Values*

Financial instruments classified use level 1 quoted prices in active markets including cash and cash equivalents and interest rate swaps.

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. The risk is for the amount denominated in Canadian dollars since the Company treats US dollars as the functional currency.

As at March 31, 2010, with other variables unchanged, a 1% increase (decrease) in the US dollar would increase (decrease) net earnings by approximately \$64.

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

Balance at March 31, 2010	Canadian Dollars
Cash and cash equivalents	6,390
Receivables	20
Accounts payable	118
Balance at June 30, 2009	Canadian Dollars
Cash and cash equivalents	195
Receivables	107
Accounts payable	18

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19. 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 or is hedged and is not exposed to interest rate risk.

As at March 31, 2010, with other variables unchanged, a 1% increase (decrease) in the interest rate would increase (decrease) net earnings by approximately \$8.

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 metals can be 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 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 10 for contractual undiscounted cash flow requirements for loans and notes payable as at March 31, 2010.

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20. Subsequent Events

- a) In April 2010, Firebird converted the Note described in note 11 and accordingly the Company issued 1,785,714 common shares in respect of the Note principal and 60,097 common shares for accrued interest. The Company also reserved 1,785,714 common shares to be issued on the exercise of warrants at an exercise price of C\$0.17. The warrants expire April 16, 2012.
- b) In April 2010, the Company extended, with regulatory approval, the expiry date of 6,834,832 warrants exercisable from May 29, 2010 to May 29, 2012. All other terms, including the warrant exercise price of \$0.29, remain the same.
- c) In April 2010, the Company granted 4,310,000 incentive stock options to officers, directors, consultants and employees exercisable at a price of C\$0.17 each until April 30, 2015.