IBC Advanced Alloys

TSX-V: IB | OTCQB: IAALF

Progress Report to IBC Shareholders

Fellow Shareholders –

About one year ago, IBC Advanced Alloys launched an ambitious program to modernize our production capabilities, expand our reach in existing and new markets, and position the Company to **achieve profitability for the first time in the Company's modern history**. We are pleased to write to you today and report on the progress the Company has made in these efforts.

Mark A. Smith, P.E., Esq.
Chairman of the Board

In short, here are the main highlights:

- We have now completed the installation of the major components of our capital improvements program, including advanced production furnaces in both our copper alloys and beryllium alloys divisions. These units expand our production capacity (*think more efficient production of current products*) and production capabilities (*think potentially new products and markets*). These systems have come online just as customer order flow is increasing.

- Sales are up across both of our operating divisions, as evidenced in our financial disclosure for the quarter ended March 31, 2017. In particular, sales to the semiconductor manufacturing sector have experienced strong growth compared to the first nine months of fiscal 2016. We also are securing new orders from new customers, such as the contract we announced recently with Raytheon for beryllium-aluminum products.

- Our work to supply beryllium-aluminum products for Lockheed Martin's F-35 Joint Strike Fighter -- an important revenue component for us -- is very likely to accelerate, as production of this fighter jet evolves from its current low rate of initial quantities to full-rate production. To enhance acquisition quantities, the Department of Defense (DoD) may potentially aggregate individual procurements into multi-year contracts.

Major General Duncan Heinz (USMC, ret.),
President, CEO & Director

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- Our financial performance has improved markedly over the past year. As you may have seen from our recently filed financial results for the quarter ended on March 31, 2017, the Company posted strong sequential sales gains, booked the highest revenue in four quarters, and continued to narrow our losses.

- We recently completed a relatively small but important capital raise, driven largely by existing IBC shareholders. This C$1.4 million capital infusion will help provide sufficient day-to-day working capital as a bridge to sustained profitability. It will help reduce cash flow constraints and allow us to purchase additional inventory to meet new orders and manage the inevitable delay between accounts payable and accounts receivable.

- Perhaps most important is this: all signs point to a swing to profitability for IBC before the end of this calendar year. **That would mark the first such milestone in the Company's modern history**.

Given the accelerating pace of positive developments at IBC, we wanted to take this opportunity and provide our owners with some additional detail on the progress IBC has made in the past year and where we hope to see the Company heading in 2017 and beyond.

We hope you find this shareholder update informative. As always, if you have any questions, please don't hesitate to contact either of us. Thank you for your support!

Mark A. Smith
Chairman of the Board
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Duncan "David" Heinz
President, CEO, & Director
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Recent Capital Infusion Will Help Accelerate Production Ramp-Up

We want to those investors who participated in our recently closed non-brokered private placement offering, which raised gross proceeds for the Company of C$1.44 million (approximately US $1.07 million). You can see details of that raise **here**.

The overwhelming majority of those investing in this offering were existing IBC investors who wanted to purchase a larger stake in the Company. Several IBC Directors also stepped up and increased their existing personal investment in the Company.

This capital infusion will serve as an important financial bridge to profitability and will help us meet ongoing production ramp-up schedules so that we can clear up our sales order backlog and meet growing customer orders across both our Copper Alloys and Engineered Materials operating divisions. The higher rate of incoming orders we are experiencing requires us to maintain additional inventory so that we can more efficiently meet customer delivery timetables. A stronger cash position also helps us bridge the gap between accounts receivable and accounts payable as we fulfill more orders.

We thank all who participated in this raise for their investment and for their continuing vote of confidence in the future of IBC Advanced Alloys.

Improved Financial Performance

IBC has come a long way over the past year in terms of improving our overall financial performance. We did experience some delays in our capital improvements program but, as we explain below, those delays were due largely to the need to meet ongoing customer requirements. In addition to intensifying our sales outreach efforts, we have focused strongly this past year on cutting costs and better understanding product pricing, demand, and margins in our target sectors. With the solid foundation we are building, we believe that the Company is poised for a break-out to profitability by the end of this calendar year.

Our most recently filed financial reports for the quarter ended March 31, 2017 help to tell the tale. Here are some important highlights from those results:

Revenue Is Up 31% Sequentially

Revenue for the fiscal third quarter rose 31% over the quarter ended on December 31, 2016. That was the highest quarterly revenue we have booked in a year. In the prior-year quarter, revenues were higher, but this was due to two factors: (1) we had unusually high sales to Lockheed Martin in the year-ago period (certainly a good thing), and (2) we made a decision in 2016 to eliminate subcontracted machining from our Lockheed Martin contract, which reduced revenues going forward but also reduced subcontractor risks for the relatively low margin we were earning. This turned out to be a good decision, as we have been able to direct our efforts on improving casting operations rather than managing a subcontractor, and we get paid much sooner.

Our Losses Continue to Narrow

The Company lost money in fiscal Q3 2017 – ($0.02) per basic and diluted share – but this loss was down from ($0.03) per basic and diluted share losses in both the quarter ended Dec. 31, 2016 and in the prior-year period. Thus, the trend is headed in the right direction.

Positive Monthly Operating Income Was Achieved in March 2017

Both of IBC's operating divisions, Copper Alloys and Engineered Materials, enjoyed a stronger quarter with increased product demand. The loss for the quarter masked a swing to positive monthly operating income in March 2017 after several months of losses, although we expect to see continuing fluctuations in the coming months given the operational downtime that was required in the fourth fiscal quarter of 2017 to install our new furnaces in both operating divisions.

Copper Alloy Sales Were Higher Both Sequentially and Year-on-Year

Copper Alloys sales increased 33% in the quarter to $3.48 million, compared to sales of $2.6 million in the quarter ended December 31, 2016. Sales to metal service center customers improved, as did sales to original equipment manufacturers. These increases were offset by reduced sales to a multinational manufacturing customer in Asia, which resulted from a temporary disruption in the supply chain for these products.

Gross profit declined $133,000 sequentially based on a product mix that included a significant proportion of cast products, which normally sell for a lower price per pound than forged products. However, when compared to the comparable prior-year period, Copper Alloys sales increased 20% to $3.48 million. All industry sectors showed increased sales for the division, except for sales to a multinational manufacturing customer in Asia, as described above. Gross profit was essentially unchanged from the year-ago period.

Engineered Materials Sales Were Sequentially Higher

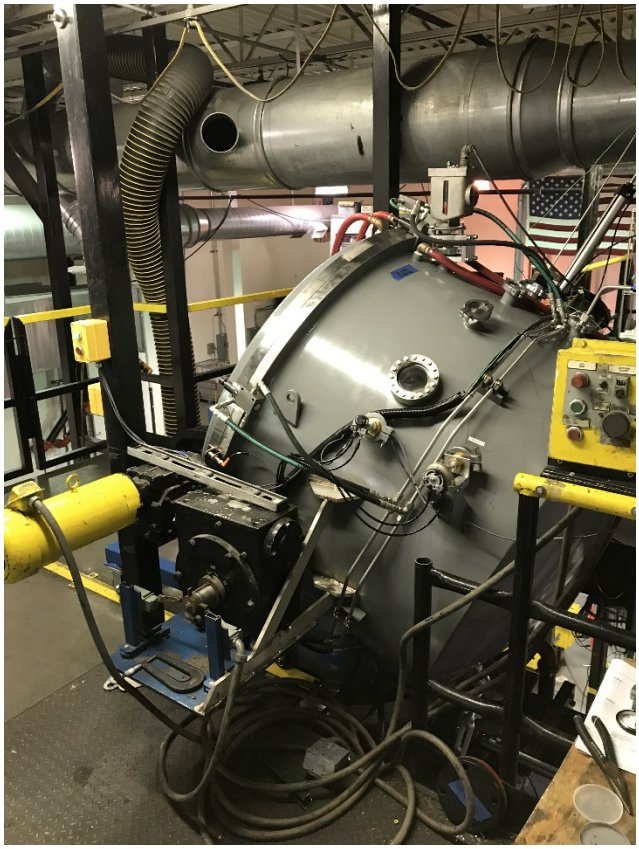
Engineered Materials sales rose 28% in the quarter to $1.2 million, compared to sales of $948,000 in the quarter ended December 31, 2016. Increases in sales volume of commercial products contributed to the increase. In comparison to the prior-year period, Engineered Materials sales declined $635,000 compared to the quarter ended March 31, 2016. This was due in large part because the Company no longer included subcontracted machining as part of the contract, as we mentioned above. However, the decline was offset by volume increases of $903,000 in sales of specialty beryllium-aluminum castings.

Expanding Our Production Capacity

We are pleased to report that the primary components of our capital improvement program are now installed and up-and-running. In May, the IBC team completed installation and commissioning of new furnaces in both the Copper Alloys and Engineered Materials divisions. These state-of-the-art alloy production furnaces are designed to enable IBC expand production capacity, increase production efficiencies, and reduce costs. Moreover, they are designed to give us the ability to expand into new markets with new product chemistries.

Advancing our Beryllium-Aluminum Production Capabilities

The new, world-class Vacuum Induction Melting ("VIM") furnace that we recently installed in our Wilmington, MA manufacturing facility is shown at right. This furnace enables advanced automation and real-time process monitoring, which is expected to help us achieve a significant step-change in our capability. With expected improved cycle times, we anticipate achieving as much as a 25% increase in our daily melt capacity. Moreover, when combined with additional shifts, reduced maintenance down-time, and expected yield improvements, we believe that this new equipment will allow us to very significantly increase output over the next 12 months.



In addition to the VIM furnace, we have also completed the following additional systems upgrades at Wilmington:

1. A new Digital Radiography Quality Control System has been installed in Wilmington. This system has been operating for a few months and is improving inspection times and reducing costs over the previously used film-based system.

2. New semi-automated Tumble Blast Finishing equipment is now operational at Wilmington. This equipment improves processing time and allows us to get to final product faster with less human interaction.

3. A critical upgrade of Wilmington's Coordinate Measuring Machine is complete. This machine is used to verify final dimensions of products to assure that we are meeting customer specifications. We expect this upgrade to help increase throughput and reduce costs.

Installation of the VIM furnace in Wilmington took more time than originally planned, to be sure. However, there were two good reasons for this: (1) we were required under our Lockheed Martin contract to deliver product on a timetable that precluded shutting down the old furnace when we had originally planned to do so, and; 2) we elected to delay transitioning to the new furnace so that we could squeeze out additional product in response to a commercial-sector customer's significant increases in product orders under a current contract.

All in all, these equipment upgrades in Wilmington position IBC to expand our beryllium-aluminum capabilities and capacity. The timing of this expanded production capacity is very good, given the increased order flow we are seeing for our innovative Beralcast® products.

Upgrading the Copper Alloys Division's Capabilities

At the Franklin, Ind. manufacturing facility, our new solution and annealing furnace and quench tank (at right) should dramatically improve repeatability during the annealing process by automating many aspects of annealing that previously were done manually. This allows us to remove operator variability in the production process, which should improve product consistency and allow us to deliver to our customers more consistent heat-treated properties from batch to batch across our copper alloy product line.

For example, this system will allow us to meet demand for copper alloy products that must be heat treated to several higher-level specifications, including AMS-H-6875, API 6A, and ASTM B196 and B194. Why are these new capabilities important? Because some industrial applications, particularly those in oil and gas, require products that can meet these higher specs.

While we currently sell products into the oil and gas sector, this new furnace system should position us to

sell more product in those markets. The timing of this new capability is important, too, given that the oil and gas sector is experiencing renewed growth, as evidenced by significantly higher rig counts over the past year. We want to take advantage of that growth.

Other improvements on which we are working in the Copper Alloys division include machine tool and process equipment additions, which are geared toward improving production capacity and yield, and expansion of our materials inventory, which should help us capture a greater percentage of lost orders.

Winning New Contracts

In February of this year, we announced a new contract from Lockheed Martin for the azimuth gimbal housing units for the Electro-Optical Targeting System (EOTS) system used in the F-35 Joint Strike Fighter. We have manufactured this very complex beryllium-aluminum part for Lockheed since 2015, and this new contract represented a 16% increase in the number of gimbal housing units from the previous contract. Our employees are particularly proud of the fact that we beat out our much larger competitor for this business – yet again.

As recent press reports have noted, it is likely that the F-35 program will start evolving out of its Low Rate of Initial Production (LRIP) stage -- which all major defense systems like this go through -- and move to significantly higher rates of annual production. Demand for the F-35 is strong both in the U.S. and among a number of potential foreign buyers.

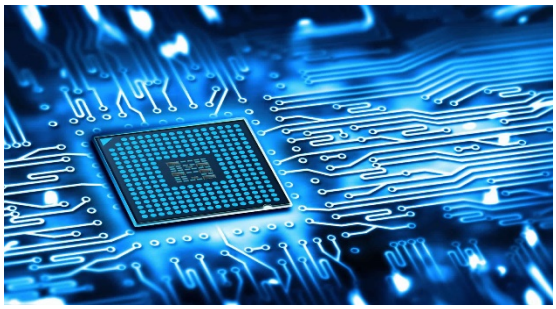
We also won a bid in March 2017 to produce and provide forged and machined copper alloy products to a Fortune 100 electronics manufacturer. We currently supply one product to this global company but now expect to expand that business to four additional parts. All told, these parts represent products across three different copper alloy chemistries. As we disclosed in March, potential revenues from forecast volumes over the next 12 months from all six parts are more than $2 million.[i]

As mentioned above, we recently unveiled a new contract with Raytheon Space and Airborne Systems to produce a beryllium-aluminum cast component for use in Raytheon's Advanced Targeting Forward Looking Infrared (ATFLIR) system, currently in use on U.S.

Navy F/A-18 fighter jets. The part is a precision cast pitch gimbal housing for the ATFLIR system and is produced from IBC's proprietary Beralcast® beryllium-aluminum material. While we are not able to disclose contract terms, we do expect to produce this part for Raytheon over multiple years.

We are continuing work with another global aerospace and defense sector leader, BAE Systems, on what would be a new beryllium-aluminum product line for IBC. While we cannot disclose information on the product or its potential application, we can say that the development work is proceeding very well and this has the potential to be a significant product line for us.

Long-Term Demand Driver: The Internet of Things (IOT)



As internet connectivity and data speeds continue to increase around the world, manufacturers are integrating internet connectivity into more and more everyday devices. These days, not only do our cell phones and laptops communicate over WiFi, but everyday devices like coffee makers, refrigerators, home security systems, transportation, health care systems, wearable devices do as well. In fact, the analyst firm Gartner has estimated that, by 2020, more than 26 billion devices globally will be connected via the internet. A modern oil rig today contains an estimated 30,000 sensors.

This "internet of things," or IOT, is rapidly disrupting how business, governments, and consumers interact with the world and with one another. It also presents powerful growth opportunities for companies like IBC that are part of the manufacturing supply chain that produces the trillions of microchips, integrated circuits, sensors, and other devices that form the backbone of the IOT.

A rapidly growing segment of our business is the production of precision cast beryllium-aluminum components that are used by the semiconductor equipment manufacturing industry. Because of the extraordinary stiffness and light weight that beryllium-aluminum delivers to our product, it enables the ultra-fine deposition of metallic structures on microchips in a manner that few other materials can do. As demand for such chips and sensors increases, so too is the demand for our specialty parts.

New Alloy Chemistries for New Markets

Chris Huskamp and his team in the Engineered Materials Division continue to push forward in the development of new alloy chemistries that contain scandium, a remarkable metal that can be combined with aluminum and others to make amazingly strong and lightweight alloys.

Commercial airline manufacturers have for years explored the possibility of incorporating scandium-containing alloys in aircraft because of the significant weight, fuel, and emissions savings these alloys can deliver. Hundreds of patents have been filed on scandium-contained alloys, and several suppliers to the industry have already qualified both scandium alloy material and parts for use on assembly lines. The problem? Global production of scandium is highly constrained and the majority of that supply comes from China, according to the U.S. Geological Survey's Mineral Commodity Summaries 2017 report.

As robust and reliable supply chains for Scandium are developed outside of China, including from prospective U.S. producers such as NioCorp Developments Ltd., the opportunities to pursue business growth with these new alloys are very attractive to IBC.

Our Reinvigorated Corporate Culture

- **Our Mission:** LEAD the specialty alloys industry by providing precision, cost and purpose effective materials solutions tailored to our customers specifications while providing a positive work environment for our employees and value to our shareholders.

IBC Advanced Alloys

- **Our Vision:** Transforming the world through delivery of customer solutions using innovative metal alloys.

Strengthening our production capabilities on the factory floor is important to the Company's success. But nothing drives productivity, long-term growth, and success in the market more than a highly motivated and results-driven workforce.

We are both builders and leaders of high-performing teams. Our experience has shown that everything starts with developing and maintaining the right corporate culture -- one that is built on a core set of shared values. The values we try to instill each and every day at IBC are these: Integrity, Courage, Customer Focus, Execution, and Teamwork.

There clearly is a renewed sense of mission among the 70+ men and women at IBC. We know that to lead the specialty alloys industry, we must provide precision, cost- and purpose-effective materials solutions tailored to our customers' specifications. We also know that providing a positive work environment for our employees helps to deliver increased value to our customers and our shareholders.

Can You Help Us?

One of the continuing challenges for a relatively small company like IBC is to get the word out to other potential investors on the Company's promise and potential. You can help us in this regard! Please forward this email to others and encourage them to find out more about IBC. Send them the following links so they can learn more about the Company:

- IBC's latest corporate presentation
- Recent IBC news releases
- How to receive regular IBC updates

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About IBC Advanced Alloys Corp.

IBC is a leading beryllium and copper advanced alloys company serving a variety of industries such as defense, aerospace, automotive, telecommunications, precision manufacturing, and others. IBC's Copper Division manufactures and distributes a variety of copper alloys as castings and forgings, including beryllium copper, chrome copper, and aluminum bronze. IBC's Engineered Materials Division makes the Beralcast® family of alloys, which can be precision cast and are used in an increasing number of defense, aerospace, and other systems, including the F-35 Joint Strike Fighter. IBC's has production facilities in Indiana, Massachusetts, Pennsylvania, and Missouri. The Company's common shares are traded on the TSX Venture Exchange under the symbol "IB" and the OTCQB under the symbol "IAALF".

CAUTIONARY STATEMENTS

This news release was prepared by management of IBC, which takes full responsibility for its contents. The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy of this news release. Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. This disclosure contains certain forward-looking statements that involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control including: the impact of general economic conditions in the areas in which the Company operates, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, limited availability of raw materials, fluctuations in commodity prices, foreign exchange or interest rates, stock market volatility and obtaining required approvals of regulatory authorities. In addition there are risks and uncertainties associated with manufacturing activities therefore the Company's future results, performance or achievements could differ materially from those expressed in these forward-looking statements. All statements included in this press release that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are based on assumptions made by the Company based on its experience, perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances

[ii] This forward-looking statement is based on assumptions including historical ordering patterns. Although IBC believes that the expectations reflected in this forward-looking statement are reasonable, forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statement. There can be no assurance that these revenues will be achieved.