



UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS AND THREE MONTHS ENDED JUNE 30, 2022

Scandium International Mining Corp.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in US Dollars) (Unaudited)

As at:	June 30, 2022	December 31, 2021
ASSETS		
Current		
Cash	\$ 2,314,012	\$ 93,894
Prepaid expenses and receivables	19,915	35,042
Total Current Assets	2,333,927	128,936
Reclamation bond (Note 4)	11,444	11,444
Equipment (Note 3)	-	2,932
Mineral property interests (Note 4)	704,053	704,053
Total Assets	\$ 3,049,424	\$ 847,365
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities	\$ 322,825	\$ 568,001
Accounts payable with related parties (Note 5)	187,655	1,159,713
Derivative liability – warrants (Note 2 and 6)	1,834,678	-
Total Liabilities	2,345,158	1,727,714
Shareholders' Equity (Deficiency)		
Capital stock (Note 6) (Authorized: Unlimited number of common shares; Issued and outstanding: 355,860,813 (2021 – 317,157,595))	111,164,495	110,149,177
Treasury stock (Note 7) (1,033,333 common shares) (2021 – 1,033,333)	(1,264,194)	(1,264,194)
Additional paid in capital (Note 6)	6,909,283	6,891,510
Accumulated other comprehensive loss	(853,400)	(853,400)
Deficit	(115,251,918)	(115,803,442)
Total Shareholders' Equity (Deficiency)	704,266	(880,349)
Total Liabilities and Shareholders' Equity (Deficiency)	\$ 3,049,424	\$ 847,365

Nature and continuance of operations (Note 1)

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

Scandium International Mining Corp.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Expressed in US Dollars) (Unaudited)

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
EXPENSES				
Amortization (Note 3)	\$ 2,513	\$ 419	\$ 2,932	\$ 890
Consulting (Note 5)	-	34,526	17,000	59,622
Exploration (recovery)	(50,557)	7,163	(31,370)	22,415
General and administrative (Note 9)	50,815	(33,225)	131,111	91,057
Insurance	7,578	9,329	15,487	18,287
Professional fees	28,538	18,512	63,322	48,009
Salaries and benefits	46,904	117,239	138,127	234,175
Stock-based compensation (Notes 5 & 6)	88,447	610,385	88,447	610,385
	(174,238)	(764,348)	(425,056)	(1,084,840)
Foreign exchange gain (loss)	4,957	3,268	(1,723)	11,623
Accruals reversal (Note 9)	251,600	-	1,032,044	-
Unrealized loss on derivative liability – warrants gain (Note 2)	53,741	-	(53,741)	-
Income (loss) and comprehensive income (loss) for the period	\$ 28,578	\$ (761,080)	\$ 551,524	\$ (1,073,217)
Basic and diluted income (loss) per common share	\$ 0.00	\$ (0.00)	\$ 0.00	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	341,020,614	316,272,595	348,399,718	314,989,527

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

Scandium International Mining Corp.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars) (Unaudited)

6-month period ended	June 30, 2022	June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the period	\$ 551,524	\$ (1,073,217)
Items not affecting cash:		
Amortization	2,932	890
Stock-based compensation	88,447	610,385
Accrual reversal	(1,032,044)	-
Unrealized loss on derivative liability - warrants	53,741	-
Unrealized gain of foreign exchange	(842)	-
Changes in non-cash working capital items:		
Decrease in prepaid expenses and receivables	15,127	15,000
Increase (decrease) in accounts payable, accrued liabilities and accounts payable with related parties	(185,190)	208,964
	<u>(506,305)</u>	<u>(237,978)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	2,647,852	-
Share issue costs	(28,418)	-
Options exercised for common shares	106,990	227,064
	<u>2,726,423</u>	<u>227,064</u>
Change in cash during the period	2,220,118	(10,914)
Cash, beginning of period	93,894	170,284
Cash, end of period	<u>\$ 2,314,012</u>	<u>\$ 159,370</u>
	2022	2021
Cash paid during the 6-month period for interest	\$ -	\$ -
Cash paid during the 6-month period for taxes	\$ -	\$ -

During the period ended June 30, 2022, the Company issued 37,803,216 warrants as part of a private placement valued at \$1,781,779 classified as a derivative liability. There were no significant non-cash investing and financing activities during the periods ended June 30, 2022, and 2021.

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

Scandium International Mining Corp.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in US Dollars) (Unaudited)

	Number of Shares	Capital Stock	Additional Paid in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity (Deficiency)
Balance, December 31, 2020	314,032,595	\$ 109,627,071	\$ 6,505,416	\$ (1,264,194)	\$ (853,400)	\$ (114,236,410)	\$ (221,517)
Options exercised	2,240,000	406,003	(178,939)	-	-	-	227,064
Loss for the three months	-	-	-	-	-	(312,137)	(312,137)
Balance, March 31, 2021	316,272,595	\$ 110,033,074	\$ 6,326,477	\$ (1,264,194)	\$ (853,400)	\$ (114,548,557)	\$ (306,590)
Stock-based compensation	-	-	610,385	-	-	-	610,385
Loss for the three months	-	-	-	-	-	(761,080)	(761,080)
Balance, June 30, 2021	316,272,595	\$ 110,033,074	\$ 6,936,862	\$ (1,264,194)	\$ (853,400)	\$ (115,309,627)	\$ (457,285)
Loss for the three months	-	-	-	-	-	(278,704)	(278,704)
Balance, September 30, 2021	316,272,595	\$ 110,033,074	\$ 6,936,862	\$ (1,264,194)	\$ (853,400)	\$ (115,588,331)	\$ (735,989)
Options exercised	885,000	116,103	(45,352)	-	-	-	70,751
Loss for the three months	-	-	-	-	-	(215,111)	(215,111)
Balance, December 31, 2021	317,157,595	\$ 110,149,177	\$ 6,891,510	\$ (1,264,194)	\$ (853,400)	\$ (115,803,442)	\$ (880,349)
Income for the three months	-	-	-	-	-	522,946	522,946
Balance, March 31, 2022	317,157,595	\$ 110,149,177	\$ 6,891,510	\$ (1,264,194)	\$ (853,400)	\$ (115,280,496)	\$ (357,403)
Stock-based compensation	-	-	88,447	-	-	-	88,447
Options exercised	900,000	177,663	(70,674)	-	-	-	106,989
Private placement net of share issuance costs	37,803,218	2,619,434	-	-	-	-	2,619,434
Derivative liability	-	(1,781,779)	-	-	-	-	(1,781,779)
Income for the three months	-	-	-	-	-	28,578	28,578
Balance, June 30, 2022	355,860,813	\$ 111,164,495	\$ 6,909,283	\$ (1,264,194)	\$ (853,400)	\$ (115,251,918)	\$ 704,266

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Scandium International is a specialty metals and alloys company focusing on scandium and other specialty metals.

The Company was incorporated under the laws of the Province of British Columbia, Canada in 2006. The Company currently trades on the Toronto Stock Exchange under the symbol "SCY".

The Company's focus is on the exploration and evaluation of its specialty metals assets, specifically the Nyngan scandium deposit located in New South Wales, Australia. The Company is an exploration stage company and anticipates incurring significant additional expenditures prior to production on any and all of its properties.

These condensed consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

The Company currently earns no operating revenues and will require additional capital in order to advance the Nyngan property. The Company's ability to continue as a going concern is uncertain and is dependent upon the generation of profits from mineral properties, obtaining additional financing and maintaining continued support from its shareholders and creditors. These are material uncertainties that raise substantial doubt about the Company's ability to continue as a going concern. In the event that additional financial support is not received, or operating profits are not generated, the carrying values of the Company's assets may be adversely affected.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. BASIS OF PRESENTATION

Basis of presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). The interim condensed consolidated financial statements include the consolidated accounts of the Company and its wholly owned subsidiaries with all significant intercompany transactions eliminated. In the opinion of management, all adjustments necessary for a fair statement of the condensed consolidated balance sheets, results of operations and comprehensive loss and cash flows for the interim periods have been made. Certain information and footnote disclosures normally included in the condensed consolidated financial statements prepared in accordance with generally accepted accounting principles of the United States of America ("US GAAP") have been condensed or omitted pursuant to such SEC rules and regulations. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2021, and with our Annual Report on Form 10-K filed with the SEC on March 11, 2022. Operating results for the six-month period ended June 30, 2022, may not necessarily be indicative of the results for the year ending December 31, 2022.

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, EMC Metals USA Inc., Scandium International Mining Corp., Norway AS, SCY Exploration Finland Oy, and EMC Metals Australia Pty Ltd. ("EMC-A").

Use of estimates

The preparation of unaudited interim condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the deferred income tax asset valuations, asset impairment, stock-based compensation, derivative liabilities and loss contingencies. The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between estimates and the actual results, future results of operations will be affected.

The Company considers itself to be an exploration stage company and will consider the transition to development stage after it receives funding to begin mine construction, and board approval.

Fair value of financial assets and liabilities

The Company measures the fair value of financial assets and liabilities based on US GAAP guidance which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

The Company classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial

2. BASIS OF PRESENTATION (cont'd...)

recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount.

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income.

Financial instruments, including receivables, accounts payable and accrued liabilities, and accounts payable with related parties are carried at amortized cost, which management believes approximates fair value due to the short-term nature of these instruments. Derivative liabilities are recorded at fair value, and are financial liabilities classified as held-for-trading.

The Company has no leases with a term of greater than 12 months. Short term lease expenses totaled \$15,669 during the six months ended June 30, 2022, and \$14,766 during the six months ended June 30, 2021.

The Company's warrants have an exercise price in Canadian dollars while the Company's functional currency is US dollars. Therefore, in accordance with ASU 815 – Derivatives and Hedging, the warrants are presented as derivative liabilities. This liability value has no effect on the cashflow of the Company and does not represent a cash payment of any kind. The derivative liability is a result of the uncertainty associated with US dollar cashflows as a result of the underlying foreign currency fluctuations between the exercise price in Canadian dollars and the Company's functional currency of US dollars.

The following table presents information about the assets and liabilities that are measured at fair value on a recurring basis as at June 30, 2022 and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset:

	June 30, 2022	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	\$ 2,314,012	\$ 2,314,012	\$ —	\$ —
Derivative liabilities - warrants	\$ (1,834,678)	\$ —	\$ —	\$ (1,834,678)

Recently Adopted and Recently Issued Accounting Standards

Accounting Standards Update 2021-04 - Earnings Per Share (Topic 260), Debt Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging Contracts in Entity's Own Equity (Subtopic 815-40) This update is to provide clarity around earnings per share calculations and is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company is reviewing this standard but expects little or no impact on its financial statements.

3. EQUIPMENT

	December 31, 2021, Net Book Value	Additions (disposals) (write-offs)	Amortization	June 30, 2022, Net Book Value
Computer equipment	\$ 2,932	\$ -	\$ (2,932)	\$ -

During the period ended June 30, 2022, the remaining fixed assets were disposed for \$Nil proceeds.

	December 31, 2020, Net Book Value	Additions (disposals) (write-offs)	Amortization	December 31, 2021, Net Book Value
Computer equipment	\$ 4,660	\$ -	\$ (1,728)	\$ 2,932

4. MINERAL PROPERTY INTERESTS

June 30, 2022	Scandium and other
Balance, June 30, 2022, December 31, 2021	\$ 704,053

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral property interests. The Company has investigated title to all its mineral property interests and, to the best of its knowledge, title to all of its properties is in good standing.

SCANDIUM PROPERTIES

Nyngan, New South Wales Property

The Company holds a 100% interest in the Nyngan property in New South Wales, Australia (NSW).

Royalties attached to the Nyngan property include a 0.7% royalty on gross mineral sales on the property, a 1.5% Net Profits Interest royalty to private parties involved with the early exploration on the property, and a 1.7% Net Smelter Returns royalty payable for 12 years after production commences. Another revenue royalty is payable to private interests of 0.2%, subject to a \$370,000 cap. A NSW minerals royalty will also be levied on the project, subject to negotiation, currently 4% on revenue.

Honeybugle property, Australia

The Company holds a 100% interest in the Honeybugle property.

Kiviniemi Scandium Property Finland

In August 2018, the Company was granted an Exploration License for the Kiviniemi Scandium Property in central Finland from the Finnish regulatory body governing mineral exploration and mining in Finland. As at June 30, 2022 the Company has a reclamation bond of \$11,444 (€10,000) which has been recorded at historical value. December 31, 2021 - \$11,444 (€10,000).

5. RELATED PARTY TRANSACTIONS

During the 6-month period ended June 30, 2022, the Company reversed \$669,733 of accruals to related parties. No such transactions occurred in the 6-month period ended June 30, 2021.

During the 6-month period ended June 30, 2022, the Company expensed \$80,688 for stock-based compensation for stock options granted to Company directors. During the 6-month period ended June 30, 2021, the Company expensed \$441,277 for stock-based compensation for stock options issued to Company directors.

During the 6-month period ended June 30, 2022, the Company expensed a consulting fee of \$17,000 to one of its directors. During the 6-month period ended June 30, 2021, the Company expensed a consulting fee of \$51,000 to one of its directors.

As at June 30, 2022, the Company owed \$187,655 to an officer of the Company. (December 31, 2021 - \$1,159,713)

6. CAPITAL STOCK AND ADDITIONAL PAID IN CAPITAL

The holders of common stock are entitled to one vote for each share held. There are no restrictions that limit the Company's ability to pay dividends on its common stock. The Company has not declared any dividends since incorporation. The Company's common stock has no par value per common share.

Common Stock Issuances

During the six-month period ended June 30, 2022, the Company issued 37,803,218 common shares as part of a private placement valued at CAD\$0.09 per share. In addition, the Company granted 37,803,218 common share purchase warrants. Each warrant will entitle the holder thereof to purchase one common share in the capital of the Company at an exercise price of CAD\$0.1075 at any time up to 5 years following the date of issuance. The warrants attached to the private placement are classified as a derivative liability at an initial value of \$1,781,779. During the six-month period ended June 30, 2021, there were no share issuances.

During the quarter ended June 30, 2022, the holders of 900,000 stock options exercised their options for 900,000 shares for \$106,990 (CAD\$135,000) at an exercise price of CAD \$0.15 per share. During the six-month period ended June 30, 2021, the holders of 2,240,000 stock options exercised their options for 2,240,000 shares for \$227,064 (CAD\$291,200) at an average exercised price of CAD\$0.18.

6. CAPITAL STOCK AND ADDITIONAL PAID IN CAPITAL (cont'd...)

Warrants

A summary of warrant activity for the six-month period ended June 30, 2022, are as follows:

	Number of warrants	Exercise price	Expiry date
Outstanding December 31, 2021, and 2020	-	-	-
Granted	37,803,218	CAD\$0.1075	May 20 - June 14, 2027
Outstanding June 30, 2022	37,803,218	CAD\$0.1075	

A fair value of the derivative liability of \$1,781,779 was estimated on the date of the subscription using the Black-Scholes pricing model. For the period ended June 30, 2022, there was a non-cash loss on derivative liability – warrants of \$53,741 and the derivative-warrants value increased to \$1,834,678 with the following assumptions:

	June 30, 2022	June 14, 2022
Exercise price	CAD\$0.1075	CAD\$0.1075
Stock price	CAD\$0.095	CAD\$0.09
Expected term	4.9 years	5 years
Expected dividend yield	-	-
Expected stock price volatility	85.60%	85.69%
Risk-free interest rate	2.79%	2.73%

Stock Options

The Company established a stock option plan (the "Plan") under which it is authorized to grant options to executive officers and directors, employees and consultants and the number of options granted under the Plan shall not exceed 15% of the shares outstanding. Under the Plan, the exercise period of the options may not exceed ten years from the date of grant and vesting is determined by the Board of Directors.

Stock option transactions are summarized as follows:

	Stock Options	
	Number	Weighted average exercise price in Canadian \$
Outstanding, December 31, 2020	35,100,000	\$ 0.17
Granted	6,175,000	0.18
Exercised	(3,125,000)	0.12
Expired	(3,535,000)	0.16
Outstanding, December 31, 2021	34,615,000	0.18
Granted	5,700,000	0.09
Exercised	(900,000)	0.15
Expired	(4,400,000)	0.37
Outstanding, June 30, 2022	35,015,000	\$ 0.14
Number currently exercisable	30,740,000	\$ 0.15

6. **CAPITAL STOCK AND ADDITIONAL PAID IN CAPITAL** (cont'd...)

As at June 30, 2022, incentive stock options were outstanding as follows:

	Number of Options Outstanding	Number of Options Exercisable	Exercise Price in Canadian \$	Expiry Date
Options				
	250,000	250,000	0.300	October 6, 2022
	5,700,000	5,700,000	0.225	January 19, 2023
	350,000	350,000	0.185	August 30, 2023
	3,340,000	3,340,000	0.150	May 9, 2024
	50,000	50,000	0.130	June 24, 2024
	7,450,000	7,450,000	0.065	March 19, 2025
	100,000	100,000	0.075	May 22, 2025
	5,900,000	5,900,000	0.140	November 13, 2025
	6,175,000	6,175,000	0.180	May 3, 2026
	5,700,000	1,425,000	0.090	June 24, 2027
	<u>35,015,000</u>	<u>30,740,000</u>		

As at June 30, 2022 the Company's outstanding and exercisable stock options have an aggregate intrinsic value of \$145,641 (December 31, 2021 - \$445,466).

Stock-based compensation

During the 6-month period ended June 30, 2022, the Company recognized stock-based compensation of \$88,447 (June 30, 2021- \$610,385) in the statement of operations and comprehensive income (loss). There were 5,700,000 stock options granted during the 6-month period ended June 30, 2022 (June 30, 2021 – 6,175,000).

The weighted average fair value of the options granted in the quarter was C\$0.06 (June 30, 2020 – C\$0.12).

The fair value of all compensatory options granted is estimated on grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values of stock options granted in the 6-month period ended June 30 are as follows:

	2022	2021
Risk-free interest rate	2.79%	0.32%
Expected life	5 years	5 years
Volatility	85.82%	87.19%
Forfeiture rate	N/A	N/A
Dividend rate	N/A	N/A

7. **TREASURY STOCK**

	Number	Amount
Treasury shares, June 30, 2022, and December 31 2021	1,033,333	\$ 1,264,194

Treasury shares comprise shares of the Company which cannot be sold without the prior approval of the TSX.

8. SEGMENTED INFORMATION

The Company's mineral properties are located in Australia. The Company's capital assets' geographic information is as follows:

June 30, 2022	<u>Australia</u>	<u>United States</u>	<u>Total</u>
Equipment	\$ -	\$ -	\$ -
Mineral property interests	<u>704,053</u>	<u>-</u>	<u>704,053</u>
	<u>\$ 704,053</u>	<u>\$ -</u>	<u>\$ 704,053</u>

December 31, 2021	<u>Australia</u>	<u>United States</u>	<u>Total</u>
Equipment	\$ -	\$ 2,932	\$ 2,932
Mineral property interests	<u>704,053</u>	<u>-</u>	<u>704,053</u>
	<u>\$ 704,053</u>	<u>\$ 2,932</u>	<u>\$ 706,958</u>

9. ACCRUALS REVERSAL

During the six-month period ended June 30, 2022, the Company recognized a recovery on historical accruals it has recorded totaling \$669,733 to related parties (Note 5) and \$362,311 to former contractors and consultants.