



**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS AND THREE MONTHS ENDED SEPTEMBER 30, 2023**

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

<b>As at:</b>	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,135,020	\$ 1,852,710
Prepaid expenses and receivables	<u>20,672</u>	<u>33,541</u>
<b>Total Current Assets</b>	1,155,692	1,866,251
<b>Reclamation bond</b> (Note 3)	10,582	10,699
<b>Mineral property interests</b> (Note 3)	<u>704,053</u>	<u>704,053</u>
<b>Total Assets</b>	\$ 1,870,327	\$ 2,601,003
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 53,869	\$ 127,263
Accounts payable with related parties (Note 4)	4,820	185,576
Derivative liability – warrants (Note 2 and 5)	<u>477,844</u>	<u>1,194,885</u>
<b>Total Liabilities</b>	536,533	1,507,724
<b>Shareholders' Equity</b>		
Capital stock (Note 5) (Authorized: Unlimited number of common shares; Issued and outstanding: 355,860,813 (2022 – 355,860,813))	111,144,603	111,144,603
Treasury stock (Note 6) (1,033,333 common shares) (2022 – 1,033,333)	(1,264,194)	(1,264,194)
Additional paid in capital (Note 5)	7,078,655	7,019,116
Accumulated other comprehensive loss	(853,400)	(853,400)
Deficit	<u>(114,771,870)</u>	<u>(114,952,846)</u>
<b>Total Shareholders' Equity</b>	1,333,794	1,093,279
<b>Total Liabilities and Shareholders' Equity</b>	\$ 1,870,327	\$ 2,601,003

Nature and continuance of operations (Note 1)

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

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

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
<b>EXPENSES</b>				
Amortization	\$ -	\$ -	\$ -	\$ 2,932
Consulting (Note 4)	-	1,363	-	18,363
Exploration (recovery)	30,653	22,915	211,779	(8,455)
General and administrative	27,882	29,822	74,169	160,933
Insurance	7,921	7,565	23,603	23,052
Professional fees	15,844	23,939	68,239	87,261
Salaries and benefits	52,449	103,351	183,738	329,925
Travel	-	-	3,737	-
	(134,749)	(188,955)	(565,265)	(614,011)
Foreign exchange gain (loss)	32,548	44,862	1,952	43,139
Accruals reversal (Note 8)	-	-	-	1,032,044
Interest income	12,348	-	30,080	-
Unrealized gain on derivative liability – warrants gain (Note 5)	164,585	214,794	714,209	161,053
<b>Income and comprehensive income for the period</b>	<b>\$ 74,732</b>	<b>\$ 70,701</b>	<b>\$ 180,976</b>	<b>\$ 622,225</b>
<b>Basic and diluted income per common share</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>355,860,813</b>	<b>355,860,813</b>	<b>355,860,813</b>	<b>345,147,171</b>

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

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

9-month period ended	September 30, 2023	September 30, 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income for the period	\$ 180,976	\$ 622,225
Items not affecting cash:		
Amortization	-	2,932
Stock-based compensation	59,539	149,669
Accrual reversal	-	(1,032,044)
Unrealized gain on derivative liability - warrants	(714,209)	(161,053)
Unrealized gain on foreign exchange	(2,715)	(99,292)
Changes in non-cash working capital items:		
Decrease in prepaid expenses and receivables	12,869	24,987
Decrease in accounts payable, accrued liabilities and accounts payable with related parties	(254,150)	(355,843)
	<u>(717,690)</u>	<u>(848,419)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Common shares issued	-	2,647,852
Share issue costs	-	(28,418)
Options exercised for common shares	-	106,989
	<u>-</u>	<u>2,726,423</u>
<b>Change in cash during the period</b>	(717,690)	1,878,004
<b>Cash, beginning of period</b>	1,852,710	93,894
<b>Cash, end of period</b>	<u>\$ 1,135,020</u>	<u>\$ 1,971,898</u>
	<b>2023</b>	<b>2022</b>
<b>Cash paid during the 9-month period for interest</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash paid during the 9-month period for taxes</b>	<b>\$ -</b>	<b>\$ -</b>

During the period ended September 30, 2022, the Company issued 37,803,218 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 September 30, 2023.

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

**Scandium International Mining Corp.**  
**CONDENSED INTERIM 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)
<b>Balance, December 31, 2021</b>	<b>317,157,595</b>	<b>\$ 110,149,177</b>	<b>\$ 6,891,510</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (115,803,442)</b>	<b>\$ (880,349)</b>
Income for the three months	-	-	-	-	-	522,946	522,946
<b>Balance, March 31, 2022</b>	<b>317,157,595</b>	<b>\$ 110,149,177</b>	<b>\$ 6,891,510</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (115,280,496)</b>	<b>\$ (357,403)</b>
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
<b>Balance, June 30, 2022</b>	<b>355,860,813</b>	<b>\$ 111,164,495</b>	<b>\$ 6,909,283</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (115,251,918)</b>	<b>\$ 704,266</b>
Stock-based compensation	-	-	61,222	-	-	-	61,222
Income for the three months	-	-	-	-	-	70,701	70,701
<b>Balance, September 30, 2022</b>	<b>355,860,813</b>	<b>\$ 111,164,495</b>	<b>\$ 6,970,505</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (115,181,217)</b>	<b>\$ 836,189</b>
Stock-based compensation	-	-	48,611	-	-	-	48,611
Share issue costs	-	(19,892)	-	-	-	-	(19,892)
Income for the three months	-	-	-	-	-	228,371	228,371
<b>Balance, December 31, 2022</b>	<b>355,860,813</b>	<b>\$ 110,144,603</b>	<b>\$ 7,019,116</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (114,952,846)</b>	<b>\$ 1,093,279</b>
Stock-based compensation	-	-	26,949	-	-	-	26,949
Income for the three months	-	-	-	-	-	236,000	236,000
<b>Balance, March 31, 2023</b>	<b>355,860,813</b>	<b>\$ 110,144,603</b>	<b>\$ 7,046,065</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (114,716,846)</b>	<b>\$ 1,356,228</b>
Stock-based compensation	-	-	21,684	-	-	-	21,684
Loss for the three months	-	-	-	-	-	(129,756)	(129,756)
<b>Balance, June 30, 2023</b>	<b>355,860,813</b>	<b>\$ 111,144,603</b>	<b>\$ 7,067,749</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (114,846,602)</b>	<b>\$ 1,248,156</b>
Stock-based compensation	-	-	10,906	-	-	-	10,906
Income for the three months	-	-	-	-	-	74,732	74,732
<b>Balance, September 30, 2023</b>	<b>355,860,813</b>	<b>\$ 111,144,603</b>	<b>\$ 7,078,655</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (114,771,870)</b>	<b>\$ 1,333,794</b>

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

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

Scandium International Mining Corp. (the "Company") 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 (TSX) 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 and any and all of its properties.

These condensed interim 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.

The outbreak of COVID-19 and political upheavals in various countries have caused significant volatility in commodity prices. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

## **2. BASIS OF PRESENTATION**

### **Basis of presentation**

The accompanying unaudited condensed interim consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). The condensed interim 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 interim 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 interim 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 condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022, and with our Annual Report on Form 10-K filed with the SEC on March 7, 2023. Operating results for the nine-month period ended September 30, 2023, may not necessarily be indicative of the results for the year ending December 31, 2023.

These unaudited condensed interim 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 condensed interim 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 cash, receivables, reclamation bond, 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 in the nine months ending September 30, 2023. Short term lease expenses totaled \$Nil during the nine months ended September 30, 2023, and \$15,669 during the nine months ended September 30, 2022.

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 cash flow 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 cash flows 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 September 30, 2023 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:

	September 30, 2023	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities:				
Derivative liability - warrants	\$ (477,844)	\$ —	\$ —	\$ (477,844)

**Recently Adopted and Recently Issued Accounting Standards**

There are no recently issued accounting standards updates that are currently expected to have a material impact on the Company.

**3. MINERAL PROPERTY INTERESTS**

<b>September 30, 2023</b>	Scandium and other
<b>Balance, September 30, 2023, December 31, 2022</b>	<b>\$ 704,053</b>

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 September 30, 2023 the Company has a reclamation bond of \$10,582 (€10,000). (December 31, 2022 - \$10,699 (€10,000)).

**4. RELATED PARTY TRANSACTIONS**

During the 9-month period ended September 30, 2023, the Company expensed \$54,317 for stock-based compensation for stock options granted to Company directors. During the 9-month period ended September 30, 2022, the Company expensed \$136,540 for stock-based compensation for stock options issued to Company directors.

During the 9-month period ended September 30, 2022, the Company reversed \$669,733 of accruals to related parties. No such transactions occurred in the 9-month period ended September 30, 2023.

During the 9-month period ended September 30, 2023, the Company expensed a consulting fee of \$Nil to one of its directors. During the 9-month period ended September 30, 2022, the Company expensed a consulting fee of \$17,000 to one of its directors.

As at September 30, 2023, the Company owed \$4,820 to an officer of the Company. (December 31, 2022 - \$185,576)

**5. 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 nine-month period ended September 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 nine-month period ended September 30, 2023, there were no share issuances.

During the quarter ended September 30, 2022, the holders of 900,000 stock options exercised their options for 900,000 shares for \$106,989 (CAD\$135,000) at an exercise price of CAD \$0.15 per share. During the nine-month period ended September 30, 2023, no stock options were exercised.



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

**Warrants**

A summary of warrant activity for the nine-month period ended September 30, 2023, are as follows:

	Number of warrants	Exercise price	Expiry date
Outstanding December 31, 2021	-	-	-
Granted 2022	37,803,218	CAD\$0.1075	May 20 - June 14, 2027
Outstanding December 31, 2022, and September 30, 2023	37,803,218	CAD\$0.1075	May 20 - June 14, 2027

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. A fair value of the derivative liability of \$1,194,885 was estimated at December 31, 2022, using the Black-Scholes pricing mode. For the nine-month period ended September 30, 2023, there was a non-cash gain on derivative liability – warrants of \$714,209 and an unrealized foreign exchange gain of \$2,832 resulting in a fair value as at September 30, 2023 of \$477,844 with the following weighted average assumptions:

	September 30, 2023	Issuance date
Exercise price	CAD\$0.1075	CAD\$0.1075
Stock price	CAD\$0.035	CAD\$0.09
Expected term	3.73 years	5 years
Expected dividend yield	-	-
Expected stock price volatility	100.66%	85.69%
Risk-free interest rate	3.93%	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, 2021	34,615,000	\$ 0.18
Granted	5,700,000	0.09
Exercised	(900,000)	0.15
Expired	(3,535,000)	0.37
Outstanding, December 31, 2022	34,665,000	0.14
Expired	(6,050,000)	0.22
Outstanding, September 30, 2023	28,615,000	\$ 0.12
Number currently exercisable	27,190,000	\$ 0.12

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

As at September 30, 2023, incentive stock options were outstanding as follows:

	Number of Options Outstanding	Number of Options Exercisable	Exercise Price in Canadian \$	Expiry Date
<b>Options</b>				
	3,240,000	3,240,000	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 23, 2026
	5,700,000	4,275,000	0.090	June 24, 2027
	<u>28,615,000</u>	<u>27,190,000</u>		

As at September 30, 2023 the Company's outstanding and exercisable stock options have an aggregate intrinsic value of \$Nil (December 31, 2022 - \$Nil).

**Stock-based compensation**

During the 9-month period ended September 30, 2023, the Company recognized as part of salaries and benefits, stock-based compensation of \$59,539 (September 30, 2022- \$149,669) in the statement of operations and comprehensive income (loss). There were nil stock options granted during the 9-month period ended September 30, 2023 (September 30, 2022 – 5,700,000).

The weighted average fair value of the options granted in the period ended September 30, 2023, was \$Nil (September 30, 2022 – C\$0.06)

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 9-month period ended September 30 are as follows:

	2023	2022
Risk-free interest rate	N/A	2.79%
Expected life	N/A	5 years
Volatility	N/A	85.82%
Forfeiture rate	N/A	N/A
Dividend rate	N/A	N/A

**6. TREASURY STOCK**

	Number	Amount
Treasury shares, September 30, 2023, and December 31 2022	1,033,333	\$ 1,264,194

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

**7. SEGMENTED INFORMATION**

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

<b>September 30, 2023</b>	<u>Australia</u>	<u>United States</u>	<u>Total</u>
Mineral property interests	<u>704,053</u>	<u>-</u>	<u>704,053</u>
	<u>\$ 704,053</u>	<u>\$ -</u>	<u>\$ 704,053</u>

  

<b>December 31, 2022</b>	<u>Australia</u>	<u>United States</u>	<u>Total</u>
Mineral property interests	<u>704,053</u>	<u>-</u>	<u>704,053</u>
	<u>\$ 704,053</u>	<u>\$ -</u>	<u>\$ 704,053</u>

**8. ACCRUALS REVERSAL**

During the nine-month period ended September 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.