SCANDIUM INTERNATIONAL

MINING CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Scandium International Mining Corp.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Scandium International Mining Corp. (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of income and comprehensive income, changes in shareholders' equity (deficiency), and cash flows for the years ended December 31, 2023 and 2022, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years ended December 31, 2023 and 2022, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company currently earns no operating revenues and will require additional capital in order to advance the Nyngan property. These are material uncertainties that raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

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Critical Audit Matter

The critical audit matter communicated below is matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of Impairment Indicators of Mineral Property Interests

As described in Note 3 to the financial statements, the carrying amount of the Company's mineral property interest was $704,053 as of December 31, 2023. As more fully described in Note 2 to the financial statements, management assesses its mineral property interests for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of the mineral property interests may not be recoverable.

The principal considerations for our determination that the assessment of impairment indicators of the Company's mineral property interests is a critical audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the mineral property interests, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate its asset. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the mineral property.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. Our audit procedures included, among others:

- Obtaining and assessing management's impairment analysis.
- Evaluating the intent for the mineral property interests through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the mineral property interests are in good standing.

We have served as the Company's auditor since 2008.

/s/ DAVIDSON & COMPANY LLP

Vancouver, Canada

Chartered Professional Accountants

March 26, 2024

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

As at:		December 31, 2023		December 31, 2022
ASSETS				
Current				
Cash	$	1,021,956	$	1,852,710
Prepaid expenses and receivables		40,211		33,541
		1,062,167		1,886,251
Reclamation bond (Note 3)		11,037		10,699
Mineral property interests (Note 3)		704,053		704,053
Total Assets	$	1,777,257	$	2,601,003
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	60,782	$	127,263
Accounts payable with related parties (Note 4)		5,104		185,576
Derivative liability - warrants (Note 5)		283,373		1,194,885
Total Liabilities		349,259		1,507,724
Shareholders' Equity				
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)		7,306,631		7,019,116
Accumulated other comprehensive loss		(853,400)		(853,400)
Deficit		(114,905,642)		(114,952,846)
Total Shareholders' Equity		1,427,998		1,093,279
Total Liabilities and Shareholders' Equity	$	1,777,257	$	2,601,003

Nature and continuance of operations (Note 1)

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

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

Years ended:	December 31, 2023	December 31, 2022
EXPENSES		
Amortization	$ -	$ 2,932
Consulting (Note 4)	-	18,363
Exploration costs (recovery)	244,133	(959)
General and administrative	91,166	151,067
Insurance	31,198	31,064
Professional fees	88,161	96,797
Salaries and benefits (Notes 4 & 5)	452,253	420,417
Travel and entertainment	3,737	747
	(910,648)	(720,428)
Foreign exchange gain(loss)	(3,365)	13,721
Accruals reversal (Note 7)	-	1,032,044
Interest income	39,851	-
Unrealized gain on derivative liability – warrants (Note 5)	921,366	525,259
Income and comprehensive income for the year	$ 47,204	$ 850,596
Basic and diluted earnings per common share	$ 0.00	$ 0.00
Basic and diluted weighted average number of common shares outstanding	355,860,813	340,368,144

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

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

Years ended:	December 31, 2023	December 31, 2022
CASH FLOWS USED IN OPERATING ACTIVITIES		
Income for the year	$ 47,204	$ 850,596
Items not affecting cash:		
Amortization	-	2,932
Stock-based compensation	287,515	198,280
Accrual reversal	-	(1,032,044)
Unrealized gain on derivative liability - warrants	(921,366)	(525,259)
Unrealized loss (gain) on foreign exchange	9,516	(60,890)
Changes in non-cash working capital items:		
(Increase) decrease in prepaids and receivables	(6,670)	1,501
Increase (decrease) in accounts payable, accrued liabilities and accounts payable with related parties	(246,953)	(382,831)
	(830,754)	(947,715)
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	-	2,647,852
Share issue costs	-	(48,310)
Options exercised for common shares	-	106,989
	-	2,706,531
Change in cash during the year	(830,754)	1,758,816
Cash, beginning of year	1,852,710	93,894
Cash, end of year	$ 1,021,956	$ 1,852,710

Supplemental disclosure with respect to cash flows (Note 10)

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

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

	Number of Shares	Capital Stock	Additional Paid in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity (Deficiency)
Balance, December 31, 2021	**317,157,595**	**$ 110,149,177**	**$ 6,891,510**	**$ (1,264,194)**	**$ (853,400)**	**$ (115,803,442)**	**$ (880,349)**
Options exercised	900,000	177,663	(70,674)	-	-	-	106,989
Private placement net of share issuance costs	37,803,218	2,599,542	-	-	-	-	2,599,542
Derivative liability	-	(1,781,779)	-	-	-	-	(1,781,779)
Stock-based compensation	-	-	198,280	-	-	-	198,280
Income for the year	-	-	-	-	-	850,596	850,596
Balance, December 31, 2022	**355,860,813**	**111,144,603**	**7,019,116**	**(1,264,194)**	**(853,400)**	**(114,952,846)**	**1,093,279**
Stock-based compensation	-	-	287,515	-	-	-	287,515
Income for the year	-	-	-	-	-	47,204	47,204
Balance, December 31, 2023	**355,860,813**	**$ 111,144,603**	**$ 7,306,631**	**$ (1,264,194)**	**$ (853,400)**	**$(114,905,642)**	**$ 1,427,998**

The accompanying notes are an integral part of these 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 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 at any and all of its properties.

These 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. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These consolidated financial statements have been prepared in conformity with generally accepted accounting principles of the United States of America ("US GAAP").

These 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"). All significant intercompany accounts and transactions have been eliminated on consolidation.

b) Use of estimates

The preparation of 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 results of which form the basis for making judgments. 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.

c) Mineral interests and exploration and development costs

The costs of acquiring mineral interests are capitalized at the date of acquisition. After acquisition, various factors can affect the recoverability of the capitalized costs. If, after review, management concludes that the carrying amount of a mineral interest is impaired, it will be written down to estimated fair value. Exploration costs incurred on mineral interests are expensed as incurred. Development costs incurred on proven and probable reserves will be capitalized. Upon commencement of production, capitalized costs will be amortized using the unit-of-production method over the estimated life of the ore body based on proven and probable reserves.

d) Asset retirement obligations

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/or normal use of the long-lived assets. The Company also records a corresponding asset which is amortized over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying the obligation (asset retirement cost).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

e) Long-lived assets

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed using undiscounted net cash flows or fair value in use related to the long-lived assets. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

f) Income taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the asset and liability method the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized if it is more likely than not that some part or all of the deferred tax asset will not be recognized.

g) Earnings (loss) per share

Basic earnings per common share is computed using the weighted average number of common shares outstanding during the year. To calculate diluted earnings (loss) per share, the Company uses the treasury stock method and the if converted method. As at December 31, 2023 there were 37,803,218 warrants outstanding (2022 – 37,803,218) and 40,015,000 options (2022 – 34,665,000) outstanding which have not been included in the weighted average number of common shares outstanding as these were anti-dilutive.

h) Foreign exchange

The Company's and subsidiaries' functional currency is the US Dollar ("USD"). Any monetary assets and liabilities that are in a currency other than the USD are translated at the rate prevailing at year end. Revenue and expenses in a foreign currency are translated at rates that approximate those in effect at the time of translation. Gains and losses from translation of foreign currency transactions into USD are included in current results of operations. Fixed assets and mineral properties have been translated at historical rates, the rate on the date of the transaction.

i) Stock-based compensation

The Company accounts for stock-based compensation under the provisions of Accounting Standard Codification ("ASC") 718, "Compensation-Stock Compensation." Under the fair value recognition provisions, stock-based compensation expense is measured at the grant date for all stock-based awards to employees, directors and non-employees and is recognized as an expense over the requisite service period, which is generally the vesting period. The Black-Scholes option valuation model is used to calculate fair value.

j) Financial instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, accounts payable with related parties and derivative liability- warrants. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments. Except for derivative liabilities, the fair values of these financial instruments approximate their carrying values unless otherwise noted. The Company has its cash primarily in three commercial banks, one in Los Angeles, California, United States of America, one in Hamilton, Ontario, Canada and one in Melbourne, Victoria, Australia.

k) Concentration of credit risk

The financial instrument which potentially subjects the Company to concentration of credit risk is cash. The Company maintains cash in bank accounts that, at times, may exceed federally insured limits. As at December 31, 2023, the Company has exceeded the federally insured limit. The Company has not experienced any losses in such amounts and believes it is not exposed to any significant risks on its cash in bank accounts.

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

(Expressed in US Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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.

The following table presents information about the assets and liabilities that are measured at fair value on a recurring basis as at December 31, 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 include situations where there is little, if any, market activity for the asset:

		December 31, 2023		**Quoted Prices in Active Markets (Level 1)**		**Significant Other Observable Inputs (Level 2)**		**Significant Unobservable Inputs (Level 3)**
Cash	$	1,021,956	$	1,021,956	$	—	$	—
Derivative liability - warrants		(283,373)		—		(283,373)		—

The fair values of cash are determined through market, observable and corroborated sources.

m) Recently Adopted and Recently Issued Accounting Standards

Accounting Standards Update 2023-07 – Segment Reporting (Topic 280). This update is to improve the disclosures about a public entity's reportable segments through enhanced disclosures about significant segment expenses and is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company is reviewing this standard but anticipates little impact on its financial statements.

Accounting Standards Update 2023-09 – Income Taxes (Topic 740). This update is to enhance the transparency and decision usefulness of income tax disclosures for fiscal years beginning after December 15, 2024. The Company is reviewing this standard to determine the impact on its financial statements.

3. MINERAL PROPERTY INTERESTS

		Scandium and other
Acquisition costs		
Balance, December 31, 2023, 2022, and 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 of 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.

(Expressed in US Dollars)

3. MINERAL PROPERTY INTERESTS (cont'd)

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 December 31, 2023, the Company has a reclamation bond of $11,037 (€10,000), (December 31, 2022 - $10,699 (€10,000)). An application to extend the license for 3 years will not be submitted.

4. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2023, the Company expensed $262,294 for stock-based compensation for stock options issued to Company directors. During the year ended December 31, 2022, the Company expensed $177,745 for stock options issued to Company directors.

During the year ended December 31, 2023, the Company expensed a consulting fee of $Nil (2022 - $17,000) to one of its directors.

As at December 31, 2023, the Company owed $5,104 (2022 - $185,576) to an officer of the Company.

During the year ended December 31, 2023, the Company reversed $NIL (2022 - $669,733) of accruals to related parties, pursuant to settlement agreements.

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.

During the year ended December 31, 2023, there were no share issuances pursuant to private placements or exercise of stock options.

During the year ended December 31, 2022, the Company issued 37,803,218 units as part of a private placement valued at CAD$0.09 per unit. Each unit consists of one common share and one share purchase warrant. 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 year ended December 31, 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 year ended December 31, 2021, the holders of 3,125,000 stock options exercised their options for 3,125,000 shares for $297,815 (CAD$378,575) at an average exercised price of CAD$0.12.

Warrants

A summary of warrant activity for the year ended December 31, 2023, are as follows:

	Number of warrants	Exercise price	Expiry date
Outstanding December 31, 2023	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 year ended December 31, 2023, there was a non-cash gain on derivative liability – warrants of $921,366 and an unrealized foreign exchange loss of $14,936 resulting in a fair value as at December 31, 2023 of $283,373 with the following weighted average assumptions:

	December 31, 2023	December 31, 2022
Exercise price	CAD$0.1075	CAD$0.1075
Stock price	CAD$0.025	CAD$0.07
Expected term	3.5 years	4.5 years
Expected dividend yield	-	-
Expected stock price volatility	100.02%	91.71%
Risk-free interest rate	3.59%	2.75%

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

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 10% 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. The exercise price 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	(4,750,000)	0.37
Outstanding, December 31, 2022	34,665,000	0.14
Granted	11,400,000	0.035
Expired	(6,050,000)	0.22
Outstanding, December 31, 2023	40,015,000	$ 0.10
Number currently exercisable	40,015,000	$ 0.10

As at December 31, 2023, incentive stock options were outstanding as follows:

	Number of Options (outstanding)	Number of Options (exercisable)	Exercise Price in Canadian $	Expiry Date
Options				
	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	5,700,000	0.090	June 14, 2027
	11,400,000	11,400,000	0.035	November 14, 2028
	40,015,000	40,015,000		

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

Stock-based compensation

During the year ended December 31, 2023, the Company recognized stock-based compensation of $287,515 (December 31, 2022 - $198,279) (included in salaries and benefits) in the statement of profit or loss pursuant to stock options granted and vested. There were 11,400,000 stock options granted during the year ended December 31, 2023 (December 31, 2022 – 5,700,000).

The weighted average fair value of the options granted in the year was CAD$0.035 (2022 - CAD$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 years ended December 31,2023 and December 31, 2022, are as follows:

(Expressed in US Dollars)

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

	2023	2022
Risk-free interest rate	3.87%	2.79%
Expected life	5 years	5 years
Volatility	99.04%	85.52%
Forfeiture rate	0.00%	0.00%
Dividend rate	0.00%	0.00%

6. TREASURY STOCK

	Number		Amount
Treasury shares, December 31, 2023, 2022, and 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.

7. ACCRUALS REVERSAL

During the year ended December 31, 2022, the Company recognized a recovery on historical accruals it had recorded totaling $669,733 to related parties (Note 4) and $362,311 to former contractors and consultants pursuant to settlement agreements.

8. SEGMENTED INFORMATION

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

December 31, 2023		Australia		Total
Mineral property interests		704,053		704,053
	$	704,053	$	704,053

December 31, 2022		Australia		Total
Mineral property interests		704,053		704,053
	$	704,053	$	704,053

(Expressed in US Dollars)

9. INCOME TAX

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

		2023		2022
Income before income taxes	$	47,204	$	850,596
Expected income tax (recovery)		13,000		221,000
Change in statutory, foreign exchange rates, and other		631,000		(330,000)
Permanent difference		(171,000)		(350,000)
Impact of foreign exchange		-		171,000
Share issuance costs		(13,000)		(13,000)
Adjustment to prior years provision versus statutory tax returns		(258,000)		115,000
Change in unrecognized deductible temporary differences		(202,000)		186,000
Total Income tax expense (recovery)	$	-	$	-

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

		2023		2022
Deferred Tax Assets (Liabilities)				
Exploration and evaluation assets	$	1,871,000	$	1,761,000
Property and equipment		136,000		118,000
Share issuance costs		8,000		10,000
Derivative liability		77,000		311,000
Allowable capital losses		1,882,000		1,773,000
Non-capital losses available for future periods		6,312,000		6,629,000
		10,286,000		10,602,000
Unrecognized deferred tax assets		(10,286,000)		(10,602,000)
Net deferred tax assets	$	-	$	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2023	Expiry Date Range	2022	Expiry Date Range
Temporary Differences					
Exploration and evaluation assets	$	7,012,000	No expiry date	$6,640,000	No expiry date
Property and equipment		514,000	No expiry date	455,000	No expiry date
Derivative liability		283,000	2027	1,195,000	2027
Share issuance costs		29,000	2042 to 2046	39,000	2042 to 2046
Allowable capital losses		6,969,000	No expiry date	6,818,000	No expiry date
Non-capital losses available for future periods		23,947,000	2028 to 2043	24,327,000	2028 to 2042

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2022, the Company recognized $1,781,779 as a derivative liability associated with warrants attached to a private placement financing as a non-cash transaction. There were no significant non-cash transactions during the year ended December 31, 2023.

There were no amounts paid for taxes and interest in the years ended December 31, 2023, and December 31, 2022.