SCANDIUM INTERNATIONAL

MINING CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Scandium International Mining Corp.

Opinion

We have audited the accompanying consolidated financial statements of Scandium International Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $2,174,238 during the year ended December 31, 2025 and, as of that date, the Company had an accumulated deficit $117,457,190. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matters to be communicated in our auditor's report.

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Assessment of Impairment Indicators of Mineral Property Interests

As described in Note 5 to the consolidated financial statements, the carrying amount of the Company's Mineral Property Interests was $704,053 as of December 31, 2025. As more fully described in Notes 3 and 5 to the consolidated financial statements, management assesses Mineral Property Interests for indicators of impairment at the end of each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the Mineral Property Interests is a key 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 these assets. 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 Interests.

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:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the Mineral Property Interests through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- 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.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Catherine Tai.

Davidson & Company LLP

Chartered Professional Accountants

Vancouver, Canada

March 25, 2026

SCANDIUM INTERNATIONAL MINING CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US Dollars)

As at:		December 31, 2025		December 31, 2024
ASSETS				
Current				
Cash	$	401,380	$	585,855
Prepaid expenses and receivables (Note 4)		14,882		38,353
		416,262		624,208
Mineral property interests (Note 5)		704,053		704,053
Total assets	$	1,120,315	$	1,328,261
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current				
Accounts payable and accrued liabilities	$	27,340	$	45,337
Accounts payable with related parties (Note 7)		5,584		4,653
Derivative liability - warrants (Note 6)		2,021,203		227,583
Total liabilities		2,054,127		277,573
Shareholders' equity (deficiency)				
Capital stock (Note 6)		111,471,425		111,144,603
Treasury stock (Note 6)		(1,264,194)		(1,264,194)
Reserves (Note 6)		7,169,547		7,306,631
Accumulated other comprehensive loss		(853,400)		(853,400)
Deficit		(117,457,190)		(115,282,952)
Total shareholders' equity (deficiency)		(933,812)		1,050,688
Total liabilities and shareholders' equity (deficiency)	$	1,120,315	$	1,328,261

Nature and continuance of operations (Note 1)
Contingency (Note 12)

These consolidated financial statements were approved and authorized for issue by the board on March 25, 2026.

/s/ "Peter Evensen"	/s/ "R. Christian Evensen"
Director	Director

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

SCANDIUM INTERNATIONAL MINING CORP.
CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS
(Expressed in US Dollars)

Years ended:	December 31, 2025	December 31, 2024
EXPENSES		
Consulting	-	1,200
Exploration costs (note 5)	105,949	81,444
General and administrative	50,392	91,922
Insurance	23,070	29,535
Professional fees	121,993	104,375
Salaries and benefits (note 7)	121,628	129,696
Travel and entertainment	-	7,655
	(423,032)	(445,827)
Foreign exchange loss	(43,126)	(6,107)
Interest income	10,101	36,348
Gain on sale of subsidiary (note 2)	-	4,500
Gain on extinguishment of accounts payable (note 2)	30,813	-
Unrealized (loss) gain on derivative liability – warrants (note 6)	(1,748,994)	33,776
Loss and comprehensive loss for the year	$ (2,174,238)	$ (377,310)
Basic and diluted loss per common share	$ 0.00	$ 0.00
Basic and diluted weighted average number of common shares outstanding	356,206,018	355,860,813

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, 2025	December 31, 2024
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	$ (2,174,238)	$ (377,310)
Items not affecting cash:		
Unrealized loss (gain) on derivative liability - warrants	1,748,994	(33,777)
Unrealized loss (gain) on foreign exchange	44,626	(22,013)
Changes in non-cash working capital items:		
(Increase) decrease in prepaids and receivables	23,471	1,858
Decrease in accounts payable, accrued liabilities and accounts payable with related parties	(17,066)	(15,896)
	(374,213)	(447,138)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Refund of reclamation bond	-	11,037
	-	11,037
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of stock options	189,738	-
	(189,738)	-
	(184,475)	(436,101)
Change in cash during the year		
Cash, beginning of year	585,855	1,021,956
Cash, end of year	$ 401,380	$ 585,855

Supplemental disclosure with respect to cash flows (Note 8)

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	Reserves	Treasury Stock	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity (Deficiency)
Balance, December 31, 2023	**355,860,813**	**$ 111,144,603**	**$ 7,306,631**	**$ (1,264,194)**	**$ (853,400)**	**$ (114,905,642)**	**$ 1,427,998**
Loss for the year	-	-	-	-	-	(377,310)	(377,310)
Balance, December 31, 2024	**355,860,813**	**111,144,603**	**7,306,631**	**(1,264,194)**	**(853,400)**	**(115,282,952)**	**1,050,688**
Options exercised	1,900,000	326,822	(137,084)	-	-	-	189,738
Loss for the year	-	-	-	-	-	(2,174,238)	(2,174,238)
Balance, December 31, 2025	**357,760,813**	**$ 111,471,425**	**$ 7,169,547**	**$ (1,264,194)**	**$ (853,400)**	**$(117,457,190)**	**$ (933,812)**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Scandium International Mining Corp. ("The Company") was incorporated in 2006, under the laws of the Province of British Columbia, Canada. Its registered and records office are located at 2011 Phaethon Lane, Reno, Nevada, USA 89521. The Company currently trades on the Toronto Stock Venture Exchange under the symbol "SCY-V".

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 has not earned revenues and is considered to be in the exploration stage. The company anticipates incurring significant additional expenditures prior to production at any and all of its properties. As of December 31, 2025, it had working capital deficit of $1,637,865 (2024 – surplus of $346,635).

During the year ended December 31, 2025, the Company had a loss of $2,174,238 (December 31, 2024 – $377,310) and as at December 31, 2025, had an accumulated deficit of $117,457,190 (December 31, 2024 - $115,282,952). 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 may cast significant 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.

2. BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, EMC Metals USA Inc. ("EMC-USA") located in the United States of America, and EMC Metals Australia Pty Ltd. ("EMC-A") located in Australia.

During the year ended December 31, 2025, the Company extinguished accounts payable balances in EMC USA, realizing a gain of $30,813, and the Company wound-down operations of SCY Exploration Finland OY, located in Finland. During the year ended December 31, 2024, the Company sold its Norwegian subsidiary, Scandium International Mining Corp. Norway AS, realizing a gain of $4,500.00.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

d) Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and is determined for each entity within the Company. The functional currency for the entities within the Company are: The United States dollar ("U.S.$"), for the Company and EMC USA and the Australian dollar for EMC-A. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The effects of changes in Foreign Exchange Rates.*

Transactions in currencies other than the entities' functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of an entity are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. At the end of each reporting period, functional currency is translated into presentation currency at the period end rate. Exchange gains and losses arising on translation are included in other comprehensive (loss) income.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The preparation of these consolidated financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year. Actual results could differ from these estimates.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd…)

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the consolidated financial statements.

Functional currencies

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates. The functional currency of each entity is disclosed below under "Foreign Exchange".

Impairment of mineral property interests

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations. Determining whether to test for impairment of mineral property interests requires management's judgment, and consideration of whether the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the mineral property interests is unlikely to be recovered in full from successful development or by sale.

Estimates

Significant estimates, made by management, about the future and other sources of estimation uncertainty at the end of the reporting period that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made relate to, but are not limited to, the following:

Carrying value and recoverability of mineral property interests

The carrying amount of the Company's mineral property interests does not necessarily represent present or future values and the Company's mineral property interests have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production or disposition of the mineral property interests. Additionally, there are numerous geological, economic, environmental, and regulatory factors and uncertainties that could affect management's assessment of the overall viability of its properties or to the likelihood of generating future cash flows necessary to recover the carrying value of the Company's mineral property interests.

To the extent that any of management's assumptions change there could be a significant effect on the Company's future financial position, operating results and cash flows.

Fair value of stock options and warrants

Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates of inputs utilized to determine fair value could result in a significant effect on the Company's future operating results or on other components of shareholders' equity.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, and development of commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more, or fewer deferred tax assets and deferred income tax provisions or recoveries could be affected.

3. **MATERIAL ACCOUNTING POLICY INFORMATION** (cont'd…)

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive (loss) income "(FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition.

A financial asset is measured at amortized cost of both of the following conditions are met:

a) the asset is held with a business model whose objective is to hold assets in order to collect contractual cash flows, and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company may make an irrevocable election at initial recognition to carry at FVOCI particular investments in equity instruments that would otherwise be measured at FVTPL.

A financial asset is required to be measured at FVPTL unless it is measured at amortized cost or at FVTOCI.

The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such instruments held for trading or derivatives) or the Company has opted to measure them FVTPL.

The following table shows the classification under IFRS 9:

Financial Assets/Liabilities	IFRS 9
Cash	Amortized cost
Receivables	Amortized cost
Accounts payable and accrued liabilities and due to/from related parties	Amortized cost
Derivative liability - warrants	FVTPL

Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized costs less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in fair value of the financial assets and liabilities held at FVTPL are included in the statements of operations and comprehensive (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive (loss) income.

3. **MATERIAL ACCOUNTING POLICY INFORMATION** (cont'd…)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset and an amount equal to the lifetime expected credit losses if the credit risk on the financial assert has increased significantly since initial recognition. If at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance of the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial asset and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive (loss) income.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative financial instruments

The Company issues warrants exercisable in a currency other than the Company's functional currency and as a result, the warrants are derivative financial instruments. Derivative financial instruments are initially recognized at fair value and subsequently measured at fair value with changes in fair value recognized in profit or loss. Transaction costs are recognized in profit or loss as incurred.

Mineral property interests

Costs related to pre-exploration, exploration and evaluation of mineral property interests are expensed while costs related to acquisition are capitalized. Each of the Company's mineral property interests is considered to be a cash generating unit. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition costs are not recoverable over the economic life of the property, the property is abandoned or management deems there to be an impairment in value, the property is written down to its net realizable value.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but not to an amount that would exceed the original carrying amount in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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).

(Expressed in US Dollars)

3. **MATERIAL ACCOUNTING POLICY INFORMATION** (cont'd…)

Stock-based compensation

Stock options awarded to non-employees are measured using the fair value of the goods or services received unless that fair value cannot be estimated reliably, in which case measurement is based on the fair value of the stock options. Stock options awarded to employees are accounted for using the fair value method. The fair value of such stock options and warrants granted is recognized as an expense on a proportionate basis consistent with the vesting features of each tranche of the grant. The fair value is calculated using the Black-Scholes option pricing model with assumptions applicable at the date of grant. When stock options are exercised, the proceeds received, together with any related amount in the reserves, are credited to share capital.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary difference, between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as differences relating to investments i subsidiaries to the extent that they will probably not revers in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the consolidates statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax liabilities on a net basis.

Earnings loss per share

For both continuing and discontinued operations, the Company presents basic and diluted earning (loss) per share (EPS) data for its common shares. Basic (loss) EPS is calculated by dividing the results of operations attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted (loss) EPS is determined by adjusting the results of operations attributable to common shareholder and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise share options.

Account pronouncement not yet adopted

IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements, aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measurements and new principals for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. Management believes that IFRS 18 will likely have a material impact in the Company's presentation to its consolidated financial statements.

4. **PREPAID EXPENSES AND RECEIVABLES**

The Company's receivables arise from various tax credits receivable from the Canadian and Australian government taxation authorities and advances. Prepaids relate to various costs covering more than one accounting period. These are broken down as follows:

	December 31, 2025	December 31, 2024
Tax credits	$ 4,309	$ 6,182
Accounts receivable	507	3,798
Prepaids	10,066	28,373
Total	$ 14,882	$ 38,353

(Expressed in US Dollars)

5. MINERAL PROPERTY INTERESTS

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 characteristics of many mining properties. The company has investigated title to its mineral property interests and, to the best of it knowledge, title to its properties are in good standing.

	Scandium and other
Acquisition costs	
Balance December 31, 2025, and 2024	$ 704,053

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, with a reclamation bond of €10,000. In 2023, the Company decided not to extend the license. During the year ended December 31, 2024, the reclamation bond was refunded and the Company received $11,037 (€10,000).

Exploration costs

	2025	2024
Legal	37,679	32,750
Consulting	-	11,619
License	54,150	-
Program costs	14,120	37,075
TOTAL	$ 105,949	$ 81,444

6. CAPITAL STOCK AND RESERVES

The common shares have no par value, and the number of authorized shares is unlimited.

Common shares:

During the year ended December 31, 2025, the Company issued 1,900,000 (2024 – nil) shares for gross proceeds of CDN $266,000 (2024 - $nil) as a result of stock option exercise.

Treasury shares:

	Number	Amount
Treasury shares, December 31, 2025, and 2024	1,033,333	$ 1,264,194

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

6. CAPITAL STOCK AND RESERVES (cont'd…)

Stock Options

The Company established an omnibus incentive 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.

The following table summarizes movements in stock options outstanding for the year ended December 31, 2025:

	Number of Options	Weighted average exercise price in Canadian $
Outstanding, December 31, 2023	40,015,000	$ 0.10
Expired	(4,490,000)	0.14
Outstanding, December 31, 2024	35,525,000	0.09
Exercised	(1,900,000)	0.14
Expired	(10,750,000)	0.09
Outstanding, December 31, 2025	22,875,000	$ 0.08

The following table summarizes information about stock options outstanding at December 31, 2025:

	Number of Options (outstanding)	Number of Options (exercisable)	Exercise Price in Canadian $	Expiry Date
Options				
	5,775,000	5,775,000	0.180	May 23, 2026
	5,700,000	5,700,000	0.085	June 14, 2027
	11,400,000*	11,400,000	0.035	November 14, 2028
	22,875,000	22,875,000		

*Subsequent to year-end 400,000 of these options were exercised.

Warrants

The following table summarizes movements in warrants outstanding:

	Number of warrants	Exercise price
Outstanding December 31, 2024 & 2025	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, 2025, there was a non-cash loss on derivative liability – warrants of $1,748,994 and an unrealized foreign exchange loss of $44,626 resulting in a fair value as at December 31, 2025 of $2,021,203 with the following weighted average assumptions:

	December 31, 2025	December 31, 2024
Exercise price	CAD$0.1075	CAD$0.1075
Stock price	CAD$0.105	CAD$0.015
Expected term	1.5 years	2.5 years
Expected dividend yield	-	-
Expected stock price volatility	171.23%	167.28%
Risk-free interest rate	3.51%	2.95%

7. RELATED PARTY TRANSACTIONS

As at December 31, 2025, the Company owed $5,584 (2024 - $4,653) to an officer of the Company. During the year ended December 31, 2025, the Company paid salaries to related parties totaling $60,133 (2024 - $55,836).

8. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Other than disclosed elsewhere in these consolidated financial statements, the significant non-cash transactions for the years ended December 31, 2025, and 2024 included:

a) $1,748,994 (2024 - $33,777 decrease) in derivative liability loss.

There were no amounts paid for taxes and interest in the years ended December 31, 2025 and 2024.

9. SEGMENTED INFORMATION

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

December 31, 2025 and 2024	Australia	Total
Mineral property interests	704,053	704,053
	$ 704,053	$ 704,053

10. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

The fair value of the Company's cash, receivables, due from related parties, and accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the consolidated statements of financial position. The fair value of derivative liability – warrants is measured at level 2 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at large Canadian, American, and Australian financial institutions. The Company has no investment in asset backed commercial paper.

The Company's receivables consist mainly of tax credits and advances receivable. The Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2025, the Company had a cash balance of $401,380 to settle liabilities of $2,054,127.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

a) Interest rate risk

The Company has cash balances. The interest earned on the cash balances approximates fair value rates, and the Company is not at significant risk to fluctuating interest rates.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, prepaids, receivables, accounts payable and accrued liabilities and derivative liability that are denominated in Canadian dollars ("C$") and the Australian dollar ("AUD$). A 10% fluctuation in the C$ and AUD$ against the US dollar would affect loss for the year by $170,000.

(Expressed in US Dollars)

10. FINANCIAL AND CAPITAL RISK MANAGEMENT

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price is defined as the potential adverse impact on the Company's earnings due to movement in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral property interests, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and investments.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended December 31, 2025.

11. INCOME TAX

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

		2025		2024
Income (loss) before income taxes	$	(2,174,238)	$	(377,307)
Expected income tax (recovery)		(587,000)		(102,000)
Change in statutory, foreign tax, foreign exchange rates, and other		(366,000)		646,000
Permanent differences		7,000		(6,000)
Share issuance costs		-		-
Adjustment to prior years provision versus statutory tax returns		(161,000)		52,000
Change in unrecognized deductible temporary differences		1,107,000		(590,000)
Total Income tax expense (recovery)	$	-	$	-

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:

		2025	Expiry Date Range	2024	Expiry Date Range
Temporary Differences					
Exploration and evaluation assets	$	7,015,000	No expiry date	$6,645,000	No expiry date
Property and equipment		525,000	No expiry date	518,000	No expiry date
Derivative liability		2, 021,000	2028	228,000	2027
Share issuance costs		10,000	2044 to 2048	19,000	2043 to 2047
Allowable capital losses		6,736,000	No expiry date	6,427,000	No expiry date
Non-capital losses available for future periods		24,420,000	2030 to 2045	22,739,000	2029 to 2044
Canada		31,189,926	2030 to 2045	27,861,583	2029 to 2044
USA		69,611	No expiry date	69,568	No expiry date
Australia		9,468,156	No expiry date	8,644,831	No expiry date

12. CONTINGENCY

The Company is involved in certain claims and legal actions in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters is not determinable. No amounts have been accrued in the financial statements as of December 31, 2025.

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2025:

a) the Company issued 400,000 common shares for gross proceeds of CAD $14,000, for the exercise of stock options.
b) the Company granted 11,500,000 stock options, exercisable at C$0.09 with a 5 year term that vested immediately.