



**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS AND THREE MONTHS ENDED SEPTEMBER 30, 2018**

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

<b>As at:</b>	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 725,488	\$ 343,434
Prepaid expenses and receivables	<u>18,111</u>	<u>45,986</u>
<b>Total Current Assets</b>	<b>743,599</b>	<b>389,420</b>
<b>Equipment</b> (Note 3)	13,284	1,947
<b>Mineral property interests</b> (Note 4)	<u>704,053</u>	<u>704,053</u>
<b>Total Assets</b>	<b>\$ 1,460,936</b>	<b>\$ 1,095,420</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 16,728	\$ 34,153
Accounts payable with related parties (Note 5)	<u>23,207</u>	<u>32,036</u>
<b>Total Liabilities</b>	<u>39,935</u>	<u>66,189</u>
<b>Stockholders' Equity</b>		
Capital stock (Note 6) (Authorized: Unlimited number of common shares; Issued and outstanding: 304,781,294 (2017 – 291,970,239)	108,244,311	106,468,869
Treasury stock (Note 7) (1,033,333 common shares) (2017 – 1,033,333)	(1,264,194)	(1,264,194)
Additional paid in capital (Note 6)	5,651,604	4,617,484
Accumulated other comprehensive loss	(853,400)	(853,400)
Deficit	<u>(110,357,320)</u>	<u>(107,939,528)</u>
<b>Total Equity</b>	<u>1,421,001</u>	<u>1,029,231</u>
<b>Total Liabilities and Equity</b>	<b>\$ 1,460,936</b>	<b>\$ 1,095,420</b>

Nature and continuance of operations (Note 1)

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

**Scandium International Mining Corp.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Expressed in US Dollars) (Unaudited)

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
<b>EXPENSES</b>				
Amortization (Note 3)	\$ 158	\$ 158	\$ 474	\$ 813
Consulting	84,831	57,595	220,642	131,062
Exploration	104,869	60,630	250,380	204,969
General and administrative	66,431	73,536	260,434	194,400
Insurance	7,520	7,272	22,314	21,599
Professional fees	6,474	30,773	81,986	71,815
Salaries and benefits	116,098	159,981	429,996	466,808
Stock-based compensation (Note 6)	69,411	67,877	1,054,456	1,225,784
Travel and entertainment	16,202	19,788	59,768	62,945
	(471,994)	(477,610)	(2,380,450)	(2,380,195)
Foreign exchange gain (loss)	10,213	42,393	(37,342)	79,569
<b>Loss and comprehensive loss for the period</b>	(461,781)	(435,217)	(2,417,792)	(2,300,626)
<b>Costs allocable to non-controlling interest in a subsidiary</b>	-	26,148	-	73,488
<b>Loss and comprehensive loss for the period attributable to Scandium International Mining Corp.</b>	\$ (461,781)	\$ (409,069)	\$ (2,417,792)	\$ (2,227,138)
<b>Basic and diluted loss and comprehensive loss per common share attributable to Scandium International Mining Corp.</b>	\$ ( 0.00)	\$ ( 0.00)	\$ ( 0.01)	\$ ( 0.01)
<b>Weighted average number of common shares outstanding</b>	304,773,142	231,871,315	299,976,402	229,218,244

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

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

9-month period ended	September 30, 2018	September 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (2,417,792)	\$ (2,300,626)
Items not affecting cash:		
Amortization	474	813
Stock-based compensation	1,054,456	1,225,784
Changes in non-cash working capital items:		
Decrease in prepaids and receivables	27,875	19,683
(Decrease) increase in accounts payable, accrued liabilities and accounts payable with related parties	(26,254)	16,175
	(1,361,241)	(1,038,171)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets	(11,811)	-
	(11,811)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Common shares issued	1,675,300	1,082,250
Options exercised for common shares	79,806	195,151
	1,755,106	1,277,401
<b>Change in cash during the period</b>	382,054	239,230
<b>Cash, beginning of period</b>	343,434	615,234
<b>Cash, end of period</b>	\$ 725,488	\$ 854,464
	<b>2018</b>	<b>2017</b>
<b>Cash paid during the 9 month period for interest</b>	\$ -	\$ -
<b>Cash paid during the 9 month period for taxes</b>	\$ -	\$ -

There were no significant non-cash investing and financing activities during the nine-month periods ended September 30, 2018 and 2017.

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

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

	Number of Shares	Capital Stock	Additional Paid in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Deficit	Total Stockholders' Equity	Non- controlling Interest in a Subsidiary	Total Equity
<b>Balance, December 31, 2016</b>	<b>225,047,200</b>	<b>\$ 91,142,335</b>	<b>\$ 6,844,671</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (93,446,610)</b>	<b>\$ 2,422,802</b>	<b>\$ (1,090,723)</b>	<b>\$ 1,332,079</b>
Private placement	4,807,394	1,082,250	-	-	-	-	1,082,250	-	1,082,250
Options exercised	3,285,000	414,052	(218,902)	-	-	-	195,150	-	195,150
Minority interest acquisition	58,830,645	13,830,232	(3,292,115)	-	-	(11,702,328)	(1,164,211)	1,164,211	-
Stock-based compensation	-	-	1,283,830	-	-	-	1,283,830	-	1,283,830
Loss for the year	-	-	-	-	-	(2,790,590)	(2,790,590)	(73,488)	(2,864,078)
<b>Balance, December 31, 2017</b>	<b>291,970,239</b>	<b>106,468,869</b>	<b>4,617,484</b>	<b>(1,264,194)</b>	<b>(853,400)</b>	<b>(107,939,528)</b>	<b>1,029,231</b>	<b>-</b>	<b>1,029,231</b>
Private placement	11,801,055	1,675,300	-	-	-	-	1,675,300	-	1,675,300
Options exercised	1,010,000	100,142	(20,336)	-	-	-	79,806	-	79,806
Stock-based compensation	-	-	1,054,456	-	-	-	1,054,456	-	1,054,456
Loss for the period	-	-	-	-	-	(2,417,792)	(2,417,792)	-	(2,417,792)
<b>Balance, September 30, 2018</b>	<b>304,781,294</b>	<b>\$ 108,244,311</b>	<b>\$ 5,651,604</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (110,357,320)</b>	<b>\$ 1,421,001</b>	<b>\$ -</b>	<b>\$ 1,421,001</b>

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

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

## **2. BASIS OF PRESENTATION**

### **Basis of presentation**

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). The interim condensed consolidated financial statements include the consolidated accounts of the Company and its wholly-owned subsidiaries with all significant intercompany transactions eliminated. In the opinion of management, all adjustments necessary for a fair statement of the consolidated financial position, results of operations and cash flows for the interim periods have been made. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with generally accepted accounting principles of the United States of America ("US GAAP") have been condensed or omitted pursuant to such SEC rules and regulations. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017 and with our Annual Report on Form 10-K filed with the SEC on February 28, 2018. Operating results for the nine-month period ended September 30, 2018 may not necessarily be indicative of the results for the year ending December 31, 2018.

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, EMC Metals USA Inc., Scandium International Mining Corp. Norway AS, SCY Exploration Finland Oy, and EMC Metals Australia Pty Ltd. (EMC-A). Non-controlling interest represents the minority stockholders' 20% proportionate share of the net assets and results of the Company's majority-owned Australian subsidiary, EMC-A, until October 2017 (Note 9). All significant intercompany accounts and transactions have been eliminated on consolidation.

### **Use of estimates**

The preparation of unaudited interim condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the deferred income tax asset valuations, asset impairment, stock-based compensation 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 about the other sources. 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 recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount.

**2. BASIS OF PRESENTATION (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 that are measured at fair value on a recurring basis as at September 30, 2018 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, 2018	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	\$ 725,488	\$ 725,488	\$ —	\$ —
Total	\$ 725,488	\$ 725,488	\$ —	\$ —

The carrying value of receivables, accounts payable and accrued liabilities, and accounts payable with related parties approximate their fair value due to their short-term nature.

The fair value of cash is determined through market, observable and corroborated sources.

**Recently Adopted and Recently Issued Accounting Standards**

Accounting Standards Update 2018-13 – Fair Value Measurement (Topic 840) Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in this update apply to all entities that are required, under existing GAAP, to make disclosures about recurring or nonrecurring fair value measurements. This standard is effective for interim and annual reporting periods beginning after December 15, 2019, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its financial statements.

Accounting Standards Update 2018-11 - Leases (Topic 842) Targeted Update. This accounting pronouncement is an update to Accounting Standard 2016-02 (see below). This standard allows for an additional (and optional) transition method. This standard is effective for interim and annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its financial statements.

Accounting Standards Update 2018-07 – Compensation – Stock Compensation (Topic 718) Improvements to Nonemployee Share-Based Payment Accounting. This accounting pronouncement deals with simplification of share-based accounting in efforts to maintain or improve the usefulness of the information provided to the users of financial statements while reducing cost and complexity in financial reporting. The areas for simplification in this Update involve several aspects of the accounting for nonemployee share-based payment transactions resulting from expanding the scope of Topic 718, Compensation—Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. The Company will adopt this policy with no expected material effect to the condensed consolidated financial statements.

Accounting Standards Update 2017-09 – Compensation – Stock Compensation (Topic 718) Scope of Modification Accounting. This accounting pronouncement deals with a change in any of the terms or conditions of a share-based payment award. The standard goes into effect for all interim and annual statements beginning after December 15, 2017. The Company has adopted this policy with no material effect to the condensed consolidated financial statements.

Accounting Standards Update 2016-02 - Leases (Topic 842). This accounting pronouncement allows lessees to make an accounting policy election to not recognize a lease asset and liability for leases with a term of 12 months or less and that do not have a purchase option that is expected to be exercised. This standard is effective for interim and annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its financial statements.

Accounting Standards Update 2016-01 – Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. This accounting pronouncement, which goes into effect for annual periods beginning after December 12, 2017, is far reaching and covers several presentation areas dealing with measurement, impairment, assumptions used

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

in estimating fair value and several other areas. The Company has adopted this policy with no material effect to the condensed consolidated financial statements.

**3. EQUIPMENT**

	December 31, 2017 Net Book Value	Additions (disposals) (write-offs)	Amortization	September 30, 2018 Net Book Value
Office equipment	\$ 1,947	\$ 11,811	\$ (474)	\$ 13,284

	December 31, 2016 Net Book Value	Additions (disposals) (write-offs)	Amortization	December 31, 2017 Net Book Value
Office equipment	2,918	-	(971)	1,947

**4. MINERAL PROPERTY INTERESTS**

September 30, 2018	Scandium and other
<b>Acquisition costs</b>	
<b>Balance December 31, 2017 and September 30, 2018</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 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% (Note 9) interest in the Nyngan property in New South Wales, Australia ("NSW"). A definitive feasibility study was completed on the property in fiscal 2016. During December 2017, the Company revised and renewed a scandium product offtake agreement for delivery of scandium-based product upon availability from mine production.

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, subject to terms in the settlement agreement. 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 10% interest in its Australian subsidiary which holds title to the Honeybugle properties (Note 9).

*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 of September 30, 2018, no funds have been capitalized for this property.

**5. RELATED PARTY TRANSACTIONS**

During the 9-month period ended September 30, 2018, the Company expensed \$695,405 for stock-based compensation for stock options issued to Company directors. During the 9-month period ended September 30, 2017, the Company expensed \$841,930 for stock-based compensation for stock options issued to Company directors.

During the 9-month period ended September 30, 2018, the Company paid a consulting fee of \$76,500 to one of its directors. During the 9-month period ended September 30, 2017, the Company paid a consulting fee of \$76,500 to one of its directors.

As at September 30, 2018, the Company owed \$23,207 to various directors and officers of the Company. (December 31, 2017 - \$32,036)

**6. CAPITAL STOCK AND ADDITIONAL PAID IN CAPITAL**

On May 4, 2018, the Company issued 6,071,888 common shares at a value of C\$0.18 per common share for total proceeds of C\$1,092,940 (\$864,402).

On March 2, 2018, the Company issued 5,729,167 common shares at a value of C\$0.18 per common share for total proceeds of C\$1,031,250 (\$810,898).

On March 17, 2017, the Company issued 1,179,061 common shares at a value of C\$0.29 per common share for total proceeds of C\$341,928 (\$261,375).

**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, 2016	21,820,000	\$ 0.11
Granted	5,600,000	0.38
Exercised	(3,285,000)	0.08
Expired	(550,000)	0.07
Outstanding, December 31, 2017	23,585,000	0.18
Granted	6,850,000	0.223
Exercised	(1,010,000)	0.10
Expired	(360,000)	0.27
Outstanding, September 30, 2018	29,065,000	\$ 0.194
Number currently exercisable	28,130,000	\$ 0.192

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

As at September 30, 2018, incentive stock options were outstanding as follows:

	Number of Options Outstanding	Number of Options Exercisable	Exercise Price in Canadian \$	Expiry Date
<b>Options</b>				
	3,375,000	3,375,000	0.120	July 25, 2019
	200,000	200,000	0.100	December 30, 2019
	3,450,000	3,450,000	0.140	April 17, 2020
	250,000	250,000	0.600	May 11, 2020
	400,000	400,000	0.115	August 28, 2020
	4,300,000	4,300,000	0.100	November 5, 2020
	4,850,000	4,850,000	0.130	February 8, 2021
	400,000	400,000	0.200	June 14, 2021
	4,980,000	4,795,000	0.370	February 21, 2022
	250,000	100,000	0.300	October 6, 2022
	6,260,000	5,660,000	0.225	January 19, 2023
	350,000	350,000	0.185	August 30, 2023
	<u>29,065,000</u>	<u>28,130,000</u>		

As at September 30, 2018 the Company's outstanding and exercisable stock options have an aggregate intrinsic value of \$2,320,242 (December 31, 2017 - \$1,467,123).

**Stock-based compensation**

During the 9-month period ended September 30, 2018, the Company recognized stock-based compensation of \$1,054,456 (September 30, 2017 - \$1,225,784) in the statement of operations and comprehensive loss as a result of incentive stock options granted, vested and extended in the current period. There were 6,850,000 stock options granted during the 9-month period ended September 30, 2018 (September 30, 2017 - 5,350,000).

The weighted average fair value of the options granted in the period was C\$0.19 (September 30, 2017 - C\$0.32).

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 are as follows:

	2018	2017
Risk-free interest rate	1.96%	1.48%
Expected life	5 years	5 years
Volatility	127.81%	137.16%
Forfeiture rate	0.00%	N/A
Dividend rate	0.00%	N/A

7. **TREASURY STOCK**

	Number	Amount
Treasury shares, September 30, 2018 and December 31, 2017	1,033,333	\$ 1,264,194
	<u>1,033,333</u>	<u>\$ 1,264,194</u>

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

**8. SEGMENTED INFORMATION**

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

<b>September 30, 2018</b>	<u>Australia</u>	<u>United States</u>	<u>Total</u>
Equipment	\$ -	\$ 13,284	\$ 13,284
Mineral property interests	<u>704,053</u>	<u>-</u>	<u>704,053</u>
	<u>\$ 704,053</u>	<u>\$ 13,284</u>	<u>\$ 717,337</u>
<hr/>			
<b>December 31, 2017</b>	<u>Australia</u>	<u>United States</u>	<u>Total</u>
Equipment	\$ -	\$ 1,947	\$ 1,947
Mineral property interests	<u>704,053</u>	<u>-</u>	<u>704,053</u>
	<u>\$ 704,053</u>	<u>\$ 1,947</u>	<u>\$ 706,000</u>

**9. EMC METALS AUSTRALIA PTY LTD**

On August 24, 2015, the Company's \$2,500,000 promissory note payable was converted into a 20% ownership interest in EMC-A, with the Company holding an 80% ownership interest. EMC-A held interests in the Nyngan Scandium Project and Honeybugle Scandium property. Upon conversion of the promissory note payable, EMC-A was operated as a joint venture between Scandium Investments LLC ("SIL") and the Company. SIL held a carried interest in the Nyngan Scandium Project and was not required to contribute cash for the operation of EMC-A until the Company met two development milestones: (1) filing a feasibility study on SEDAR, and (2) receiving a mining license on either joint venture property. At such time as the two development milestones were met, SIL was to fully participate on project costs thereafter.

Completion of the development milestones by the Company, as described above, activated an option for SIL to convert the fair market value of its 20% joint venture interest in the Nyngan Scandium Project and Honeybugle Scandium property into an equivalent value of the Company's common shares, at the then prevailing market prices, rather than continue with ownership at the project level. SIL elected to exercise the conversion option as described.

On October 10, 2017, the Company announced that it had closed the share exchange transaction to acquire SIL's entire 20% ownership of EMC-A. The Company issued 57,371,565 shares of the Company's common shares at a fair value of \$13,487,223 to acquire SIL's shares of EMC-A and increase the Company ownership of EMC-A from 80% to 100%.

The Company also provided for a pay-out of a 20% portion of a 0.7% revenue-based royalty on Nyngan/Honeybugle that was entered into by the Company in 2015. This royalty was excluded from SIL's share in the project interests, at the time, and as a result an adjustment payment of 1,459,080 common shares at a fair value of \$343,009 was made.

SIL also was granted the right to nominate two directors to the Company Board.