

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

**[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

**[] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____

000-54416
(Commission File Number)

SCANDIUM INTERNATIONAL MINING CORP.
(Exact name of registrant as specified in its charter)

British Columbia, Canada
(State or other jurisdiction
of incorporation or organization)

98-1009717
(IRS Employer
Identification No.)

1390 Ione Pass Trail, Reno, Nevada 89523
(Address of principal executive offices) (Zip Code)

(775) 355-9500
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: **None**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes **[X]** No **[]**

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes **[X]** No **[]**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer **[]** Accelerated filer **[]** Non-accelerated filer **[]** Smaller reporting company **[X]** Emerging growth company **[]**

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [☐]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [☐] No [☒]

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: **As of August 14, 2024, the registrant's outstanding common stock consisted of 355,860,813 shares.**

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of the operating results, corporate activities and financial condition of Scandium International Mining Corp. (hereinafter referred to as “we”, “us”, “Scandium International”, “SCY”, or the “Company”) and its subsidiaries provides an analysis of the operating and financial results between December 31, 2023, and June 30, 2024, and a comparison of the material changes in our results of operations and financial condition between the three and six month periods ended June 30, 2024, and the three and six month periods ended June 30, 2023. This discussion should be read in conjunction with Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2023.

This discussion and analysis contain forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth under the heading “Risk Factors and Uncertainties” in our Annual Report on Form 10-K for the year ended December 31, 2023, and elsewhere in this Quarterly Report on Form 10-Q.

The condensed consolidated interim statements have been prepared in accordance with US Generally Accepted Accounting Principles, as required under U.S. federal securities laws applicable to the Company, and as permitted under applicable Canadian securities laws. The Company is a reporting company under applicable securities laws in Canada and the United States. The reporting currency used in our financial statements is the United States Dollar.

The information contained within this report is current as of August XX, 2024, unless otherwise noted. Additional information relevant to the Company’s activities can be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Technical information in this Form 10Q, including the MD&A, has been reviewed and approved by John Thompson, a Qualified Person as defined by Canadian National Instrument 43-101 (“NI 43-101”).

Cautionary Note to U.S. Investors Regarding Reserve and Resource Estimates

The Company uses Canadian Institute of Mining, Metallurgy and Petroleum definitions for the terms “proven reserves”, “probable reserves”, “measured resources” and “indicated resources.” U.S. investors are cautioned that while these terms are recognized and required by Canadian regulations, including National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (“NI 43-101”), the U.S. Securities and Exchange Commission (“SEC”) does not recognize them. Canadian mining disclosure standards differ from the requirements of the SEC under SEC Industry Guide 7, and reserve and resource information referenced in this Form 10-Q may not be comparable to similar information disclosed by companies reporting under U.S. standards. In particular, and without limiting the generality of the foregoing, the term “resource” does not equate to the term “reserve.” Under United States standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC’s disclosure standards normally do not permit the inclusion of information concerning “measured mineral resources” or “indicated mineral resources” or other descriptions of the amount of mineralization in mineral deposits that do not constitute “reserves” by U.S. standards in documents filed with the SEC. Disclosure of “contained ounces” in a resource estimate is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of “reserves” are also not the same as those of the SEC, and reserves in compliance with NI 43-101 may not qualify as “reserves” under SEC standards.

Cautionary Note Regarding Forward-Looking Statements

Certain statements made in this Quarterly Report on Form 10-Q may constitute forward-looking statements about the Company and its business. Forward-looking statements are statements that are not historical facts and include, but are not limited to, reserve and resource estimates, estimated value of the project, projected investment returns, anticipated mining and processing methods for the project, the estimated economics of the project, anticipated scandium recoveries, production rates, scandium grades, estimated capital costs, operating cash costs and total production costs, planned additional processing work and environmental permitting. The forward-looking statements in this report are subject to various risks, uncertainties and other factors that could cause the Company's actual results or achievements to differ materially from those expressed in or implied by forward-looking statements. These risks, uncertainties and other factors include, without limitation, risks related to uncertainty in the demand for scandium and pricing assumptions; uncertainties related to raising sufficient financing to fund the Nyngan Scandium Project in a timely manner and on acceptable terms; changes in planned work resulting from logistical, technical or other factors; the possibility that results of work will not fulfill expectations and realize the perceived potential of the Company's properties; uncertainties involved in the estimation of scandium reserves and resources; the possibility that required permits may not be obtained in a timely manner or at all; the possibility that capital and operating costs may be higher than currently estimated and may preclude commercial development or render operations uneconomic; the possibility that the estimated recovery rates may not be achieved; risk of accidents, equipment breakdowns and labor disputes or other unanticipated difficulties or interruptions; the possibility of cost overruns or unanticipated expenses in the work program; risks related to projected project economics, recovery rates, and estimated NPV("Net Present Value") and anticipated IRR("Internal Rate of Return") and other factors identified in the Company's SEC filings and its filings with Canadian securities regulatory authorities. Forward-looking statements are based on the beliefs, opinions and expectations of the Company's management at the time they are made, and other than as required by applicable securities laws, the Company does not assume any obligation to update its forward-looking statements if those beliefs, opinions or expectations, or other circumstances, change.

Scandium International Corporate Overview

Scandium International Mining Corp. ("The Company") is a specialty metals and alloys company focused on developing the production and sale of scandium and other specialty metals. The Company intends to utilize its know-how and, in certain instances, patented technologies to maximize opportunities in scandium and other specialty metals.

Our most advanced project is the Nyngan Scandium Project, located in New South Wales, Australia (the "Nyngan Scandium Project"), on which we hold a mine lease grant and a development consent. We also hold an exploration license on a scandium mineral property located near Nyngan known as the "Honeybugle Scandium property." We did not renew an exploration license on a scandium mineral property in Finland, known as the "Kiviniemi Scandium property."

In November 2023 we commenced physical development of the Nyngan Scandium Project following the results of the 2023 Nyngan drilling program which better defined the western boundary of the existing resource. The actions included:

- Survey conducted of the site to establish and peg the boundaries for proposed work in accordance with State Significant Development 5157 ("SSD 5157").
- Soil management works including the establishment of water exclusion embankments and the stripping of topsoil, with subsequent stockpiling.
- Construction and placement of temporary office quarters at the site for future site development activities.

In the first quarter of 2023, we completed a drilling program at the Honeybugle Scandium Project which discovered a new Scandium enriched laterite formation approx. 2 meters below the surface area at the

Woodlong prospect within the Honeybugle Exploration License 7977 area, where 32 vertical air core holes were drilled in an approximately 300m x 400m area.

During the first quarter of 2022, SCY completed an internal review of its portfolio of assets and projects. The purpose of this review was to determine the appropriate allocation of capital between the Company's scandium activities and the recently announced initiatives on Critical Metals Recovery (CMR) and High Purity Alumina (HPA). The board decided and announced on April 18, 2022, that the best return on invested capital for its shareholders is to prioritize the Company's portfolio of scandium assets including the Nyngan Scandium Project and to idle its CMR and HPA initiatives. As a result of the review, leadership changes were also made with the appointment of a CEO and CFO and a downsizing of the board to four directors.

As its first priority, the new management completed a C\$3.4 million non-brokered equity private placement which replenished cash balances and eliminated negative working capital. The second priority was to reduce costs, and the Company has been successful in reducing corporate G&A costs, including for example, that our CEO and CFO agreed to receive no cash compensation from their appointment in 2022 until present.

Our plan of operation for 2024 is to continue to advance commercial discussions with potential offtake partners. The completion of a sufficient number of offtake agreements totalling a minimum quantity is the critical factor to enable the Company to be in a position to consider taking a Final Investment Decision to put the Nyngan Scandium Project into production. At the same time, the capital raise in 2022, positive working capital and no debt, and the reduction of operating costs have given the Company time to be in a position to benefit from the growing market adoption of scandium.

We acquired a 100% interest in the Nyngan Scandium Project in June of 2014 pursuant to the terms of a settlement agreement with Jervois Mining Ltd. of Melbourne, Australia. The project is held through our Australian subsidiary, EMC Metals Australia Pty Ltd. ("EMC Australia"), which also holds the Honeybugle Scandium Property.

Principal Properties Review

[Cautionary Note to U.S. Investors Regarding Resource Estimates](#)

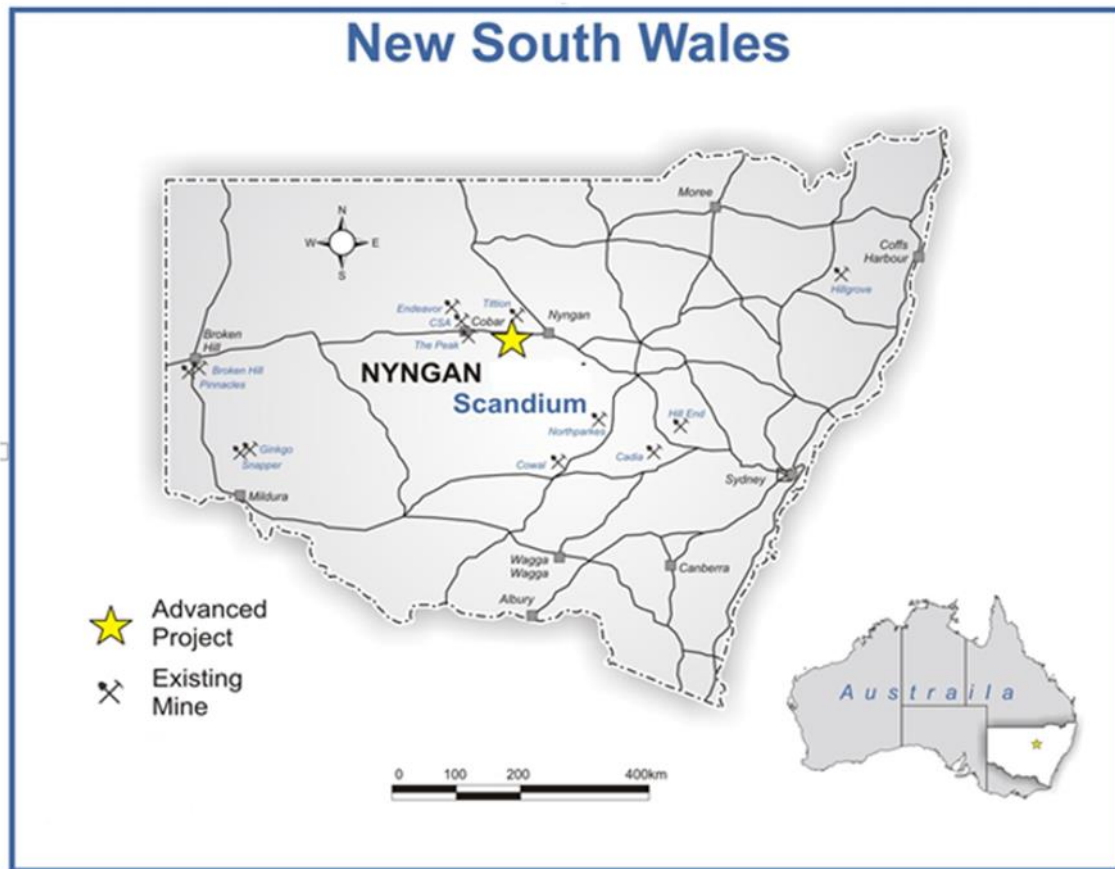
The Company's technical disclosure in this section uses certain terms which are defined by the Canadian Institute of Mining, Metallurgy and Petroleum, and required to be disclosed in accordance with Canadian National Instrument 43-101 ("NI 43-101"). The disclosure standards in the United States Securities and Exchange Commission's (the "SEC") Subpart 1300 of Regulation S-K contain significant differences from the disclosure requirements of NI 43-101 and information presented in this section may not be comparable with United States standards in documents filed with the SEC. Accordingly, information concerning mineral deposits set forth in this section may not be comparable with information presented by companies using only United States standards in their public disclosures.

Nyngan Scandium Project (NSW, Australia)

Nyngan Property Description and Location

The Nyngan Scandium Project site is located approximately 450 kilometers northwest of Sydney, NSW, Australia and approximately 20 kilometers due west of the town of Nyngan, a rural town of approximately 2,900 people. The general area can be characterized as flat countryside and is classified as agricultural land, used predominantly for wheat farming and livestock grazing.

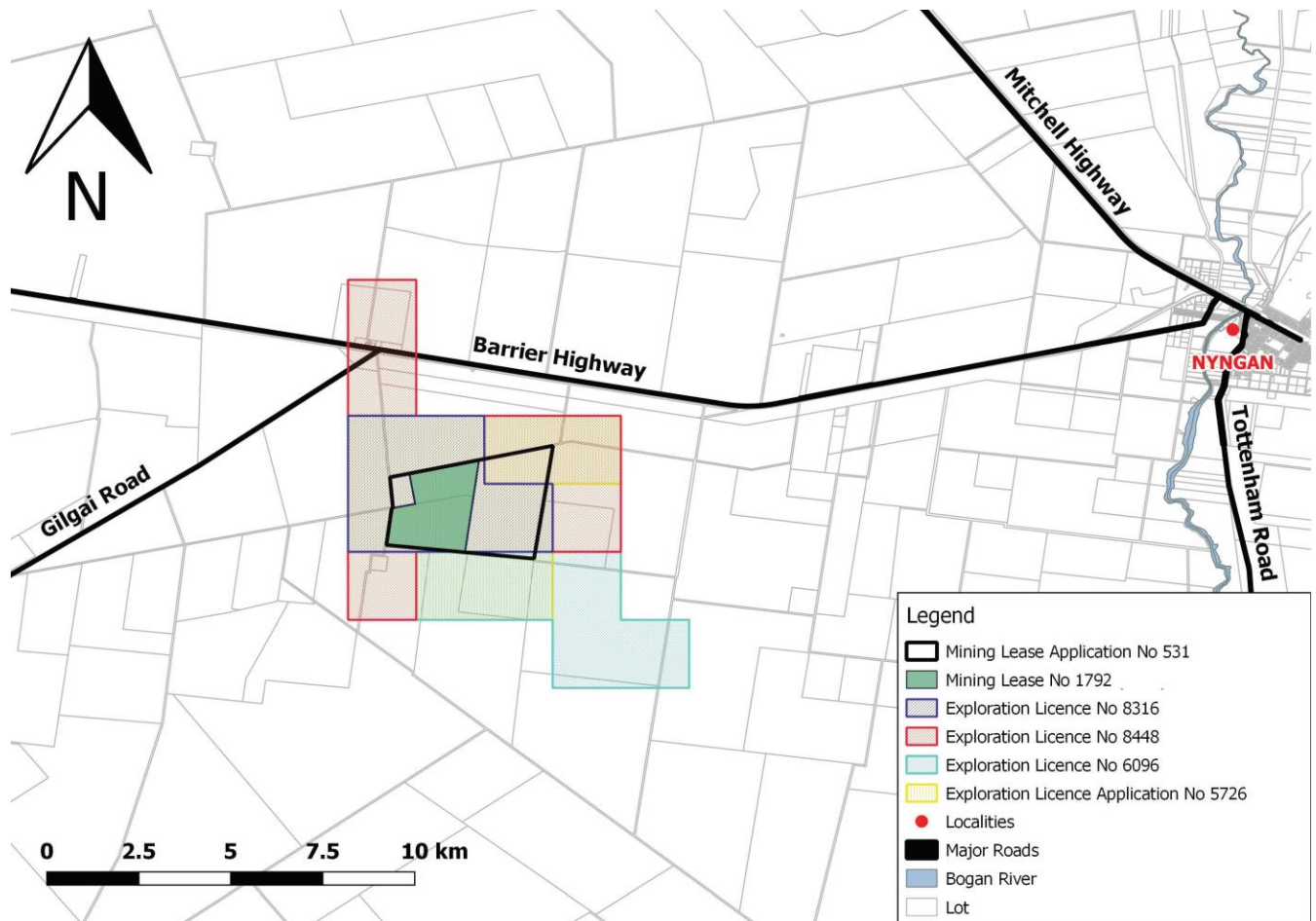
Figure 1: Location of Nyngan Project



Note: None of the Existing Mines identified in Figure 1 produce scandium.

Figure 2: Location of the Exploration Licenses and Mining Lease for the Nyngan Scandium

Project



Note: All Exploration Licenses and Leases described in Figure 2 are held 100% by EMC-A.

Nyngan Feasibility Study

On April 18, 2016, the Company announced the results of an independent definitive feasibility study on the Nyngan Scandium Project. The technical report on the feasibility study entitled “*Feasibility Study – Nyngan Scandium Project, Bogan Shire, NSW, Australia*” is dated May 4, 2016, and was independently compiled pursuant to the requirements of NI 43-101 (the “Feasibility Study” or “DFS”).

Environmental Permitting/Development Consent/Mining Lease

On May 2, 2016, the Company announced the filing of an Environmental Impact Statement (“EIS”) with the New South Wales Department of Planning and Environment (the “Department”) in support of the planned development of the Nyngan Scandium Project. The EIS was prepared by R.W. Corkery & Co. Pty. Limited, on behalf of the Company’s subsidiary, EMC Australia, to support an application for Development Consent for the Nyngan Scandium Project. The EIS is a self-contained set of documents, which includes a Specialist Consultants’ Study Compendium, and is considered the foundational environmental document used to seek a Development Consent.

EIS Highlights:

- The EIS finds residual environmental impacts represent negligible risk.

- The proposed development design achieves sustainable environmental outcomes.
- The EIS finds net-positive social and economic outcomes for the community.
- Nine independent environmental consulting groups conducted analysis over five years, and contributed report findings to the EIS.
- The Nyngan Project development is estimated to contribute A\$12.4M to the local and regional economies, and A\$39M to the State and Federal economies, annually.
- The EIS is fully aligned with the DFS and with a NSW Mining License Application for the Nyngan Project.

The conclusion statement in the EIS reads as follows: “In light of the conclusions included throughout this *Environmental Impact Statement*, it is assessed that the Proposal could be constructed and operated in a manner that would satisfy all relevant statutory goals and criteria, environmental objectives and reasonable community expectations.”

Development Consent:

The Development Consent is considered the key approval required to build a mine facility in Australia. As the Nyngan Scandium Project is considered a State Significant Project (capital cost + A\$30 million), the Minister of Planning and Environment is designated to manage the investigation and approval process for any granting of a Development Consent.

On November 10, 2016, the Company announced that the Development Consent had been granted. This Development Consent represents an approval to develop the Nyngan Scandium Project and is based on facts and findings contained in the EIS. The Development Consent follows an in-depth review of the EIS, the project plan, community impact studies, public EIS exhibition and commentary, and economic viability, and involved more than 12 specialized governmental agencies and groups.

Mining Lease:

During July 2019, EMC Australia received notice of approval for its most current mining lease (ML) application. The ML (ML 1792) overlays select areas previously covered by exploration licenses and represents the final major development approval required from the NSW Government to begin construction on the project. The ML 1792 grant is issued for a period of 21 years and is based on the development plans and intent submitted in the ML application. The ML can be modified by NSW regulatory agencies, as requested by EMC Australia over time, to reflect changing operating conditions.

In addition to these two key governmental approvals, other required licenses and permits must be acquired but are considered routine and require only compliance with fixed standards and objective measurements. These remaining approvals include submittal of numerous plans and reports supporting compliance with the Development Consent and Mining Lease. In addition, the following water, roads, dam and electrical access reviews and arrangements must be finalized:

- Water Supply Works and Use Approval and Water Access License,
- State and local approval for construction of the intersection of the Site Access Road and Gilgai Road,
- An approval from the NSW Dams Safety Committee for the design and construction of the Residue Storage Facility, and
- A high voltage connection agreement with Essential Energy.

The 2019 ML 1792 grant covers 810 acres (354 hectares) of surface area fully owned by the Company, an area adequate to construct and operate a scandium mine of a scale outlined in the definitive Feasibility Study. The Company had originally filed a mining lease application (MLA 531) covering an area of 874 hectares, which was granted in 2017 as a mining lease (ML 1763), and later ruled invalid. At that time, it was unknown, to both the Department and the Company, that a local landowner had filed a prior, timely and valid objection to the granting of that mining lease. The reduction in area between the initial 2017 ML 1763 and the replacement 2019 ML 1792 represented acreage protested in an “Agricultural Land” objection

lodged by a local landowner. The landowner holds freehold surface ownership over a portion of the original grant that was previously covered by the 2017 ML 1763.

On September 10, 2020, the Company announced receipt of a final determination letter from the Deputy Secretary, Department of Regional NSW, Division of Mining, Exploration and Geoscience resolving the outstanding objection filed by the landowner in 2016.

Written advice from the Department to the Company makes clear that all required independent investigative processes, and all affected party comment periods, were completed, and the Department's decision in this dispute matter is final. There are further state courts of appeal available to the landowner, but the facts supporting this final decision are confirmed by the NSW Department of Primary Industry and follow governing law.

This Final Determination from the NSW Government will again allow all measured and indicated resource included in the Nyngan Scandium Project DFS to be reinstated in a new mining lease grant, for which the Company has filed an application, and which remains pending with the NSW Government.

Honeybugle Scandium Property (NSW, Australia)

On April 2, 2014, the Company announced that it had secured a 100% interest in an exploration license (EL 7977) covering 34.7 square kilometers in New South Wales, Australia. The license area we call the 'Honeybugle Scandium Property' is located approximately 24 kilometers west-southwest from the Company's Nyngan Scandium Project and approximately 36 kilometers southwest from the town of Nyngan, NSW. The application to renew the exploration license for a further six years was approved in November 2022.

Exploration rights for the Honeybugle Scandium Property include certain minimum expenditure requirements. The Company intends to fulfill those minimum expenditure requirements and executed a new drilling program in the first quarter of 2023.

Honeybugle Drill Results

The Honeybugle drill program was completed in the first quarter of 2023. The drill program found Scandium enriched laterite formation defined as the Woodlong prospect within the Honeybugle Exploration Licence 7977 area, where 32 vertical air core holes were drilled during first quarter 2023 in an approximately 300m x 400m area.

The laterite mineralization, consisting of both hematite and limonite, lies less than 2 meters below the surface. The laterite zone appears to thicken to both the west and south. Additional metallurgical testing is required on the saprolite mineralization to determine suitability for potential economic extraction.

Downstream Scandium Products

In February 2011, we announced the results of a series of laboratory-scale tests investigating the production of aluminum-scandium master alloys directly from aluminum oxide and scandium oxide feed materials. The overall objective of this research was to demonstrate and commercialize the production of aluminum-scandium master alloy using impure scandium oxide as the scandium source, potentially significantly improving the economics of aluminum-scandium master alloy production. In October 2019, the Company was granted Patent No. 10450634, titled "Scandium-Containing Master Alloys And Method For Making The Same."

During the 2015-2017 timeframe, we continued our own internal laboratory-scale investigations into the production of aluminum-scandium master alloys, furthering our understanding of commercial processes,

and achievable recoveries. We also advanced our abilities to make a commercial-grade 2% scandium master alloy product.

On March 2, 2017, we announced the signing of a Memorandum of Understanding ("MOU") with Weston Aluminium Pty Ltd. ("Weston") of Chatswood, NSW, Australia. The MOU defines a cooperative commercial alliance to jointly develop the capability to manufacture aluminum-scandium master alloy. The intended outcome of this alliance will be to develop the capability to offer Nyngan Scandium Project aluminum alloy customers scandium in form of Al-Sc master alloy, should customers prefer that product form.

The MOU outlines steps to jointly establish the manufacturing parameters, metallurgical processes, and capital requirements to convert Nyngan Scandium Project scandium product into Master Alloy, at Weston's existing production site in NSW. The MOU does not include a binding contract with commercial terms at this stage, although the intent is to pursue the necessary technical elements to arrive at a commercial contract for conversion of scandium oxide to master alloy, and to do so prior to first mine production from the Nyngan Scandium Project.

On March 5, 2018, the Company announced that it had initiated a small scale pilot program (4kg scale) at the Alcereco Inc. metallurgical research facilities in Kingston, Ontario, to confirm and refine previous lab-scale work on the manufacture of aluminum-scandium 2% master alloy (MA). The program advanced the process understanding for commercial scale upgrade of Nyngan scandium oxide product to master alloy product.

The 2018 pilot program consisted of 5 separate trials on two MA product types, production of MA in various forms, and gross analysis to ascertain scandium recoveries to product. The mass of master alloy and product variants produced in the program totaled approximately 20kg and was completed in December of 2018. The results of the program included the successful production of 2% grade MA, with recoveries of scandium to product of 85%.

A second phase of the small-scale pilot program was initiated in the first half of 2019, again at 4kg scale, building on the work done in phase I. The results of this second program included successful production of 2% grade MA, with improvements in form of rapid kinetics, and recoveries of scandium to product of +90%.

On March 5, 2018, the Company also announced that it filed for patent protection on certain process refinements for master alloy manufacture that it believes are novel methods, and also on certain product variants that it believes represent novel forms of introducing scandium more directly into aluminum alloys. In April of 2021, the Company was granted Patent No. 10,988,830, titled "Scandium Master Alloy Production."

Master Alloy Capability Demonstrated

On February 24, 2020, the Company announced the completion of a three year, three stage program to demonstrate the capability to manufacture aluminum-scandium master alloy (Al-Sc2%), from scandium oxide, using a patent pending melt process involving aluminothermic reactions.

This master alloy capability will allow the Company to offer scandium product from the Nyngan Scandium Project in a form that is used directly by aluminum alloy manufacturers globally, either major integrated manufacturers or smaller wrought or casting alloy consumers.

Research Highlights:

- Program achieved full 2% target product quality requirement,
- Sc recoveries from oxide exceeded target, demonstrated in final tests,

- The microstructure and metal quality meet major alloy producers' specifications,
- Rapid kinetics achieved, important for commercial viability,
- Individual testing batches done at 4kg scale, and
- Successful program testing forms a basis for a larger scale demonstration facility, supporting large scale samples required for industrial aluminum alloy trials.

Focus on Aluminum Alloy Applications for Scandium Products

Our focus is on the use of scandium as an alloying ingredient in aluminum-based products. The specific scandium product forms we intend to sell from the Nyngan project include both scandium oxide (Sc₂O₃) and aluminum-scandium master alloys (Al-Sc 2%).

Scandium as an alloying agent in aluminum allows for aluminum metal products that are much stronger, more easily weldable and exhibit improved performance at higher temperatures than current aluminum-based materials. This means lighter structures, lower manufacturing costs and improved performance in areas that aluminum alloys do not currently compete.

Cerium-Scandium Aluminum Alloy Program Agreement

On February 27, 2020, the Company announced signing a Program Agreement with Eck Industries ("ECK") located in Manitowoc, Wisconsin, to pursue novel alloy development of a combined cerium-scandium aluminum alloy, based on previous work done independently by the companies in this area.

The companies intend to pursue alloy refinements in both wrought and cast alloy applications, specifically targeting property improvements related to strength, corrosion resistance, and heat-working tolerance, principally in A5000 series alloys.

Program Highlights:

- Joint economic and technical support to alloy design,
- Joint sharing of previous data, and new data produced from this program,
- Samples production for customer trials, either as cast products, or wrought sample shapes for various potential customers and alloy manufacturers,
- Initial high value application expected to be in marine applications, and
- Program work is protected by existing patent applications filed by ECK.

Use Of Scandium In Lithium-Ion Batteries

On September 24, 2020, the Company announced the filing of a provisional patent application with the US Patent Office seeking patent rights on various applications of scandium in lithium-ion batteries. The patent application covers a number of scandium enhancements, including doping potential for both anodes and cathodes, and for solid electrolytes.

Patent Application Highlights:

- US Patent Application filed for use of scandium in lithium-ion battery applications.
- Scandium doping applications are explained for anodes, cathodes and electrolytes.
- Scandium offers conductivity advantages as a dopant, over other options, and
- Scandium in other aluminum components offers numerous property improvements, including conductivity, strength and corrosion resistance.

Patent Application Discussion:

Rechargeable lithium-ion batteries (LIBs) are a staple of everyday life. The search for improved performance through design and materials advances is intense today. Considerable effort is being expended in developing next-generation materials for LIBs that will make batteries safer, lighter, more durable, faster to charge, more powerful, and more cost-effective. A sampling of some these efforts follows:

- Minimizing or removing cobalt from cathode materials, based on cost, supply and geographic sourcing issues.
- Improving the durability of liquid electrolytes with dopants, or substitution with safer and higher performing liquid or solid electrolyte systems.
- Designing for higher voltage potential by utilizing different anode or cathode materials.
- Determining combinations of metals that can better withstand harsh internal conditions.

Scandium, along with other specialty metals, has a clear role to play in each of these areas.

One particularly promising area for scandium contributions is in a lithium nickel manganese oxide (LNMO) battery. The cathode in this design substitutes manganese for cobalt and supports a higher nickel content as well. The substitution then delivers higher working potentials (voltage), higher energy densities, and faster charge/discharge rates, all of which offer the promise of improved battery performance.

Delivering on that promise requires a number of improvements, including employing a dopant for stabilization of the manganese in the LNMO cathode, potential stabilization of lithium titanate (LTO) anode materials as well, and use of dopants to improve the conductivity of both these anode and cathode materials. Conventional liquid electrolytes may see improved function and longevity with the improved cathode and anode conductivity. Scandium represents a suitable and effective dopant in each of these applications.

Solid state electrolytes (SSEs) represent another potential break-through improvement in LIBs. They will handle higher voltages, higher temperatures, greater power densities, are potentially easier to package, and are considered safer in use. Scandium represents a suitable and effective dopant in these applications, analogous to the use of scandium to stabilize solid zirconia electrolytes in solid oxide fuel cells. Recently technical papers (available upon request) covering the use of Lithium Super Ion Conductors (LiSICON) for SSEs have indicated that primary compounds containing scandium, such as $\text{Li}_3\text{Sc}_2(\text{PO}_4)_3$, LiScP_2O_7 and $\text{Li}_3\text{Sc}(\text{BO}_3)_2$, LiScO_2 as well as certain doped compounds such as $\text{Li}_{1.33}\text{ScSi}_{0.33}\text{P}_{1.67}\text{O}_7$, $\text{Li}_{3.375}\text{Mg}_{0.375}\text{Sc}_{0.625}(\text{BO}_3)_2$, $\text{Li}_{1.5}\text{Al}_{0.33}\text{Sc}_{0.17}\text{Ge}_{1.5}(\text{PO}_4)_3$, etc. can provide desirable crystal structural frameworks for solid state electrolytes. Non-oxide LiSICON fast conductors have also been identified recently, such as some lithium cryolite types: Li_3ScCl_6 , as well as its fluoride counterpart Li_3ScF_6 .

Lithium-ion batteries employ aluminum in a number of areas, specifically in cathode structure, current connectors, and in general battery structure. Aluminum-scandium alloys represent an enhanced aluminum alloy option, based on their combination of conductivity and strength.

The intent of this SCY patent filing was to advise the battery industry that scandium is a prospective dopant choice for enhanced performance of LIBs, both under existing design parameters and in particular for next-generation LNMO batteries. We want to ensure that battery research and design groups consider scandium additions, amongst their various materials choices, as they race to build a better lithium-ion battery.

Operating results - Revenues and Expenses

The Company's results on a year-to-date basis reflect lower operating costs. Cash expenditures were \$48,206 higher due to higher exploration costs.

Summary of quarterly results

A summary of the Company's quarterly results is shown below at Table 1.

Table 1. Quarterly Results Summary (US\$)

	2024		2023				2022	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net Sales	-	-	-	-	-	-	-	-
Net Income (Loss) attributable to Scandium Mining Corp. Basic and diluted	(4,257)	(151,196)	(133,732)	74,732	(129,756)	236,000	228,371	70,701
Net Income (Loss) per share attributable to Scandium Mining Corp.	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.00)	(0.00)

Results of Operations for the three months ended June 30, 2024

The net loss for the quarter was \$4,257, a decrease of \$125,499 from a loss of \$129,756 in the same quarter of the prior year. Details of the individual items contributing to the net decrease are set out below at Table 2:

Table 2. Variance Analysis for Net Loss

Q2 2024 vs. Q2 2023 – Variance Analysis		
Item	Variance Favourable / (Unfavourable)	Explanation
Professional fees	(\$27,823)	Legal fees increased in Q2 2024 due to increased legal activity compared to Q2 2023.
General & administrative	(\$11,551)	Increased costs incurred during Q2 2024 compared to Q2 2023 due to increased IT support costs.
Interest income	(\$2,999)	Decrease in interest income due to a decrease in term deposits compared to Q2 2023.

Q2 2024 vs. Q2 2023 – Variance Analysis		
Item	Variance Favourable / (Unfavourable)	Explanation
Travel	(\$398)	In Q2 2024 travel expense was incurred to visit the Nyngan property. No such expense was incurred in Q2 2023..
Insurance	\$16	Slightly lower premiums for D&O insurance and general liability insurance resulted in this minor variance when comparing the two quarters.
Foreign Exchange	\$3,967	The Canadian dollar strengthened in the Q2 2024 against the US\$ resulting in this favorable variance when compared to Q2 2023 when the opposite occurred.
Derivative liability	\$10,182	Warrants issued in Q2 2022 are in Canadian funds. The value of the warrants are recalculated based on Black-Scholes calculation at the end of the quarter. As the exchange rate with the Canadian dollar fluctuates, and the value of the warrants are recalculated based on current share price, a gain or loss on this is recorded in the financial statements. This is a non-cash transaction.
Salaries & benefits	\$32,355	Management salaries were slightly reduced in Q2 2024 when compared to the corresponding quarter in 2023. No stock based compensation was recognized in either quarter.
Exploration	\$121,750	In Q2 2023, the Company carried out drilling activities on its Australian properties while in Q2 2024, no exploration activities were conducted.

Results of Operations for the six months ended June 30, 2024

The net loss for the six month period was \$155,453, a decrease of \$261,697 from a net profit of \$106,244 in the same six month period of the prior year. Details of the individual items contributing to the net decrease are set out below at Table 3.

Table 3. Variance Analysis for Net Profit

Six-month period ending June 30, 2024 vs. the six-month period ending June 30, 2023 – Variance Analysis

Item	Variance Favourable / (Unfavourable)	Explanation
Loss on derivative liability	(\$472,692)	Warrants were issued in Q2 2022 were in Canadian funds. The value of the warrants are recalculated based on Black-Scholes calculation at the end of each quarter. As the Company's share price has decreased a gain is recognized on the derivative liability. Also as the exchange rate with the Canadian dollar fluctuates, a gain or loss on this is recorded in the financial statements. This is a non-cash item.
Professional fees	(\$21,501)	Increased legal fees incurred during the six months ended June 30, 2024 compared to the previous year.
Interest Income	(\$2,889)	Decrease in interest income due to a decrease in term deposits compared to comparative period.
Insurance	\$13	Slightly lower premiums for D&O insurance and general liability insurance resulted in this minor variance when comparing the two quarters.
General and administrative	\$761	With the continuing focus on reducing costs, the Company incurred less fees for items included in this category.
Travel	\$3,339	In Q1 2023, management visited the property and legal counsel in Australia. No such expenditures were incurred in Q1 2024.
Foreign exchange	\$22,255	The Canadian dollar strengthened in the Q2 2024 against the US\$ resulting in this favorable variance when compared to Q2 2023 when the opposite occurred. Because we hold a large amount of funds in these two currencies a greater foreign exchange loss was incurred than in 2023.
Salaries and benefits	\$65,526	This favorable variance is due to no stock based compensation grants or vesting of options during Q2 2024.
Exploration	\$143,491	In Q2 2023, the Company carried out drilling activities on its Australian properties while in 2022, no exploration activities were conducted.

Cash flow discussion for the six-month period ended June 30, 2024, compared to June 30, 2023

The cash outflow for operating activities was \$221,432, a decrease of \$270,464 (June 30, 2022 – \$491,896).

Financial Position

Cash

The Company's cash position decreased during the six-month period by \$201,004 to \$800,524 (December 31, 2023 - \$1,021,956).

Prepaid expenses and receivables

Prepaid expenses and accounts receivable increased by \$19,783 to \$20,428 during the six-month period due to the accruing of interest earned on cash deposits (December 31, 2023 - \$40,211).

Mineral interests

Mineral interests remained the same at \$704,053 (December 31, 2023 - \$704,053).

Accounts payable, accrued liabilities and accounts payable with related parties

Current liabilities have decreased by \$86,087 to \$263,172 (December 31, 2023 – \$349,29) due to the warrant derivative liability being decreased. Excluding the derivative liability, an increase of \$939 took place for this item.

Capital Stock

Capital stock remained at \$111,144,603 (December 31, 2023 - \$111,144,603).

Additional paid-in capital remained at \$7,306,631 (December 31, 2023 - \$7,306,631).

Liquidity and Capital Resources

At June 30, 2024, the Company had a working capital of \$557,780 including cash of \$800,524, as compared to a working capital of \$712,908 including cash of \$1,021,956 at December 31, 2023.

At June 30, 2024, the Company had a total of 36,725,000 stock options exercisable between C\$0.065 and C\$0.350 that have the potential upon exercise to generate a total of C\$3,341,000 in cash over the next four and a half years. There is no assurance that these securities will be exercised. At June 30, 2024, the Company had a total of 37,803,218 share purchase warrants exercisable at C\$0.1075 that have the potential upon exercise to generate a total of C\$4,063,846 in cash over the next three years. The Company's continued development is contingent upon its ability to raise sufficient financing both in the short and long term. There are no guarantees that additional sources of funding will be available to the Company; however, management is committed to pursuing all possible sources of financing in order to execute its business plan. The Company continues its cost control measures to conserve cash to meet its operational obligations.

Outstanding share data

At the date of this report, the Company has 355,860,813 issued and outstanding common shares, 37,803,218 purchase warrants currently outstanding at an exercise price of C\$0.1075 and 36,725,000 stock options currently outstanding at a weighted average exercise price of C\$0.091.

Off-balance sheet arrangements

At June 30, 2024, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Transactions with related parties

During the 6-month period ended June 30, 2024, the Company expensed \$Nil for stock-based compensation for stock options granted to Company directors. During the 6-month period ended June 30, 2023, the Company expensed \$44,367 for stock-based compensation for stock options issued to Company directors.

As at June 30, 2024, the Company owed \$5,002 to an officer of the Company. (December 31, 2023 - \$5,104)

Proposed Transactions

There are no proposed transactions outstanding other than as disclosed.

Critical Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting policies requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on past experience, industry trends and known commitments and events. By their nature, these estimates are subject to measurement uncertainty and the effects on the financial statements of changes in such estimates in future periods could be significant. Actual results will likely differ from those estimates.

Stock-based compensation

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options and compensatory warrants granted. This model is subject to various assumptions. The assumptions the Company makes will likely change from time to time. At the time the fair value is determined, the methodology the Company uses is based on historical information, as well as anticipated future events. The assumptions with the greatest impact on fair value are those for estimated stock volatility and for the expected life of the instrument.

Future income taxes

The Company accounts for tax consequences of the differences in the carrying amounts of assets and liabilities and their tax bases using tax rates expected to apply when these temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no future income tax asset is recognized. The Company has taken a valuation allowance against all such potential tax assets.

Mineral properties and exploration and development costs

The Company capitalizes the costs of acquiring mineral rights at the date of acquisition. After acquisition, various factors can affect the recoverability of the capitalized costs. The Company's recoverability evaluation of our mineral properties and equipment is based on market conditions for minerals, underlying mineral resources associated with the assets and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, operating risk, ownership and political risk, funding and currency risk, as well as environmental risk. Bearing these risks

in mind, the Company has assumed recent world commodity prices will be achievable. The Company has considered the mineral resource reports by independent engineers on the Nyngan Scandium Project in considering the recoverability of the carrying costs of the mineral properties. All of these assumptions are potentially subject to change, out of our control, however such changes are not determinable. Accordingly, there is always the potential for a material adjustment to the value assigned to mineral properties and equipment.

Recent Accounting Pronouncements

There following recently issued accounting standards updates are currently not expected to have a material impact on the Company.

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.

Financial instruments and other risks

The Company’s financial instruments consist of cash, receivables, accounts payable, accounts payable with related parties, accrued liabilities and promissory notes payable. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted. The Company has its cash primarily in three commercial banks: (i) one in Vancouver, British Columbia, Canada, (ii) one in Mackay, Queensland, Australia, and (iii) one in Chicago, Illinois, United States.

Information Regarding Forward-Looking Statements

This Management’s Discussion and Analysis of Financial Condition and Results of Operations contain certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the prices of metals, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate” or “believes” or variations of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of Scandium International to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of current exploration activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labor disputes or other risks of the mining industry, delays in obtaining government approvals or financing or incompleteness of

development or construction activities, risks relating to the integration of acquisitions, to international operations, and to the prices of metals and risks relating to the COVID-19 pandemic. While Scandium International has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Scandium International expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Disclosure controls and procedures

The Company's management is responsible for establishing and maintaining adequate disclosure controls and procedures. The Company's management, including our principal executive officer and our principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based on that evaluation, the principal executive officer and principal financial officer concluded that as of the end of the period covered by this report, the Company has maintained effective disclosure controls and procedures in all material respects, including those necessary to ensure that information required to be disclosed in reports filed or submitted with the SEC (i) is recorded, processed, and reported within the time periods specified by the SEC, and (ii) is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow for timely decision regarding required disclosure.

Changes in Internal Control

There have been no changes in internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The Company has been notified of litigation from a former consultant. It is the Company's belief that the litigation has no merit.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

- 31.1 Certification of the Principal Executive Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the U.S. Securities Exchange Act of 1934 (filed herewith)
- 31.2 Certification of the Principal Financial Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the U.S. Securities Exchange Act of 1934 (filed herewith)
- 32.1 Section 1350 Certification of the Principal Executive Officer (filed herewith)
- 32.2 Section 1350 Certification of the Principal Financial Officer (filed herewith)
- 101 Financial Statements from the Quarterly Report on Form 10-Q of the Company for the three and six months ended June 30, 2024, formatted in XBRL (filed herewith)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 14, 2024

SCANDIUM INTERNATIONAL MINING CORP.
(Registrant)

By: /s/ "Peter B. Evensen"

Principal Executive Officer

By: /s/ "R. Christian Evensen"

Principal Financial Officer