



**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SIX MONTHS AND THREE MONTHS ENDED JUNE 30, 2021**

**Scandium International Mining Corp.**

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Expressed in US Dollars) (Unaudited)

<b>As at:</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 159,370	\$ 170,284
Prepaid expenses and receivables	27,430	42,430
<b>Total Current Assets</b>	<b>186,800</b>	<b>212,714</b>
<b>Reclamation bond (Note 4)</b>	<b>11,444</b>	<b>11,444</b>
<b>Equipment (Note 3)</b>	<b>3,770</b>	<b>4,660</b>
<b>Mineral property interests (Note 4)</b>	<b>704,053</b>	<b>704,053</b>
<b>Total Assets</b>	<b>\$ 906,067</b>	<b>\$ 932,871</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 430,732	\$ 451,932
Accounts payable with related parties (Note 5)	932,620	702,456
<b>Total Liabilities</b>	<b>1,363,352</b>	<b>1,154,388</b>
<b>Shareholders' Deficiency</b>		
Capital stock (Note 6) (Authorized: Unlimited number of common shares; Issued and outstanding: 316,272,595 (2020 – 314,032,595))	110,033,074	109,627,071
Treasury stock (Note 7) (1,033,333 common shares) (2020 – 1,033,333)	(1,264,194)	(1,264,194)

Additional paid in capital (Note 6)	6,936,862	6,505,416
Accumulated other comprehensive loss	(853,400)	(853,400)
Deficit	(115,309,627)	(114,236,410)
	<hr/>	<hr/>
<b>Total Shareholders' Deficiency</b>	(457,285)	(221,517)
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<b>Total Liabilities and Shareholders' Deficiency</b>	\$ 906,067	\$ 932,871
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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 June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
<b>EXPENSES</b>				
Amortization (Note 3)	\$ 419	\$ 577	\$ 890	\$ 1,154
Consulting (Note 5)	34,526	32,190	59,622	62,565
Exploration	7,163	13,220	22,415	29,181
General and administrative (Note 9)	(33,225)	91,734	91,057	157,841
Insurance	9,329	8,034	18,287	16,273
Professional fees	18,512	9,315	48,009	36,860
Salaries and benefits	117,239	114,840	234,175	228,410
Stock-based compensation (Notes 5 & 6)	610,385	3,616	610,385	258,376
	(764,348)	(273,526)	(1,084,840)	(790,660)
Foreign exchange gain (loss)	3,268	3,063	11,623	(8,247)
Sale of royalty (Note 10)	-	-	-	382,430
<b>Loss and comprehensive loss for the period</b>	<b>\$ (761,080)</b>	<b>\$ (270,463)</b>	<b>\$ (1,073,217)</b>	<b>\$ (416,477)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>316,272,595</b>	<b>312,482,595</b>	<b>314,989,527</b>	<b>312,482,595</b>

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)

6-month period ended	June 30, 2021	June 30, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (1,073,217)	\$ (416,477)
Items not affecting cash:		
Amortization	890	1,154
Stock-based compensation	610,385	258,376
Changes in non-cash working capital items:		
Decrease in prepaid expenses and receivables	15,000	24,690
Increase in accounts payable, accrued liabilities and accounts payable with related parties	208,964	258,006
	(237,978)	125,749
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Common shares issued	-	-
Options exercised for common shares	227,064	-
	227,064	-
<b>Change in cash during the period</b>	(10,914)	125,749
<b>Cash, beginning of period</b>	170,284	115,568
<b>Cash, end of period</b>	\$ 159,370	\$ 241,317

	2021	2020
<b>Cash paid during the 6-month period for interest</b>	\$ -	\$ -
<b>Cash paid during the 6-month period for taxes</b>	\$ -	\$ -

There were no significant non-cash investing and financing activities during the periods ended June 30, 2021, and 2020.

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

**Scandium International Mining Corp.**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in US Dollars) (Unaudited)

	Number of Shares	Capital Stock	Additional Paid in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity (Deficiency)
<b>Balance, December 31, 2019</b>	<b>312,482,595</b>	<b>\$ 109,375,661</b>	<b>\$ 5,936,074</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (112,848,570)</b>	<b>\$ 345,571</b>
Stock-based compensation	-	-	254,760	-	-	-	254,760
Loss for the three months	-	-	-	-	-	(146,014)	(146,014)
<b>Balance, March 31, 2020</b>	<b>312,482,595</b>	<b>\$ 109,375,661</b>	<b>\$ 6,190,834</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (112,994,584)</b>	<b>\$ 454,371</b>
Stock-based compensation	-	-	3,616	-	-	-	3,616
Loss for the three months	-	-	-	-	-	(270,463)	(270,463)
<b>Balance, June 30, 2020</b>	<b>312,482,595</b>	<b>\$ 109,375,661</b>	<b>\$ 6,194,450</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (113,265,047)</b>	<b>\$ 187,470</b>
Loss for the three months	-	-	-	-	-	(265,057)	(265,057)
<b>Balance, September 30, 2020</b>	<b>312,482,595</b>	<b>\$ 109,375,661</b>	<b>\$ 6,194,450</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (113,530,104)</b>	<b>\$ (77,587)</b>
Options exercised	1,550,000	251,410	(114,713)	-	-	-	136,697
Stock-based compensation	-	-	425,679	-	-	-	425,679
Loss for the three months	-	-	-	-	-	(706,410)	(706,410)
<b>Balance, December 31, 2020</b>	<b>314,032,595</b>	<b>\$ 109,627,071</b>	<b>\$ 6,505,416</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (114,236,410)</b>	<b>\$ (221,517)</b>
Options exercised	2,240,000	406,003	(178,939)	-	-	-	227,064
Loss for the three months	-	-	-	-	-	(312,137)	(312,137)
<b>Balance, March 31, 2021</b>	<b>316,272,595</b>	<b>\$ 110,033,074</b>	<b>\$ 6,326,477</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (114,548,547)</b>	<b>\$ (306,590)</b>
Stock-based compensation	-	-	610,385	-	-	-	610,385
Loss for the three months	-	-	-	-	-	(761,080)	(761,080)
<b>Balance, June 30, 2021</b>	<b>316,272,595</b>	<b>\$ 110,033,074</b>	<b>\$ 6,936,862</b>	<b>\$ (1,264,194)</b>	<b>\$ (853,400)</b>	<b>\$ (115,309,627)</b>	<b>\$ (457,285)</b>

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

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

Scandium International is a specialty metals company focused on the evaluation and potential development of projects into producing assets. The Company pursues project opportunities from both known geologic resources and existing mine process solutions when it identifies further recovery potential.

The Company is an exploration stage company and anticipates incurring significant additional expenditures prior to production at any and all of its properties. 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".

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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

## **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 condensed consolidated balance sheets, results of operations and comprehensive loss and cash flows for the interim periods have been made. Certain information and footnote disclosures normally included in the condensed 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, 2020, and with our Annual Report on Form 10-K filed with the SEC on February 28, 2021. Operating results for the six-month period ended June 30, 2021, may not necessarily be indicative of the results for the year ending December 31, 2021.

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").

### **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 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



**Scandium International Mining Corp.**  
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**2. BASIS OF PRESENTATION** (cont'd...)

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

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income.

Financial instruments, including 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 Company has no leases with a term of greater than 12 months. Short term lease expenses totaled \$14,766 during the six months ended June 30, 2021, and \$14,766 during the six months ended June 30, 2020.

The following table presents information about the assets that are measured at fair value on a recurring basis as at June 30, 2021 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:

	June 30, 2021	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	\$ 159,370	\$ 159,370	\$ —	\$ —
Total	\$ 159,370	\$ 159,370	\$ —	\$ —

**Recently Adopted and Recently Issued Accounting Standards**

Accounting Standards Update 2021-04 - Earnings Per Share (Topic 260), Debt Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging Contracts in Entity's Own Equity (Subtopic 815-40) This update is to provide clarity around earnings per share calculations and is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company is reviewing this standard but expects little or no impact on its financial statements.

Accounting Standards Update 2019-12 – Income Taxes (Topic 740) The Financial Accounting Standards Board ("Board") is issuing this Update as part of its initiative to reduce complexity in accounting standards. This standard is effective for interim and annual reporting periods beginning after December 15, 2020, with early adoption permitted. The Company has implemented this standard for 2021, with little or no impact on its financial statements.

Accounting Standards Update 2019-01 – Leases (Topic 842) Codification Improvements - Issue 3 Transition Disclosures Related to Topic 250, Accounting Changes and Error Corrections. The amendments in this Update clarify the Board's original intent by explicitly providing an exception to the paragraph 250-10-50-3 interim disclosure requirements in the Topic 842 transition disclosure requirements. The Company has implemented this standard for 2021, with little or no impact on its financial statements.

**3. EQUIPMENT**

	December 31, 2020, Net Book Value	Additions (disposals) (write-offs)	Amortization	June 30, 2021, Net Book Value
Computer equipment	\$ 4,660	\$ -	\$ (890)	\$ 3,770

**Scandium International Mining Corp.**

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June 30, 2020

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	December 31, 2019, Net Book Value	Additions (disposals) (write-offs)	Amortization	June 30, 2020, Net Book Value
Computer equipment	\$ 6,967	\$ -	\$ (1,154)	\$ 5,813

**4. MINERAL PROPERTY INTERESTS**

June 30, 2021	Scandium and other
<b>Balance, June 30, 2020, December 31, 2020</b>	<b>\$ 704,053</b>

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral property interests. The Company has investigated title to all its mineral property interests and, to the best of its knowledge, title to all of its properties is in good standing.

**SCANDIUM PROPERTIES**

*Nyngan, New South Wales Property*

The Company holds a 100% interest in the Nyngan property in New South Wales, Australia (NSW). A definitive feasibility study was completed on the property in 2016.

In April 2019, the Company received notice from the New South Wales Department of Planning and Environment (the "Department") that, due to a procedural issue within the Department, the Company's Mine Lease Grant ("ML 1763") pertaining to the Nyngan Scandium Project, previously issued by the Department, is invalid. On September 10, 2020, the Company announced receipt of a Final Determination letter from the Deputy Secretary, Mining, Exploration and Geoscience resolving the outstanding objection filed by the landowner in 2016. This Final Determination will allow all measured and indicated resources included in the Nyngan Scandium Project Definitive Feasibility Study ("DFS") to be reinstated in a Mining Lease grant. In May 2019, the Company filed a new mine lease application with the Department, related to the Nyngan Scandium Project to compensate for the procedural issue. On July 24, 2019, the Company announced that a new mine lease ("ML 1792") had been granted.

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. During fiscal 2018, a reclamation bond of \$11,444 (€10,000) was placed.

**5. RELATED PARTY TRANSACTIONS**

During the 6-month period ended June 30, 2021, the Company expensed \$441,277 for stock-based compensation for stock options issued to Company directors. During the 6-month period ended June 30, 2020, the Company expensed \$196,551 for stock-based compensation for stock options issued to Company directors.

During the 6-month period ended June 30, 2021, the Company expensed a consulting fee of \$51,000 to one of its directors. During the 6-month period ended June 30, 2020, the Company expensed a consulting fee of \$51,000 to one of its directors. The expensed consulting fees in both years were accrued and remain unpaid.

As at June 30, 2021, the Company owed \$932,620 to various directors and officers of the Company. (December 31, 2020 - \$702,456)

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

**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.

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

Stock option transactions are summarized as follows:

	Stock Options	
	Number	Weighted average exercise price in Canadian \$
Outstanding, December 31, 2019	34,610,000	\$ 0.19
Granted	14,425,000	0.10
Exercised	(1,550,000)	0.12
Expired	(12,385,000)	0.14
Outstanding, December 31, 2020	35,100,000	0.17
Granted	6,175,000	0.18
Exercised	(2,240,000)	0.13
Expired	(2,035,000)	0.13
Outstanding, June 30, 2021	37,000,000	\$ 0.18
Number currently exercisable	37,000,000	\$ 0.18

As at June 30, 2021, incentive stock options were outstanding as follows:

	Number of Options Outstanding	Number of Options Exercisable	Exercise Price in Canadian \$	Expiry Date
<b>Options</b>				
	400,000	400,000	0.370	August 19, 2021
	400,000	400,000	0.225	August 19, 2021
	400,000	400,000	0.150	August 19, 2021
	400,000	400,000	0.065	August 19, 2021
	4,400,000	4,400,000	0.370	February 21, 2022
	250,000	250,000	0.300	October 6, 2022

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5,700,000	5,700,000	0.225	January 19, 2023
350,000	350,000	0.185	August 30, 2023
4,525,000	4,525,000	0.150	May 9, 2024
50,000	50,000	0.130	June 24, 2024
8,025,000	8,025,000	0.065	March 19, 2025
100,000	100,000	0.075	May 22, 2025
5,900,000	5,900,000	0.140	November 13, 2025
6,175,000	6,175,000	0.180	May 3, 2026
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37,000,000	37,000,000		

As at June 30, 2021 the Company's outstanding and exercisable stock options have an aggregate intrinsic value of \$2,031,546 (December 31, 2020 - \$1,891,329).

**Stock-based compensation**

During the 6-month period ended June 30, 2021, the Company recognized stock-based compensation of \$610,385 (June 30, 2020 - \$258,376) in the statement of operations and comprehensive loss. There were 6,175,000 stock options granted during the 6-month period ended June 30, 2021 (June 30, 20120 – 8,525,000).

The weighted average fair value of the options granted in the quarter was C\$0.12 (June 30, 2019 – C\$0.065).

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

The fair value of all compensatory options granted is estimated on grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values of stock options granted in the 6-month period ended June 30 are as follows:

	2021	2020
Risk-free interest rate	0.32%	1.31%
Expected life	5 years	5 years
Volatility	87.19%	86.26%
Forfeiture rate	N/A	N/A
Dividend rate	N/A	N/A

**7. TREASURY STOCK**

	Number	Amount
Treasury shares, June 30, 2021, and December 31 2020	1,033,333	\$ 1,264,194

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>June 30, 2021</b>	Australia	United States	Total
Equipment	\$ -	\$ 3,770	\$ 3,770
Mineral property interests	704,053	-	704,053
	\$ 704,053	\$ 3,770	\$ 707,823
<b>December 31, 2020</b>	Australia	United States	Total
Equipment	\$ -	\$ 4,660	\$ 4,660
Mineral property interests	704,053	-	704,053
	\$ 704,053	\$ 4,660	\$ 708,713

**9. PROPERTY TAX RECLASSIFICATION**

In July 2021, the Company received notice that the assessment of property tax on its Nyngan property had been reclassified, reducing any amounts accrued to \$Nil as at June 30 resulting in a reversal of accrued property taxes of \$113,236 through general and administrative expenses during the three month period ended June 30, 2021.

**10. SALE OF ROYALTY**

On January 16, 2020, the Company received net proceeds of \$382,430 (C\$500,000) from completion of a royalty buyback agreement. The Company's royalty interest was related to the Windfall Lake gold property in Quebec, Canada, and was carried at zero value on the balance sheet.

**11. NEVADA GOLD MINES LETTER OF INTENT ("LOI")**

On June 25, 2021, the Company entered into an LOI with Nevada Gold Mines ("NGM") to initiate a joint technical and economic feasibility program at NGM's Phoenix Mine, near Battle Mountain, Nevada. The purpose of this joint development program is to confirm the economic and technical viability of a critical metals recovery ("CMR") project at the mine site. The total development program is budgeted at \$2.7 million, with the first stage budget being \$500,000. NGM and the Company will each pay 50% of the budgeted cost. The LOI may be terminated with no firm obligation for the Company.