



March 19, 2024

To all Scandium-Canada shareholders and followers.

After a first 60 days in office as CEO, I am pleased to provide a first report on the activities of the Company. Although management regularly reports on its activities as part of the management discussion and analysis accompanying the quarterly and annual financial statements, we have decided to provide you with this update on the Company and its flagship project, Crater Lake.

We have a unique asset in the world, an important primary source of scandium. Following the Preliminary Economic Assessment (PEA) made public in 2022, it is clear that this asset has significant potential to justify the work required to continue its development. This is a long process involving many stakeholders. In addition, it must be done in a methodical and rigorous manner, but with a sense of urgency in order for us to satisfy the huge demand we see for scandium.

In the two months since I became CEO, I have had the opportunity to meet with certain stakeholders who are or will be involved in the next stages of the project's development. Like all "junior" mining companies, the Company finances itself mainly by issuing new shares and therefore, it is important to carefully assess the state of the markets and the current mood of regular investors for our type of company. Additionally, I have had the opportunity to meet many current shareholders as well as potential investors, both in Canada and Europe, and to speak with investors in Australia, the USA and Asia. The observation I would say is unanimous. The climate is gloomy and little new money is available and when it is, it is directed towards companies in which these investors are already invested.

That said, the reception to our project is positive, but clearly a lot of education is needed for investors to grasp the incredible value of scandium and our project in particular, as well as the large market that will develop when more scandium is made available.

During the PDAC annual conference in Toronto at the beginning of March, we were pleasantly surprised by the interest shown by various players, whether from the alloys sector, the mining industry or even by various European and Asian investors wishing to learn more about the Crater Lake project and the future of scandium.

We see scandium as the metal of the future due to its unique characteristics. When mixed in small quantities with aluminum, it makes it possible to produce alloys that can replace much heavier existing parts, thus significantly reducing the weight of the components, while making them resistant to corrosion and stronger. Imagine the impact on reducing greenhouse

gases and carbon emissions through the reduction by 10 to 25 %, the weight of a car, a plane, a satellite, a rocket. Immense.

Why isn't this already on the market you might ask? Simple. Currently the only sources of scandium come mainly from China and Russia and the scandium produced is in fact the byproduct of mining of another mineral or recovery from residues of past mining operations. Consequently, quantities are limited, and the possibilities of increasing production are almost non-existent.

This is where Scandium Canada holds a unique asset. The only primary source of scandium. The only known source whose main element is scandium. And in large quantities. The resources published in June 2023 and determined under Regulation NI43-101, justify, according to the PEA, an initial mine life of 25 years. It should be remembered that this resource was determined over a distance of only 300 m in a 600 m zone confirmed by drilling and that this zone is only one of 3 zones where scandium was confirmed by drilling on the Crater Lake property, which covers 47km².

The Company has moved to the development stage of its project and is no longer at the stage of exploring at full speed in the hope of finding a deposit. We found it and it is 100% ours.

Now we must develop it and highlight it with a vision of getting it to the production stage. It is a long and expensive process but it must be done meticulously without cutting corners and without imposing a timetable dictated by the mood of the markets or unrealistic expectations.

Thus the next logical step in project advancement is the preparation of a pre-feasibility study, which serves to refine the project costs, confirm with a higher level of precision than a preliminary economic study, the mining process, the various metallurgical processes, all the transport logistics, services on the mine site, the location of the plant for transforming the ore into scandium oxide then, in our case, into "Master Alloy" and therefore having a more precise idea of production costs. Regarding revenues, it should be remembered that there is no public market for these products, which means that throughout the execution of the technical work we will have to simultaneously establish contacts with current and potential end-users, to confirm their interest in purchasing when we have available material and therefore to talk about price and quantities.

We have initiated all of this and its speed of execution is partly linked to our ability to obtain the required capital.

Scandium being on the list of critical minerals established by the Canadian government, we benefit from different Canadian government funded programs aiming at advancing critical minerals projects. The Critical Mineral Infrastructure Fund, administered by NRCan and endowed with a fund of \$1.5B over a period of 7 years, including \$300M available this year is certainly aligned with our actual needs and project requirements. We therefore submitted a grant request to this Fund and are awaiting response. This Fund aims to accelerate the development of critical mineral projects towards the shovel ready stage and, in our case,

would cover 75% of eligible expenses required to attain this stage. A request for \$9.5M on a \$12.7M budget, was filed on February 29, 2024. We do not know the time frame for analyzing this request and therefore important work is either put on hold or delayed pending the decision.

During this time, we are not sitting idly by. We are continuing to approach potential partners as well as preparing the seasonal work already funded with the Flow Through financing done last December, that must be carried out to avoid postponing the collection of information for a year, particularly in terms of environmental studies or our negotiations with the First Nations affected by our project. We will soon carry out one or more financings to ensure the continuity of the activities required for the project as a whole to continue moving forward. It goes without saying that our deadlines for completing various stages are dictated by obtaining the funds necessary to carry out all the technical work required.

As the CEO and shareholder, I can guarantee you the management team is pushing to deliver a project as quickly as possible and in compliance with the high-quality standards that can be expected for a project of a such quality while maximizing the financial aid available.

Guy Bourassa
Chief Executive Officer

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