



SCANDIVANADIUM LTD

ABN 83 061 375 442

Interim Financial Report

31 December 2019

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by the Company during the period from 1 July 2019 to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Corporate Directory

Directors

Brandon Munro
Chairman

David Minchin
Managing Director

Simon Robertson
Non-executive Director

Ian Burvill
Non-executive Director

Company Secretary

Simon Robertson

Registered Office

Level 1, 50 Angove Street
North Perth, Western Australia 6006
Telephone: +61 (0)8 6555 2955
Fax: +61 (0)8 6210 1153

Share Register

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth Western Australia 6000
Telephone: 1300 85 05 05
Overseas: +61 3 9415 4000
Facsimile: +61 (0)8 9323 2033

Auditor

William Buck Audit (WA) Pty Ltd
Level 3, 15 Labouchere Road
South Perth Western Australia 6151

Securities Exchange Listing

ScandiVanadium Ltd shares are listed on the
Australian Securities Exchange, home branch, Perth
Code: SVD

Website

www.scandivanadium.com

DIRECTORS' REPORT

Your directors present their interim financial report on ScandiVanadium Ltd ("ScandiVanadium" or the "Company") for the half-year ended 31 December 2019.

Directors

The names of each person who has been a director from 1 July 2019 and up to the date of this report are:

Brandon Munro	Chairman
David Minchin	Managing Director
Simon Robertson	Non-executive Director
Ian Burvill	Non-executive Director

Company Secretary

The company secretary is Mr Simon Robertson.

Principal Activities

The principal activity of the Company is mineral exploration.

Review of Operations and Significant Changes in the State of Affairs

During the half the company completed exploration drilling and published a Maiden Mineral Resource over its Hörby Exploration Licence.

In July ScandiVanadium appointed Swedish drilling company DrillCon Group (DrillCon) to complete the five-hole diamond drilling programme at Hörby, Skåne. DrillCon is based in Nora, Sweden and has earned an excellent reputation, with over 55 years of experience of diamond drilling in Scandinavia and beyond. The deposit is in an area of forest re-growth covering an area previously excavated for peat.

Drilling commenced on the 9th of August with new holes added to the programme as geological confidence grew. Progress was initially slower than anticipated due to additional care required to ensure full core recovery when drilling in sedimentary rock. ScandiVanadium completed its maiden exploration drilling campaign at Hörby on the 24th October 2019.

The drilling campaign comprised of 602m of diamond drilling completed at six drill hole locations. On recovery, XRF analysis of the drill-core allowed real time geological interpretation resulting in an updated understanding of the deposit below surface. Vanadiferous Dictyonema Formation was intersected in five drill holes with core samples sent to ALS laboratories in Pitea for analysis.

HOLE_ID	EAST (Sweref 99)	NORTH (Sweref 99)	ELEVATION	EOH (m)	Seam	From (m)	To (m)	Width (m)	V2O5 (%)
HDD001	157652.5	6189407.0	116.2	50.9	Top	35.7	42.4	6.7	0.42
					Bottom	not intersected poor core recovery			
HDD001b	157655.4	6189386.2	115.8	59.0	Top	35.9	42.8	6.9	0.42
					Bottom	46.7	52.1	5.4	0.37
HDD002	157726.5	6188962.2	115.0	119.2	Top	50.2	56.8	6.6	0.41
					Bottom	60.6	66.3	5.7	0.37
HDD003	157083.2	6189051.6	116.5	33.7	Mineralisation above surface topography				
HDD003B	157980.6	6189299.0	115.3	98.2	Top	78.8	85.2	6.4	0.39
					Bottom	89.3	93.4	4.1	0.39
HDD004	158518.0	6189388.8	116.2	149.7	Mineralisation not intersected				
HDD005	157879.0	6189711.9	120.7	92.4	Top	73.8	79.7	6.0	0.42
					Bottom	83.9	89.6	5.7	0.38

Table 1 Drill hole intersection thickness and grade

Maiden JORC Mineral Resource

ScandiVanadium retained Mrs Liz de Klerk, of Micon International, as the Competent Person to estimate resources according to JORC code 2012. Micon International is a mining consultancy that has been providing independent professional advice for over 30 years. Micon has offices in the UK and Canada as well as permanent representatives in Russia and France.

Drilling results were used to generate a 3D geological model of the seams at Hörby. Seam thickness and grade show strong correlation with limited variability between drill holes, demonstrating the continuity of the seams across the target area.

The vanadium-bearing seams were modelled in Micromine© software in 3D using an inverse distance squared (ID^2) algorithm. This algorithm was selected because there is very little variability in grade or thickness within the resource area. The gridded roof and floor surfaces were converted to digital terrain model (DTM) wireframes which were then limited by the defined resource extents. For Indicated Mineral Resources a zone of influence of 700m from points of observation was applied and for Inferred Mineral Resources a zone of influence of 1,500m from points of observation was applied. The solid wireframes were validated and then used in conjunction with the assay database that included the measured specific gravity data to estimate tonnages and average grades for each seam.

In December ScandiVanadium announced a Maiden Indicated and Inferred Mineral Resource estimate of 116.9Mt @ 0.39% V_2O_5 , including Indicated Mineral Resource of 61.8Mt @ 0.39% V_2O_5 , for 1,005 million pounds of contained V_2O_5 . Vanadium was identified in two seams beginning near surface and dipping $\sim 5^\circ$ to the east meaning 75% of Indicated Mineral Resource occurs within 100m of surface.

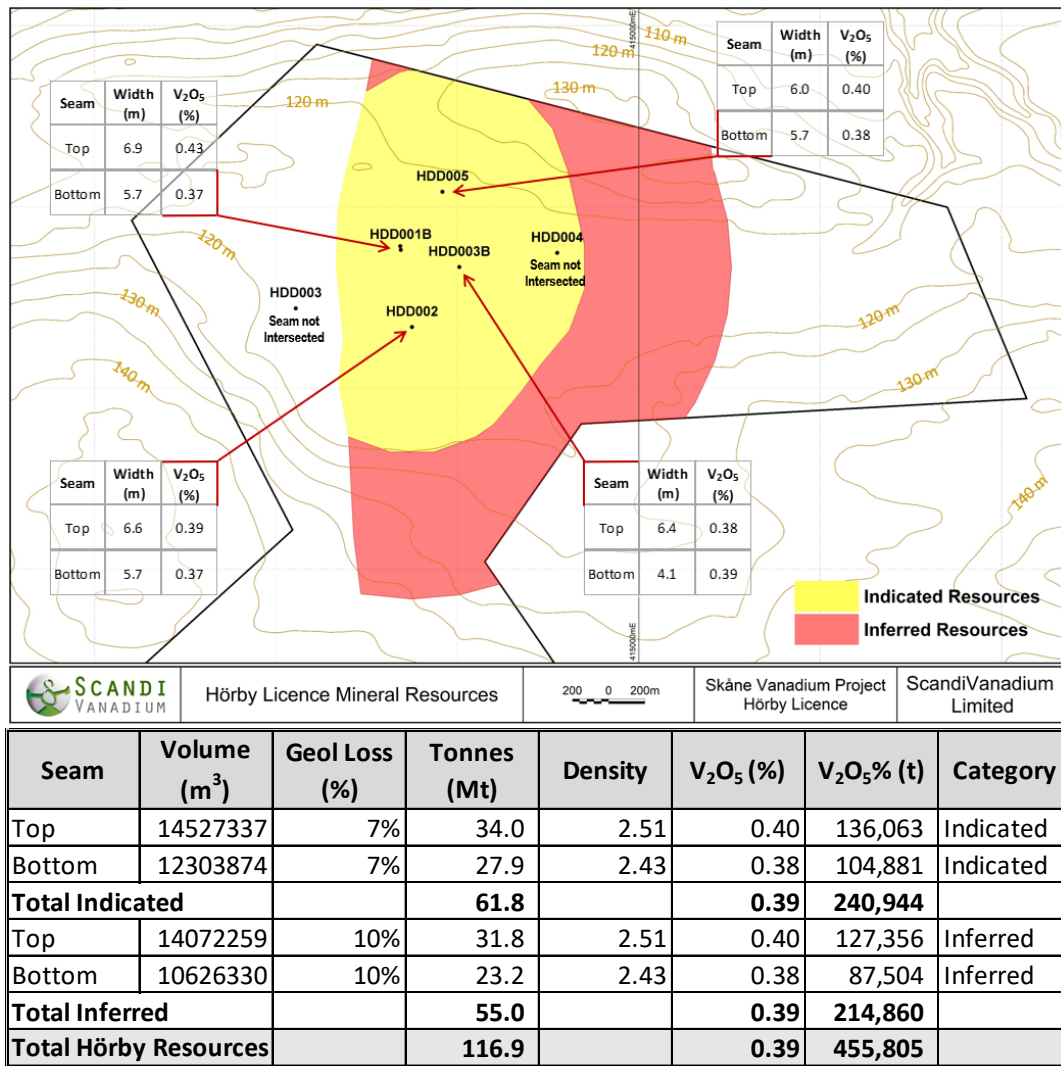


Figure 1: 116.9Mt @ 0.39% V₂O₅ Indicated and Inferred Mineral Resource at Hörby

Regional Prospectivity and Permitting

The high tonnage, near surface, resource estimated at Hörby reflects the widespread stratigraphic hosted vanadium mineralisation across Skåne. Drilling at Hörby explored ~2% of the total area of the Skåne Project. Historic drilling on the southern part of the licence has reported higher grades at Fågeltofta-2 (9.7m @ 0.61% V₂O₅) and Gislövshammar-2 (9.2m @ 0.67% V₂O₅) and from surface sampling at Flagabro Creek (~10m @ 0.61% V₂O₅). The demonstrated continuity of seams at Hörby give confidence that further drilling could generate additional Mineral Resources over higher-grade targets in the remainder of the licence.

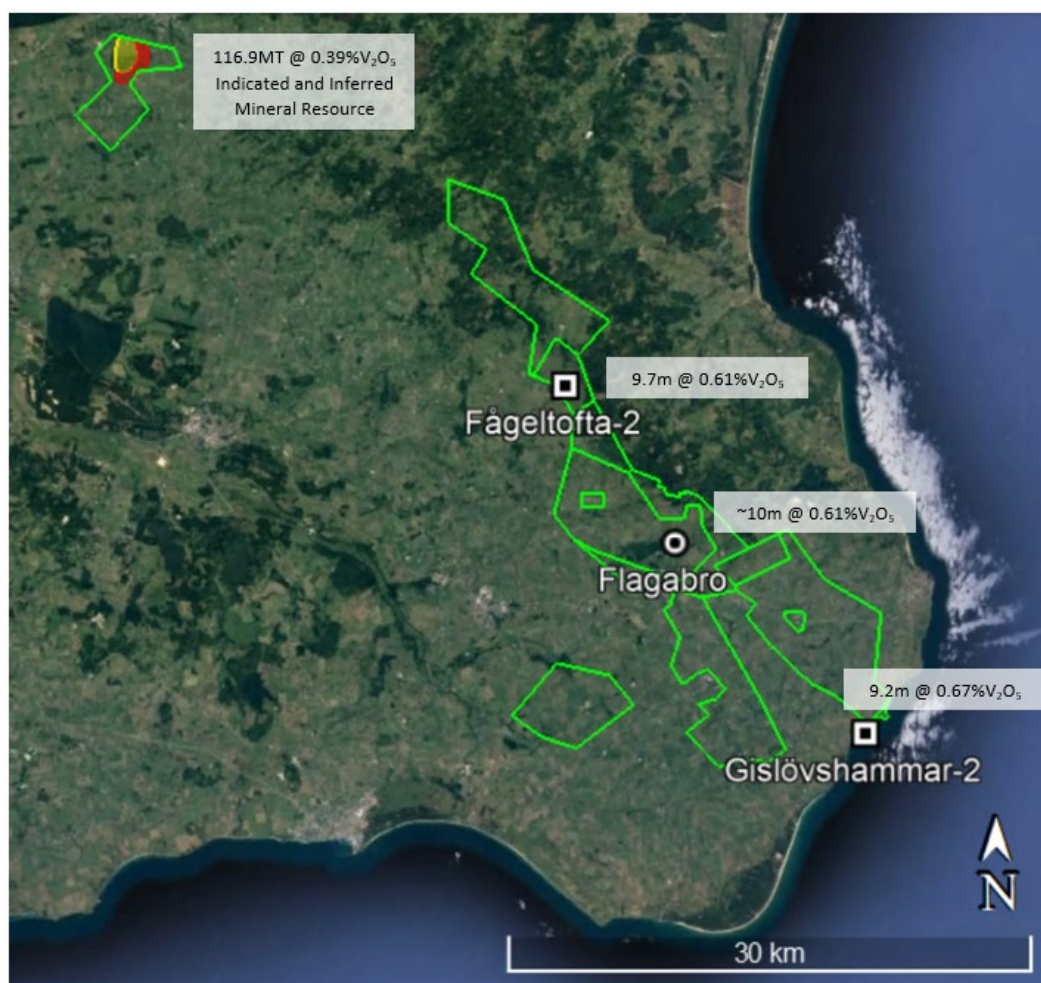


Figure 2 Location of Hörby Mineral Resource area in reference to historic data

During the period the Ystad-Österlenregionens Environmental Committee approved the Company's Notification submitted for ten exploration boreholes in Tomelilla. The approval, which came after appeal to the Land and Environmental Court, demonstrates the efficacy of the Swedish legal system and the company's ability to operate in country.

The Company sent Work Programmes that cover access agreements with the landowners in respect to the ten-hole Tomelilla drilling programme to the Swedish Mining Inspectorate for approval.

Operating Result

The loss from operations for the half-year after providing for income tax was \$1,158,965 (2018: loss of \$1,155,232). Additional information on the operations and financial position of the Company and its business strategies and prospects is set out in this directors' report and the interim financial statements.

Events after the Reporting Period

On 21 February 2020 the Company announced it had been awarded grant funding totalling 500,000 SEK (~AUD\$80,000) towards a metallurgical study of the Dictyonema Formation from the Swedish Government via the Strategic Innovation Programme for the Swedish Mining and Metal Producing Industry.

On 26 February 2020 the Company announced it had received notice that all Work Programmes have been approved. The decision by the Swedish Mining Inspectorate may be appealed by the affected landowners. Assuming an appeal is made (and the appeal process is concluded in favour of the Company), the determinations will provide ScandiVanadium with the legal right to conduct the ten-hole Tomelilla drilling programme.

Other than as mentioned above at the date of this report there are no other matters or circumstances which have arisen since 31 December 2019 that have significantly affected or may significantly affect:

- a) the Entity's operations in future years, or
- b) the results of those operations in future financial years, or
- c) the Entity's state of affairs in future financial years.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7 of the interim financial report.

Signed in accordance with a resolution of the Board of Directors.



David Minchin
Managing Director
11 March 2020

Competent Persons Statement

The information in this report that relates to Exploration Results is extracted from the following announcements:

- "First Assay Results Confirm Regional Scale Mineralisation" announced 14 November 2019
- "Further Positive Assay Results at Skåne Project" announced 29 November 2019

These announcements are available to view at www.scandivanadium.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the above-mentioned announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the above-mentioned announcements.

The information in this document that relates to the estimation and reporting of the Mineral Resource is extracted from the report entitled "Maiden JORC Mineral Resource at Skåne" created on 18 December 2019 which is available to view on www.scandivanadium.com and www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimate in the relevant original market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings as presented have not been materially modified from the original market announcement.

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF SCANDIVANADIUM LTD**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2019 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CN

Conley Manifis
Director

Dated this 11th day of March, 2020

**CHARTERED ACCOUNTANTS
& ADVISORS**

Level 3, 15 Labouchere Road
South Perth WA 6151

PO Box 748
South Perth WA 6951

Telephone: +61 8 6436 2888

williambuck.com

ScandiVanadium Ltd

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2019

		31 December 2019 \$	31 December 2018 \$
Operations	Note		
Revenue		-	-
Administrative expenses	3	(241,424)	(351,301)
Exploration and evaluation expenditure		(623,363)	(310,402)
Employment benefits		(173,101)	(41,429)
Share based payment expense		(136,243)	(471,042)
Loss from operations		(1,165,105)	(1,174,174)
Finance income - Interest	2	15,166	18,942
Loss before tax from operations		(1,158,965)	(1,155,232)
Income tax expense		-	-
Loss after tax from operations		(1,158,965)	(1,155,232)
Other Comprehensive Income for the half year:			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation difference		21,340	(4,107)
Other Comprehensive income for the period, net of tax		21,340	(4,107)
Total Comprehensive Loss for the half year attributed to members of ScandiVanadium Ltd		(1,137,625)	(1,159,339)
Loss per share		Cents	Cents
Basic loss per share		(0.33)	(0.49)
Dilutive loss per share		(0.33)	(0.49)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

ScandiVanadium Ltd
Consolidated Statement of Financial Position
As at 31 December 2019

ASSETS	Note	31 December 2019 \$	30 June 2019 \$
Current assets			
Cash and cash equivalents		2,479,505	3,763,445
Trade and other receivables		116,347	35,933
Total current assets		2,595,852	3,799,378
Non-current assets			
Exploration and evaluation	4	1,641,654	1,639,079
Property, plant and equipment		25,693	-
Total non-current assets		1,667,347	1,639,079
Total assets		4,263,199	5,438,457
LIABILITIES			
Current liabilities			
Trade and other payables		89,640	263,516
Total current liabilities		89,640	263,516
Total liabilities		89,640	263,516
NET ASSETS		4,173,559	5,174,941
EQUITY			
Contributed equity	5	11,890,537	11,890,537
Share based payment reserve		1,444,212	1,307,969
Foreign currency translation reserve		(6,844)	(28,184)
Accumulated losses		(9,154,346)	(7,995,381)
TOTAL EQUITY		4,173,559	5,174,941

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

ScandiVanadium Ltd
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2019

2019	Contributed Equity	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance 1 July 2019	11,890,537	1,307,969	(28,184)	(7,995,381)	5,174,941
Loss for the period	-	-	-	(1,158,965)	(1,158,965)
Total other comprehensive income	-	-	21,340	-	21,340
Total comprehensive loss for the period	-	-	21,340	(1,158,965)	(1,137,625)
Transactions with owners in their capacity as owners:					
Options expense amortised	-	136,243	-	-	136,243
Balance 31 December 2019	11,890,537	1,444,212	(6,844)	(9,154,346)	4,173,559
2018	Contributed Equity	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance 1 July 2018	7,757,302	458,222	-	(5,889,649)	2,325,875
Loss for the period	-	-	-	(1,155,232)	(1,155,232)
Total other comprehensive income	-	-	(4,107)	-	(4,107)
Total comprehensive loss for the period	-	-	(4,107)	(1,155,232)	(1,159,339)
Transactions with owners in their capacity as owners:					
Contributions of equity, gross of transaction costs	4,648,750	-	-	-	4,648,750
Cost of capital	(339,228)	-	-	-	(339,228)
Options issued for cost of public offer	(178,500)	178,500	-	-	-
Issue of options	-	471,042	-	-	471,042
Balance 31 December 2018	11,888,324	1,107,764	(4,107)	(7,044,881)	5,947,100

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

ScandiVanadium Ltd
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
Cash flows from operating activities			
Interest received		20,443	19,635
Payments to suppliers and employees		(351,360)	(499,441)
Payments for exploration and evaluation		(927,795)	(174,693)
Net cash outflow from operating activities		(1,258,712)	(654,499)
Cash outflow from investing activities			
Payments for property, plant and equipment		(25,228)	-
Cash held by subsidiaries on acquisition		-	14,138
Net cash outflow from investing activities		(25,228)	14,138
Cash flows from financing activities			
Proceeds from the issue of shares and options		-	3,001,050
Costs associated with capital raising		-	(358,669)
Net cash inflow from financing activities		-	2,642,381
Net decrease in cash and cash equivalents		(1,283,940)	2,002,020
Cash and cash equivalents at 1 July		3,763,445	2,493,838
Cash and cash equivalents at 31 December		2,479,505	4,495,858

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1: Significant accounting policies

The principle accounting policies adopted in the preparation of the Interim Financial Statements are set out below. The policies have been consistently applied for all periods presented, unless otherwise stated.

(a) Basis of preparation

These interim consolidated financial statements are general purpose financial statements and have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 *Interim Financial Reporting* ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. They do not include all of the information required for the full annual financial statements and should be read in conjunction with the financial statements as at and for the year ended 30 June 2019.

The interim consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

The accounting policies applied by the Company in these interim consolidated financial statements are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2019, other than as disclosed below.

New and amended standards adopted by the entity

A number of new or amended standards became applicable for the current reporting period, however, the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards including AASB 16 – Leases which had no impact on the financial statements for the half year.

(b) Critical Accounting Estimates, Judgments and Assumptions

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Note 1: Significant accounting policies (Continued)

(c) Exploration and Evaluation Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method.

Exploration and evaluation expenditure encompass expenditures incurred by the Company in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition and are recorded as an asset if:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
 - exploration and evaluation activities in interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure incurred by the Company subsequent to the acquisition of the rights to explore is expensed as incurred, up until the technical feasibility and commercial viability of the project has been demonstrated with a bankable feasibility study.

Capitalised exploration costs are reviewed at each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Note 2: Finance Income

Income

	31 December 2019 \$	31 December 2018 \$
Interest received	15,166	18,942
	15,166	18,942

Note 3: Expenses from operations

Expenses

Corporate compliance costs	72,006	50,931
General legal fees	16,595	67,053
Audit fees and disbursements	7,387	26,225
Investor relations	12,350	14,539
Accounting & Corporate Secretarial costs	59,175	38,394
Insurance	43,194	70,098
Project development	-	69,029
Administration costs	30,535	15,032
	241,424	351,301

Note 4: Exploration and evaluation

Opening balance	1,638,725	-
Acquisition of ScandiVanadium Pty Ltd		1,638,725
Foreign exchange adjustment	2,929	
Closing balance	1,641,654	1,638,725

Note 5: Contributed equity

(a)	Share capital	31 Dec 2019 Shares	31 Dec 2019 \$	30 June 2019 Shares	30 June 2019 \$
	Ordinary shares fully paid	351,866,100	11,890,537	351,866,100	11,890,537

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Movements in ordinary share capital

Description	Date	Number of shares	Issue Price	\$
Closing balance	30 June 2019	351,866,100		11,890,537

Description	Date	Number of shares	Issue Price	\$
Closing balance	31 Dec 2019	351,866,100		11,890,537

Note 6: Reserves and Accumulated Losses

With respect to the payment of dividends (if any) by ScandiVanadium in subsequent financial years, no franking credits are currently available, or are likely to become available in the next 12 months.

	31 December 2019 \$	30 June 2019 \$
a) Share based payment reserve		
Opening balance 1 July	1,307,969	458,222
Option expense in the period	136,243	671,247
Options issued at cost	-	178,500
Balance at 31 December	<u>1,444,212</u>	<u>1,307,969</u>
b) Foreign currency translation reserve		
Opening balance 1 July	(28,184)	-
Foreign currency translation	21,350	(28,184)
Balance at 31 December	<u>(6,844)</u>	<u>(28,184)</u>
c) Accumulated losses		
Opening balance 1 July	(7,995,381)	(5,889,649)
Loss for the year	(1,158,965)	(2,105,732)
Balance at 31 December	<u>(9,154,346)</u>	<u>(7,995,381)</u>

a) Nature and purpose of reserves

The share-based payments reserve is used to recognise the grant date fair value of options issued to current and past Directors but not exercised.

Accounting policy

Share based payments

The Company may provide benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of these payments is determined using a Black-Scholes option pricing model.

Rights over shares (options) using a Black-Scholes option pricing model takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value of the options granted is adjusted to, exclude the impact of any non-market and service vesting conditions. Non-market vesting and service conditions, if any, are included in assumptions about the number of options likely to be exercisable.

Note 6: Reserves and Accumulated Losses (*continued*)

Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the good or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve.

The grant date fair value of employee share acquisition plan shares granted under the plan is recognised as an expense in the statement of profit or loss and other comprehensive income with a corresponding increase in equity, share based payments reserve over the vesting period that the employees unconditionally become entitled to the awards.

The Company has issued shares to directors of the Company as part of their executive service agreements entered into by the relevant directors and the Company.

Foreign Currency Transactions and Balances

Functional and presentation currency:

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency.

Transaction and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated as exchange rates prevailing at the end of the reporting period;
- Income and expenditure are translated at average exchange rates for the period, when the average rate approximates the rate at the date of the transaction; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed of.

Critical Accounting estimates, judgements and assumptions

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes valuation model.

Note 7: Options

Movements in the number of options on issue during the period are as follows:

Description	2019 Number
Opening balance 1 July	58,000,000
Issued during the period	-
Exercised during the period	-
Expired during the period	-
Balance at 31 December	58,000,000

a) Share based payments

- (i) Options (valued at \$0.017) were issued to management on the terms and conditions set out in the Prospectus lodged on 18 September 2018 and the Supplementary Prospectus lodged on 23 November 2018, 50% of the options vesting on acquisition and the balance vested 12 months after the date of acquisition.

The options were valued using Black Scholes with the below assumptions:

	Unlisted options
Number of options in series	47,500,000
Grant date share price	\$0.027
Exercise price	\$0.040
Expected volatility	100%
Option life	4 years
Dividend yield	0.00%
Interest rate	2.3%
Vesting	50% Immediately 50% on 13 Nov 2019

- (ii) Options (valued at \$0.017) were issued to advisors on the terms and conditions set out in the Prospectus lodged on 18 September 2018 and the Supplementary Prospectus lodged on 23 November 2018.

The options were valued using Black Scholes with the below assumptions:

	Unlisted options
Number of options in series	10,500,000
Grant date share price	\$0.027
Exercise price	\$0.040
Expected volatility	100%
Option life	4 years
Dividend yield	0.00%
Interest rate	2.3%
Vesting	Immediately

During the half year a total of \$136,243 was expensed as share based payments.

Note 8: Related Party Transactions

	31 December 2019 \$	31 December 2018 \$
Transactions with director-related entities:		
SLR Consulting Pty Ltd (i)	35,064	106,116
Caprodite Transactions Execution Pty Ltd (ii)	12,350	10,155
(i) SLR Consulting Pty Ltd is a company of which Simon Robertson is a director and beneficial shareholder. The payments were for corporate advisory and financial services on an arm's length basis. At the half year-end an invoice for \$5,218 (excl. GST) is payable and due.		
(ii) Caprodite Transactions Execution Pty Ltd is a company of which Brandon Munro is a director and beneficial shareholder. The payments were for corporate advisory services on an arm's length basis. At the half year-end there are no invoices due.		

Note 9: Contingent Liabilities

There are no significant contingent liabilities as at the date of signing of this report.

Note 10: Events after the Reporting Period

On 21 February 2020 the Company announced it had been awarded grant funding totalling 500,000 SEK (~AUD\$80,000) towards a metallurgical study of the Dictyonema Formation from the Swedish Government via the Strategic Innovation Programme for the Swedish Mining and Metal Producing Industry.

Other than as mentioned above, at the date of this report there are no other matters or circumstances which have arisen since 31 December 2019 that have significantly affected or may significantly affect:

- a) the Entity's operations in future years, or
- b) the results of those operations in future financial years, or
- c) the Entity's state of affairs in future financial years.

In the opinion of the Directors of ScandiVanadium Ltd ('the company'):

1. The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standard *AASB 134 Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year then ended; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.



David Minchin
Managing Director
11 March 2020

Scandivanadium Ltd

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Scandivanadium Ltd (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) on pages 8 to 19, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Scandivanadium Ltd on pages 8 to 19 is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Responsibilities of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor

ACCOUNTANTS & ADVISORS

Level 3, 15 Labouchere Road
South Perth WA 6151

PO Box 748
South Perth WA 6951

Telephone: +61 8 6436 2888

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of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Scandivanadium Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Scandivanadium Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

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Conley Manifis
Director

Dated this 11th day of March, 2020