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

# FORM 10-K

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

**For the fiscal year ended December 31, 2014**

[ ] TRANSITION REPORT PURSUANT TO 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** | **98-1009717** |
|---|---|
| (State or other Jurisdiction of Incorporation or organization) | (I.R.S. Employer Identification No.) |
| **1430 Greg Street, Suite 501 Sparks, Nevada** | **89431** |
| (Address of Principal Executive Offices) | (Zip Code) |

Registrant's Telephone Number, including area code: **(775) 355-9500**

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

Securities to be registered pursuant to Section 12(g) of the Act: **Common Shares without par value**
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

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 and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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

| | |
|---|---|
| Large Accelerated Filer ☐ | Accelerated Filer ☐ |
| Non-Accelerated Filer ☐ | Smaller Reporting Company ☒ |

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: $15,921,571 as at June 30, 2014.

Indicate the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date: 198,604,790 common shares as at February 20, 2015.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K, which Proxy Statement is to be filed within 120 days after the end of the registrant's fiscal year ended December 31, 2014.

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## PART I

Note about Forward-Looking Statements

Certain statements contained in this registration statement constitute "forward-looking statements". Forward-looking statements may include, but are not limited to, statements with respect to the future price of commodities, the estimation of mineral resources, the realization of mineral resource 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, our ability to fund property acquisition costs, our ability to reach targeted time frames for establishing feasibility, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, our ability to raise funds necessary for ongoing and planned expenditures and operations, and regulatory approvals. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "intends", "anticipates" or "believes", or variations of such words and phrases or state 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 our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such factors may include, among others, risks related to our joint venture operations; actual results of current exploration activities or production technologies that we are currently testing; actual results of reclamation activities; future metal prices; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental or regulatory approvals or financing or in the completion of development activities, as well as those factors discussed in the section entitled "Risk Factors" and elsewhere in this registration statement. Although we have 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.

Glossary of Terms

Company, SCY, we, us, our and similar words of similar meaning refer to Scandium International Mining Corp.

| | |
|---|---|
| **$, A$, C$** | mean respectively, United States dollars, Australian dollars and Canadian dollars. |
| **Alteration** | Usually referring to chemical reactions in a rock mass resulting from the passage of hydrothermal fluids. |
| **Assay** | An analysis to determine the presence, absence or quantity of one or more components, elements or minerals. |
| **Base metal** | Any non-precious metal (e.g. copper, lead, zinc, nickel, etc.). |
| **Chalcopyrite** | A yellow crystalline mineral consisting of a sulphide of copper and iron. It is the principal ore of copper. |

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| **Concession** | A grant of a tract of land made by a government or other controlling authority in return for stipulated services or a promise that the land will be used for a specific purpose. |
| **Core** | The long cylindrical piece of a rock, up to several inches in diameter, brought to the surface by Diamond drilling. |
| **Diamond drilling** | A drilling method in which the cutting is done by abrasion using diamonds embedded in a matrix rather than by percussion. The drill cuts a core of rock, which is recovered in long cylindrical sections. |
| **Dip** | The angle at which a vein, structure or rock bed is inclined from the horizontal as measured at right angles to the Strike; may also apply to the angle of inclination for a drill hole. |
| **Epithermal** | A hydrothermal mineral deposit formed within about one kilometer of the earth's surface and in the temperature range of 50 – 200 degrees Celsius. Also used to denote the environment of deposition. |
| **Fractures** | Breaks in a rock, usually due to intensive folding or faulting. |
| **Grade** | The concentration of a valuable mineral within an Ore. |
| **Hydrothermal** | Hot fluids, usually water, which may, or may not carry metals and other compounds in solution to the site of mineral deposition or wall rock alteration. |
| **Igneous** | A rock formed by the cooling of molten silicate material. |
| **Intrusion** | A general term for a body of igneous rock formed below the surface of the earth. |
| **Intrusive** | A body of igneous rock formed by the consolidation of magma intruded into other rocks, in contrast to lavas, which are extruded upon the surface. |
| **Kg** | Kilogram which is equivalent to approximately 2.20 pounds. |
| **Km** | Kilometer which is equivalent to approximately 0.62 miles. |
| **Kt** | Thousand tonnes. |
| **Lode** | A deposit of metallic ore filling a fissure in the surrounding rock. |
| **Mineralization** | A term used to describe the presence of minerals of possible economic value. Also used to describe the process by which concentration of economic minerals occurs. |
| **Mlbs** | Million pounds. |
| **Net Smelter Returns Royalty** | A share of the net revenues generated from the sale of metal produced by a mine. |

| | |
|---|---|
| **NI 43-101** | National Instrument 43-101 – *Standards for Disclosure of Mineral Projects*, being the regulation adopted by Canadian securities regulators that governs the public disclosure of technical and scientific information concerning a mineral property. |
| **Ore** | A naturally occurring solid material from which a metal or valuable mineral can be profitably extracted. |
| **Outcrop** | An exposure of rock at the earth's surface. |
| **Pegmatite** | Coarse-grained igneous rocks that often occur as wide veins cutting across other types of rock. |
| **Porphyry** | Igneous rock of any composition that contains conspicuous crystals in a fine grained groundmass. |
| **ppb and ppm** | Parts per billion and parts per million, respectively. |
| **Pyrite** | Iron sulphide mineral. The most common and abundant sulphide mineral and often found in association with copper and gold. |
| **Qualified Person** | Means a Qualified Person as defined in National Instrument 43-101, including an engineer or geoscientist in good standing with their professional association, with at least five years of relevant experience. |
| **Quartz** | The second most common rock forming mineral in the earth's crust. $SiO_2$. |
| **Resource** | Means any of a measured, indicated or inferred resource as used in NI 43-101, and having the following meanings:<br><br>**"measured resource"** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.<br><br>**"indicated resource"** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.<br><br>**"inferred resource"** is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. |

The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

For the purposes of the above a "**mineral resource**" means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

(Please refer to "**Item 3. Property - Cautionary Note To U.S. Investors Regarding Resource Estimates"** in regards to the use of the above terms in this registration statement.)

**Rhyolite** The fine grained equivalent of a granite.

**Sulphide** A class of minerals characterized by the linkage of sulphur with a metal (such as Pyrite ($FeS_2$)).

**Tpd/Tpa** Tonnes per day/tonnes per annum.

**Tonnes** A metric ton which is equivalent to approximately 2,204 pounds.

**Tuff** A Volcanic rock formed through the compaction of volcanic crystals and/or rock fragments generally smaller than 4 mm in diameter.

**Sedimentary** A rock formed from cemented or compacted Sediments.

**Sediments** The debris resulting from the weathering and breakup of other rocks that have been deposited by or carried by runoff, streams and rivers, or left over from glacial erosion or sometimes from wind action.

**Strike** The direction or bearing from true north of a vein, rock formation or structure measured on a horizontal surface.

**Vein** A geological feature comprised of minerals (usually dominated by quartz) that are found filling openings in rocks created by faults or replacing rocks on either side of faults or Fractures.

**Volcanic rock** A finely crystalline or glassy Igneous rock resulting from volcanic actions at or near the earth's surface.

ITEM 1. BUSINESS

**General**

We were incorporated on July 17, 2006 under the laws of British Columbia, Canada under the name Golden Predator Mines Inc. We were incorporated as a wholly owned subsidiary of Energy Metals Corp. for the purpose of holding precious metals and certain specialty metals assets. In order to focus on specialty metals, during February 2009 we transferred most of our precious mineral assets to our then wholly-owned subsidiary Golden Predator Corp. and on March 6, 2009 we completed a spin-out of Golden Predator Corp. to our shareholders. Effective March 12, 2009, we changed our name to EMC Metals Corp. In order to reflect a new emphasis on mining for scandium minerals, effective November 19, 2014, we changed our name to Scandium International Mining Corp.

We are a reporting issuer in the Canadian Provinces of British Columbia, Alberta and Ontario and our common shares are listed for trading on the Toronto Stock Exchange under the trading symbol "SCY".

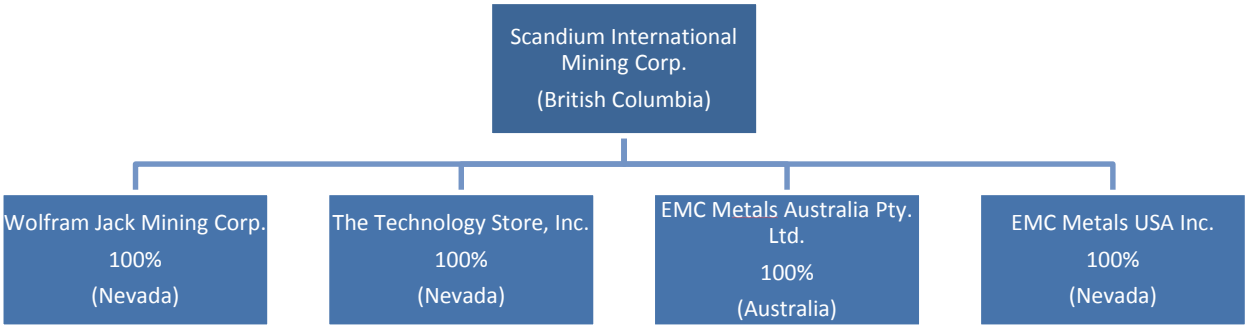
Our head office is located at 1430 Greg Street, Suite 501, Sparks, Nevada 89431. The address of our registered office is 1200 - 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8.

Our focus of operations is the development of the Nyngan Scandium project located in New South Wales, Australia. We also hold a scandium/rare earth minerals property in Norway known as the Tørdal property.

Our plan of operation for the remainder of 2015 is to seek additional funding and to complete a feasibility study on our Nyngan Scandium project. We will also continue to test and develop unique scandium recovery and finishing techniques.

**Intercorporate Relationships**

The chart below illustrates our corporate structure on December 31, 2014, including our subsidiaries, the jurisdictions of incorporation, and the percentage of voting securities held.



**Recent History**

Preliminary Economic Assessment

In October of 2014 we obtained an independent report of a preliminary economic assessment of our Nyngan Scandium project entitled "*NI 43-101 F1 Technical Report on the Feasibility of the Nyngan Scandium Project*" prepared by Larpro Pty Ltd. of Brisbane, Australia. The full report is available on our website. A summary of the report is provided herein under "*ITEM 2. PROPERTIES – NYNGAN SCANDIUM PROJECT – Nyngan Preliminary Economic Assessment*".

June 2014 Financing Transaction

On June 24, 2014 SCY entered into a $2.5 million loan facility with Scandium Investments LLC, a company owned by a US private investor group. The proceeds of the 2014 loan were applied to pay a A$1.3 million final payment to Jervois Mining Ltd. ("Jervois") required for SCY to acquire a 100% interest in the Nyngan Project pursuant to the terms of a settlement agreement with Jervois dated February 2013. The balance of the proceeds of the loan, was applied to repay $1.2 million in maturing debt. The loan from Scandium Investments LLC has a maturity date of December 24, 2015 and bears interest that increases in quarterly increments from 4% to a maximum of 12%.

The $2.5M loan automatically converts into an effective 20% joint venture interest in both our Nyngan and Honeybugle Scandium projects, at such time as the Company meets a funding milestone, defined as raising $3.0 million in equity, during the period from drawdown to loan maturity. This conversion feature can also be triggered at any time, at the lender's option, prior to the loan maturity date. Once the conversion feature is triggered, the 20% joint venture partner has a carried interest in the project until the Company meets two development milestones as follows: (1) filing a feasibility study on SEDAR, and (2) receiving a mining license on either joint venture property. At such time as the two development milestones are met, the joint venture partner becomes fully participating on development costs thereafter.

Completion of the development milestones by the Company, as described above, activates a second one-time, limited period option for the joint venture partner, to elect to convert their 20% joint venture interest in the project into an equivalent value of the Company's common shares, at agreed market prices, rather than continue with ownership at the project level.

Repayment of the loan is secured against the Company's interest in its Australian mineral properties, and the lender has the right to purchase the Australian mineral properties at a price equal to the outstanding loan obligations in certain events of default under the loan agreement.

Nyngan Scandium Project Acquisition

On February 5, 2010, SCY entered into an Exploration Joint Venture Agreement ("JV Agreement") with Jervois Mining Limited ("Jervois") of Melbourne, Australia (ASX: JRV) to co-develop the Nyngan scandium property ("Nyngan"), in New South Wales, Australia. The JV Agreement gave SCY the right to earn a 50% interest in a joint venture with Jervois for the purpose of holding and developing Nyngan, provided SCY met certain technical and financial milestones. SCY met all financial requirements and delivered evidence of technical milestone achievement to Jervois on February 24, 2012.

On February 27, 2012, Jervois formally rejected SCY's claim to have met the earn-in conditions specified in the JV. The parties discussed and successfully reached an agreed settlement in February 2013 that resolved all issues in dispute. The terms of the binding settlement provided for the transfer of 100% ownership and control of the Nyngan Project, including the relevant exploration tenements and surface (freehold) land holdings, to the Company, in return for A$2.6 million in future cash payments. The settlement agreement also applied a production royalty on the Nyngan project of 1.7% of sales for products produced from the site, payable to Jervois. The royalty has a 12 year term from first production date, and a 10 tpa scandium oxide production minimum.

In June of 2014 the Company completed all settlement payments required under its agreement with Jervois. Formal transfer of the Nyngan Project exploration licenses to SCY's Australian subsidiary is currently underway, with completion anticipated by the end of the second quarter of 2015.

Sale of Springer Mining Company, Plus Other Nevada Mineral Assets

Our primary asset during 2013 and previous was our Springer tungsten mill and mine which we acquired from General Electric Company in 2006, and which has been on care and maintenance since acquisition. SCY entered into an agreement on September 13, 2013 with Americas Bullion Royalty Corp. to sell 100% of the Springer Mining Company, including all its mine, mill, water, and tungsten resource assets for $5 million. This sale agreement also included the Carlin Vanadium property (and resource asset) and the Copper King Tungsten property, all located in Nevada, USA. The sale agreement included an immediate $3.1 million payoff of a matured loan secured by the Springer assets, and a subsequent cash payment of $1.9 million, made November 25th 2013. Formal transfer of ownership and closing documents were executed on December 31, 2013.

As a result of this transaction, SCY has no further mineral assets in Nevada, or in the USA.

**Business Operations**

Company Summary

We are a mineral exploration and development company that is focused on the development of scandium, rare earth minerals, and other specialty metals, including nickel, cobalt, boron, manganese, tantalum, titanium and zirconium. We have not commenced development of any of our projects, and as a result we are an exploration stage company. We have not established mineral reserves on any of our projects.

Our principal project is the Nyngan Scandium Project located in New South Wales, Australia, which we own 100% of the rights to, including exploration licenses. In April of 2014 we also acquired an exploration license referred to as the Honeybugle property, a prospective scandium exploration property located 24 kilometers from the Nyngan Project.

We also hold 100% of the Tørdal Scandium/REE property exploration licenses located in Norway.

Corporate Objective and Strategy

Our corporate focus is to produce and sell scandium and scandium-based products. None of our current properties has advanced to the development or production stage and we are currently an exploration stage company. In addition we do not currently have reserves on any of our properties. We have, however, completed an independently prepared Preliminary Economic Assessment of the Nyngan Project and are conducting additional technical and assessment work for the purpose of preparing a definitive feasibility study on the development of the scandium resource. Subject to a successful definitive feasibility study,

we intend to develop the Nyngan resource for production, with a view to supplying the anticipated future demand for scandium oxide and scandium-content materials. For further information on the Nyngan Project, please refer to "*Item 3. Properties - Description of Properties – Nyngan Scandium Project" and "Item 1A. Risk Factors".*

Concurrently with our analysis of the Nyngan Project, we are developing and testing unique mineral recovery techniques as well as techniques to produce high quality finished scandium metals. If effective at a commercial level, these recovery and finishing techniques are expected to provide increased economic margins and returns on capital on any future scandium production. Presently our recovery and finishing technology is in the testing phase, and there is no guarantee that we will be able to benefit from the commercial application of such techniques or that we will have scandium production in the future.

Global Scandium Production and Market

Scandium is the 31st most abundant element in the earth's crust (average 33 ppm), which makes it more common than lead, mercury and precious metals, but less common than copper. Scandium has characteristics that are similar to rare earth elements, and it is often classified as a member of that group, although it is technically a light transition metal. Scandium occurs in nature as an oxide, rarely occurs in concentrated quantities because it does not selectively combine with the common ore-forming anions, and it very difficult to reduce to a pure metal state. Scandium is typically produced and sold as scandium oxide ($Sc_2O_3$).

Global annual production estimates of scandium range from 10 tonnes to 15 tonnes, but accurate statistics are not available due to the lack of public information from countries in which scandium is currently being produced. There are three known production sources globally today: stockpiles from the former Zhovti Voty uranium mine in Ukraine, the rare earth mine at Bayan Obo in China, and mines on the Kola Peninsula in Russia.

There is no reliable pricing data on scandium oxide trading. The U.S. Geological Survey in its latest report (January 2013) documents the price of scandium oxide (99.9% grade) at US$3,700/kg for the two previous years. Small quantities of scandium oxide are currently offered on the internet by traders for prices significantly above this level. Scandium oxide is typically traded in small quantities, between private parties, and pricing is not transparent to other buyers or sellers as there is no clearing facility as is more common with other metals and commodities. Prices vary based on purity and quantity. Small sale quantities tend to command premium prices, and large quantities (over one tonne) are simply not available to establish appropriate commercial pricing.

Scandium oxide grades of 95% or greater are considered commercially suitable, with 99.9% grade used for electrical applications, and grades higher than 99.9% used for science and new technical applications. Scandium oxide grades of 95-98% are suitable for alloy and heat stabilizing applications. The market for scandium oxide is characterized by limited and privately negotiated sales. Reliable pricing information for scandium oxide grades ranging from 95-99.9% is currently limited because pricing is negotiated at the time of sales and not published.

Principal uses for scandium are in high-strength aluminum alloys, high-intensity metal halide lamps, electronics, and laser research. Recently developed applications include welding wire and fuel cells which are expected to be in future demand. Approximately 15 different commercial scandium-aluminum alloys have been developed, and some of them are used for aerospace applications. In Europe and the U.S., scandium-containing alloys have been evaluated for use in structural parts in commercial airplanes,

high stress parts in automobile engines and brake systems, and high tension electrical wires. Military and aerospace applications are known to be of interest, although with less specificity. The combination of high strength and light weight makes scandium-aluminum alloys generally suitable for a number of applications where existing aluminum alloys made with other metals are used today.

Competitive Conditions

We compete with numerous other companies and individuals in the search for and the acquisition or control of attractive rare earth and specialty metals mineral properties. Our ability to acquire further properties will depend not only on our ability to operate and develop our properties but also on our ability to select and acquire suitable properties or prospects for development or mineral exploration.

In regards to our plan to produce scandium, there are a limited number of scandium producers presently. If we are successful at becoming a producer of scandium, our ability to be competitive will require that we establish a reliable supply of scandium to the market, delivered at purity levels demanded by various applications, and that our operating costs generate margins at prices that will be set by customers and competitors in a market yet to mature.

Governmental Regulations and Environmental Laws

The development of any of our properties, and specifically the Nyngan Scandium Project, will require numerous local and national government approvals and environmental permits. For further information about governmental approvals and permitting requirements, please refer to *"Item 1A. Risk Factors".*

Employees

As at January 1, 2015, we have 4 full and part time employees and 2 individuals working on a consulting basis. Our operations are managed by our officers with input from our directors. We engage geological, metallurgical, and engineering consultants from time to time as required to assist in evaluating our property interests and recommending and conducting work programs.

## ITEM 1A. RISK FACTORS

In addition to the factors discussed elsewhere in this registration statement, the following are certain material risks and uncertainties that are specific to our industry and properties that could materially adversely affect our business, financial condition and results of operations.

**Risks Associated with the Nyngan Project**

***There are technical challenges to scandium production that may render the project not economic.*** There is no assurance that we will demonstrate economic viability on the Nyngan resource. The economics of scandium recovery are known to be challenging. There are very few facilities producing scandium and the existing scandium producers are secretive in their techniques for recovery. In addition, the recovery of scandium product from laterite resources, such as at the Nyngan deposit, has not been demonstrated at an operating facility. The Nyngan processing facility design, if constructed, will be the first of its kind for scandium production. These factors increase the possibility that we will encounter unknown or unanticipated production and processing risks. Should any of these risks become actual, they could increase the cost of production thereby reducing margins on the project or rendering the project uneconomic.

***There is no guarantee that we will be able to finance the Nyngan Project for production.*** Any decision to proceed with production on the Nyngan Project will require significant production financing. Scandium projects are very rare and economic and production uncertainty may limit our ability to attract the required amount of capital to put the project into production. If we are unable to source production financing on commercially viable terms, we may not be able to proceed with the project and may have to write off our investment in the project.

***If we are successful at achieving production, we may have difficulty selling Scandium.*** Scandium is characterized by unreliable supply, resulting in limited development of markets for scandium oxide. Markets may take longer to develop than anticipated, and Nyngan and other potential scandium producers may have to wait for products and applications to create adequate demand. Certain applications may require lengthy certification processes that could delay usage or acceptance. In addition certain scandium applications require very high purity scandium product, which is much more difficult to produce than lower grade product. If we commence production, our inability to supply scandium in sufficient quantities, in a reliable and timely manner, and in the correct quality, could reduce the demand for any scandium produced from our projects and possibly render the project uneconomic.

**General Risks Associated with our Mining Activities and Company**

***We may not receive permits necessary to proceed with the development of a mining project.*** The development of any of our properties, including the Nyngan Project, will require numerous local and national government approvals, including environmental permits. Our ability to secure all necessary permits required to develop any of our projects is unknown until we make application for such permits. If we cannot obtain all necessary permits, the project cannot be developed, and our investment in the project will likely be lost. Our future market value will likely be significantly reduced to the extent one or more of our projects cannot proceed to the development or production stage due to an inability to secure all required permits.

***Mineral Resource Estimates on our properties are subject to uncertainty and may not reflect what may be economically extracted.*** Resource estimates included for scandium on our Nyngan property are estimates only and no assurances can be given that the estimated levels of scandium minerals will actually be produced or that we will receive the metal prices assumed in determining our resources. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling and exploration results and industry practices. Estimates made at any given time may significantly change when new information becomes available or when parameters that were used for such estimates change. By their nature resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Furthermore, market price fluctuations in scandium, as well as increased capital or production costs or reduced recovery rates, may limit our ability to establish reserves at some future point on Nyngan, or on any of our properties. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. The evaluation of reserves or resources is always influenced by economic and technological factors, which may change over time. Accordingly, current resource estimates on our material properties may never be converted into reserves, or be economically extracted, and we may have to write off such properties or incur a loss on sale of our interest on such properties, which will likely reduce the value of our shares.

***Our potential for a competitive advantage in specialty and rare metals production depends on the availability of our technical processing abilities, as currently provided by our Chief Technology Officer.*** We are dependent upon the personal efforts and commitment of Willem Duyvesteyn, our CTO, a director and significant shareholder of our company, for the continued development of new extractive technologies related to scandium and other rare and specialty metals production. The loss of the services

of Mr. Duyvesteyn will likely limit our ability to use or continue the development of such technologies, which would remove the potential competitive and economic benefit of such technologies.

***Our operations are subject to losses due to exchange rate fluctuation.*** We maintain accounts in Canadian and U.S. currency. Our equity financings have to date been priced in Canadian dollars. All of our material projects and non-cash assets are located outside of both Canada and the USA, however, and require regular currency conversions to local currencies where such projects and assets are located. Our operations are accordingly subject to foreign currency fluctuations and such fluctuations may materially affect our financial position and results. We do not engage in currency hedging activities.

***We do not currently earn any revenue and without additional funding, we will not be able to carry out our business plan, and if we raise additional funding existing security holders may experience dilution.*** As an exploration stage mining company, none of our principal properties are in operation and we do not currently earn any revenue. In order to continue our exploration activities and to meet our obligations on the Nyngan Scandium Project, we will need to raise additional funds. Recently, we have relied entirely on the sale of our securities to raise funds for operations. Our ability to continue to raise funds from the sale of our securities is subject to significant uncertainty due to volatility in the mineral exploration marketplace. If we are able to raise funds from the sale of our securities, existing security holders may experience significant dilution of their ownership interests and possibly to the value of their existing securities.

## ITEM 2. PROPERTIES

### Cautionary Note to U.S. Investors Regarding Resource Estimates

Certain terms used in this section are those used in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Canadian requirements, including NI 43-101, differ significantly from the requirements of the SEC, and resource information contained herein may not be comparable to similar information disclosed by U.S. companies.

**In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". The requirements of NI 43-101 for identification of "reserves" are not the same as those of the SEC, and reserves reported in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Under U.S. 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. We have not established reserves on any of our properties.**

The SEC's disclosure standards normally do not recognize information concerning "measured mineral resources", "indicated mineral resources" or "inferred 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. In addition, resources that are classified as "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "inferred mineral resources" may not generally form the basis of feasibility or pre-feasibility studies. Investors are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable.

Disclosure of "contained ounces" in a resource 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 in-place tonnage and grade without reference to unit measures.

**Accordingly, information concerning mineral deposits set forth herein may not be comparable with information presented by companies using only U.S. standards in their public disclosure.**

**Description of Mineral Projects**

**Nyngan Scandium Project**

***Property Description and Location***

The Nyngan Project site is located approximately 450 kilometres northwest of Sydney, NSW, Australia and approximately 20 kilometres due west from the town of Nyngan, a rural town of approximately 2900 people. The deposit is located 5 kilometres south of Miandetta, off the Barrier Highway that connects the town of Nyngan to the town of Cobar. The license area can be reached via the paved Barrier Highway, which allows year-round access, but final access to the site itself is reached by clay farm tracks. The general area can be characterized as flat countryside and is classified as agricultural land, used predominantly for wheat farming and livestock grazing. Infrastructure in the area is good, with available water and electric power in close proximity to the property boundaries.

The Nyngan property is classified as an Australia Property for purposes of financial statement segment information.

The scandium resource is hosted within the lateritic zone of the Gilgai Intrusion, one of several Alaskan-type mafic and ultramafic bodies which intrude Cambrian-Ordovician metasediments collectively called the Girilambone Group. The laterite zone, locally up to 40 meters thick, is layered with hematitic clay at the surface followed by limonitic clay, saprolitic clay, weathered bedrock and finally fresh bedrock. The scandium mineralization is concentrated within the hematitic, limonitic, and saprolitic zones with values up to 350 ppm scandium.

The general location of the property is provided in Figure 2 below. The specific location of the exploration licenses that we may earn an interest in are provided in Figure 3 below.

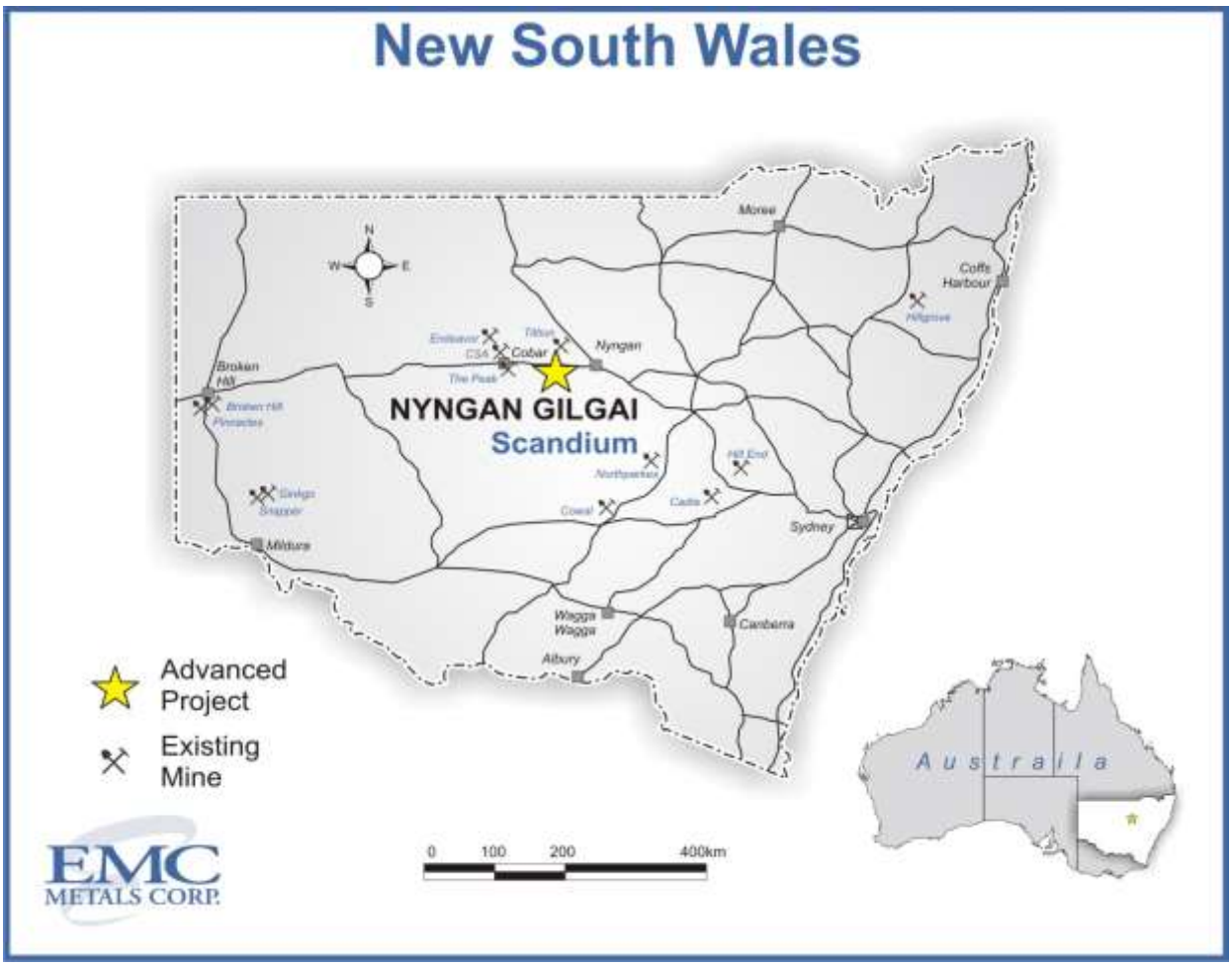



Figure 2: Location of Nyngan Project

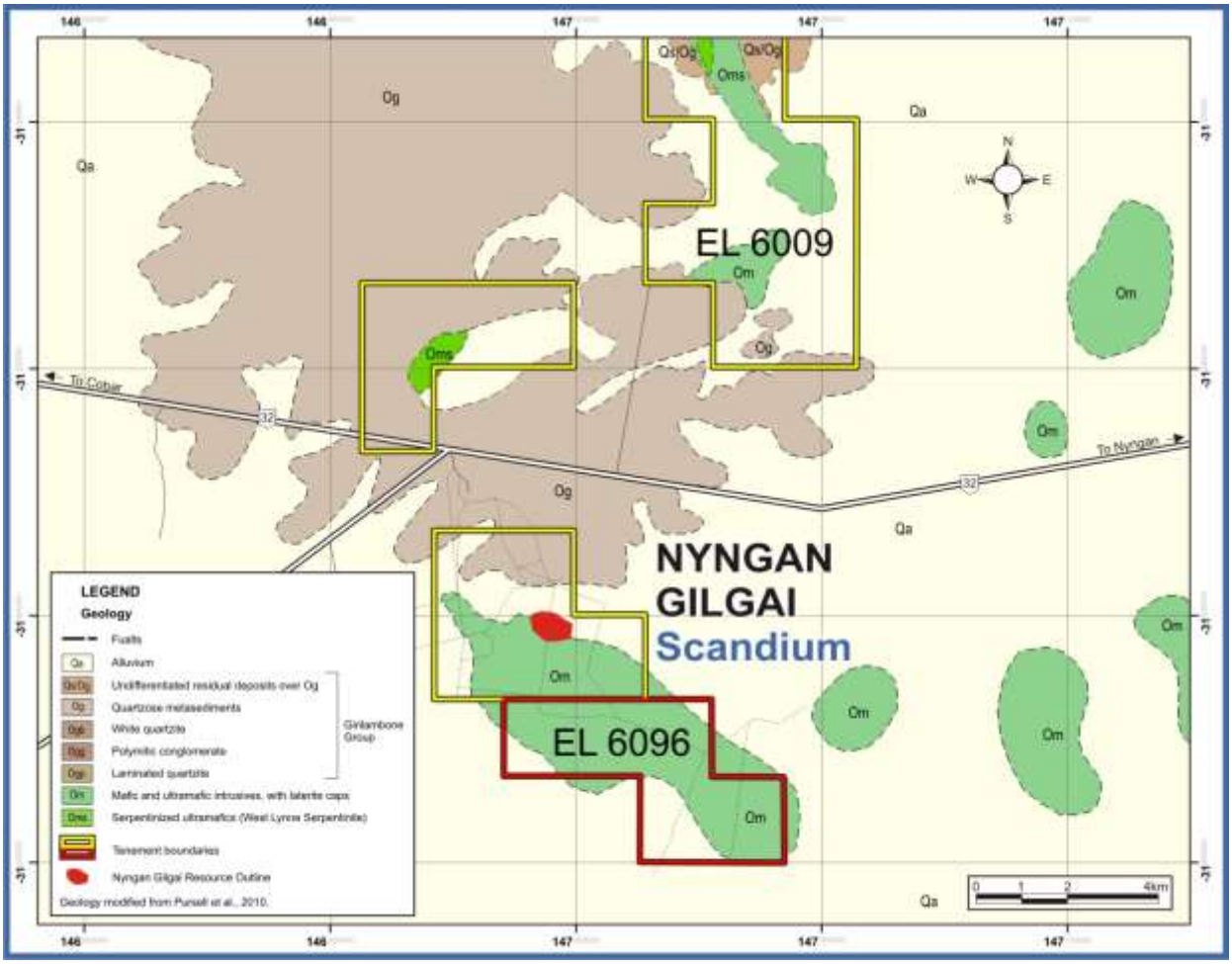


Figure 3: Location of the Exploration Licenses

**Mineral License Details**

The scandium resource is held under Exploration License (EL) 6009 (Block Number 3132, units d, e, j, k and Block no. 3133, unit f) and EL 6096 (Block 3132, unit p, and Block 3133, units l, m, r and s). An Assessment Lease Application is currently pending over the area of these two ELs. The Exploration Licenses allow the license holder to conduct exploration on private land (with landowner consents and signed compensation agreements in place) and public lands not including wildlife reserves, heritage areas or National Parks. The scandium resource is fully enclosed on private agricultural land.

Jervois holds legal title to both the surface and mineral exploration rights on the Nyngan project. These legal rights and all project rights are subject to a binding Settlement Agreement between Jervois and SCY, dated February 5, 2013, in which 100% of all rights to the EL's, surface rights (freehold land) and project rights are required to be transferred to the Company. The transfer is underway and under process by the relevant NSW State agencies, and is expected to be completed in the second quarter of 2015.

The exploration licenses cover 29.25 square kilometers (2,925 hectares). The resource site is located at geographic coordinates MGA zone 55, GDA 94, Lat: - 31.5987, Long: 146.9827, Map Sheets 1:250k – Cobar (SH/55-14) and 1:100k Hermidale (8234).

The project surface rights (freehold) total 750 acres (300 hectares) on a portion of the exploration license area. The freehold property boundaries are defined by standard land survey techniques undertaken by the Lands Department and currently presented in the form of Cadastral Deposited Plans (DP) and Lots. The land associated with the project rights under transfer to SCY is DP 752879, Lots 6 and 7 (Appendix 2, Lots 6 and 7 - Nyngan).

The Company is required to lodge individual A$10,000 environmental bonds with the NSW Mines Department for each license, and must meet total minimum work requirements annually of approximately A$65,000, covering both licenses. Annual property costs to the local Shire Council are under A$1,000 per year.

Royalties attached to the properties include 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 to Jervois for 12 years after production commences, subject to terms in the settlement agreement. Another revenue royalty is payable to private interests of 0.2%, subject to a US$370k cap. A NSW minerals royalty will also be levied on the project, subject to negotiation, currently 4% on revenue.

***Metallurgy Development***

The first work phase of the metallurgy development program consisted of detailed metallurgical bench scale testing, and was intended to refine and enhance the Company's existing material process flow sheet to extract scandium from the resource material. This existing flow sheet, developed by Jervois and external consultants, formed the basis of a preliminary, conceptual engineering report for the processing elements of the project that was completed by Roberts & Schaefer of Salt Lake City, Utah, specifically for use by SCY management.

The Roberts & Schaefer report included capital and operating cost estimates, based on process flow sheets and technical reports previously done for Jervois or SCY on various metallurgical aspects of the resource. These technical/process reports included work done by METCON, the CSIRO, and, and by others, proprietary to or sourced by Jervois or SCY. The bulk of the process applied by Roberts & Schaefer in their Report was defined by bench scale as well as small scale pilot plant work results compiled by others, and a preliminary flow sheet complied by the CSIRO.

This early stage Roberts & Schaefer Report was carried forward into the later metallurgical test work subsequently conducted by Hazen Research and the design work utilized in the SNC- Lavalin economic study presented to management in 2012.

In January 2011, SCY announced results of initial lab test work, independently prepared by Hazen Research, Inc., of Golden, Colorado, USA. These results defined general results involving conventional contained acid leach systems and suggested recoveries from resource of up to 75%. No secondary recoveries were considered in these initial bench-scale tests.

The second phase of the Hazen test work program continued through July, and involved continuous pilot plant testing of the acid leach systems, solvent extraction systems and product finish systems identified by earlier CSIRO work. The overall objectives of the test work program were to define and optimize a process or series of processes that achieves an 80% scandium recovery, lowest possible capital and operating costs, and most benign environmental impact, using standard and accepted processes.

On January 19, 2012 we announced receipt an independent metallurgical test-work report, titled "Purification of Scandium Extracted from Laterite Ore", outlining the results of a number of pilot-scale tests on Nyngan resource material, and estimated recoveries and grades of scandium oxide product. The

report was independently prepared by Hazen and is the final in a series of three phases of semi-continuous pilot plant scale test-work completed by Hazen during 2011. Work was finalized in late November.

Highlights of the 2011 Hazen semi-continuous pilot plant test-work are as follows:

- Results of conventional contained sulfuric acid bake and water leach systems, at atmospheric pressure, demonstrated scandium recoveries averaging 75%,
- Results of conventional solvent extraction ("SX") on the pregnant leach solution, demonstrated scandium recoveries exceeding 99%,
- Results on final stage precipitation of scandium oxide, focused on highest combined purity and recovery, demonstrated scandium recoveries of 97.5%, at purity levels of 97.5% Sc2O3. Higher purity levels were achieved at lower recoveries,
- Overall recovery results were 70% to 80%, based on ore type (limonite or saprolite), and
- All process assumptions were based on standard and accepted techniques for ore preparation, leaching, solvent extraction and final product preparation.

In late 2011, the Company commissioned test work on high pressure acid leach (HPAL) processes, with both Hazen and SGS-Lakefield (Ontario, Canada). The initial HPAL work was applied to residue from the acid bake process sourced from the earlier Hazen test work, specifically to determine if additional scandium could be effectively recovered in a second pass with a pressure system. Those results were encouraging, and led to later test work in 2012-13 which applied HPAL techniques directly on the laterite resource material. No HPAL research results were included in the report and findings compiled for management by SNC-Lavalin in early 2012. However, the work that subsequently continued on HPAL, after that SNC Report was completed, has been incorporated into current engineering studies and flow sheet strategies for the Nyngan project. Existing HPAL work results were done to bench scale, and not to pilot scale, and are currently being followed up with further test work.

The Company is continuing test work on metallurgy to increase recoveries and final product grades.

In February, 2011 we announced results of a series of laboratory-scale tests investigating the production of scandium-aluminum (“Sc-Al”) alloys directly from aluminum oxide and scandium oxide feed materials, prepared by the CSIRO. The overall objective of this research was to demonstrate and commercialize the production of Sc-Al master alloy using impure scandium oxide as the scandium source, potentially significantly improving the economics of scandium aluminum master alloy production.

***Environmental Permitting Work***

In April, 2011 SCY announced a general progress report on the project which outlined a series of environmental work steps designed to advance the Environmental Impact Study (“EIS”). Work steps included both ground and surface water assessments, along with other assessments of Aboriginal, ecology, traffic, noise and air quality matters.

All of this work has subsequently been completed, including 8 water bores with ongoing test monitoring equipment, and reports on the various other targeted assessments, without material issues in any area. An aerial photography and contour mapping program was also completed, to support the feasibility study work regarding location of site facilities.

On January 18, 2012 SCY announced that that key elements of environmental site work on the Nyngan Scandium Project have been completed and a Conceptual Project Development Plan (CPDP) submitted to the NSW, Australia state regulators. The CPDP submission forms the basis for an Environmental Impact Study ("EIS"), the foundation environmental document required for a mining permit in the state.

Specific EIS and property work, contained in the CPDP, completed by year end 2011:

- Draft ground water assessment study finalized and submitted to regulators,
- Surface water assessment results favorable, State review ongoing,
- Aboriginal heritage study finalized, no areas of significance,
- Soils study finalized, no issues, and
- Property aerial photography and contour mapping completed, location of site facilities defined.

Continuing EIS work underway:

- License applications (6), for access to groundwater as generated from property water bores have been submitted,
- Flora and fauna studies are ongoing; to date no significant issues have arisen, and
- Traffic, noise and air quality baseline monitoring are ongoing.

The environmental work was performed under direction from R. W. Corkery & Co., (Orange, NSW, Australia), and formed part of the SNC-Lavalin Nyngan economic study.

**Nyngan Preliminary Economic Assessment**

On October 14, 2014 the Company announced completion of a report on a Preliminary Economic Assessment of the Nyngan project (the "PEA") entitled, *NI 43-101F1 Technical Report on the Feasibility of the Nyngan Scandium Project*, dated October 24, 2012. The PEA was prepared by the engineering firm of Larpro Pty Ltd, of Brisbane, Australia, and supported by Mining One of Melbourne, Australia and Rangott Mineral Exploration Pty Ltd of Orange, Australia, and confirms the technical and economic potential of the Nyngan Scandium Project (the "Project"). The PEA has been independently prepared as a technical report on the form prescribed under NI 43-101 F1 and is available for public review on the Company's website at www.scandiummining.com, on the Canadian public company reporting system SEDAR at www.sedar.com, and on the SEC's Edgar website at www.sec.gov.

*The PEA is preliminary in nature and should not be considered to be a pre-feasibility or feasibility study, as the economics and technical viability of the Project have not been demonstrated at this time. While this PEA does not consider or include any Inferred Mineral Resources, and does include only Measured and Indicated Resources, it remains a preliminary analysis that is not sufficient to enable Project Resources to be categorized as Mineral Reserves. Furthermore, there is no certainty that the PEA will be realized.*

*We advise U.S. investors that while the terms "measured resources", "indicated resources" and "inferred resources" are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize these terms. U.S. investors are cautioned not to assume that any part or all of the material in these categories will be converted into reserves. It should not be assumed that any part of an inferred mineral resource will ever be upgraded to a higher category.*

The PEA concludes the Project has the potential to produce 35,975 kilograms of scandium oxide (scandia) per annum, at grades of 97%-99%, generating an after tax cumulative cash flow over a 20 year Project life of $565 million, with an $NPV_{10\%}$ of $175 million. The PEA also concludes the project can achieve this financial result with a conventional flow sheet, employing high pressure acid leach (HPAL) and solvent extraction (SX) techniques, which have been modeled and validated from METSIM modeling and bench scale/pilot scale metallurgical test work. Note that mineral resources that are not mineral reserves do not have demonstrated economic viability.

**PEA Financial Highlights and Key Assumptions**

The PEA concludes the Project has the potential for robust economics, based on a capital estimate supported by conventional process designs. The overall PEA level of accuracy is +/-30%. The PEA is expressed in US dollar (US$) currency, unless otherwise noted. A foreign exchange rate of US$0.90 (1A$=US$0.90) to United States dollars (US$) was applied in all conversions. No escalation for inflation was assumed in cash flows. All cash flows and discounted cash flows (NPVs and IRRs) in this news release are shown on an after tax basis, based on a 30% tax rate.

Highlights and key assumptions are as follows:

**Table 1. Nyngan PEA Financial Highlights**

| Summary<br>Nyngan Project<br>Key Project Parameters | NI 43-101<br>PEA<br>Result |
|---|---|
| | |
| Capital Cost Estimate (US$ M) | $77.4 |
| | |
| Resource Grade Assumption (ppm) | 371 |
| Resource Processed (tpy) | 75,000 |
| Mill Recovery Assumption (%) | 84.3% |
| Oxide Production (kg per year) | 35,975 |
| Scandia Product Grade | 97-99.0% |
| | |
| Annual Cash Operating Cost (US$ M) | $22.9 |
| Unit Cash Cost (US$/kg Oxide) | $636 |
| | |
| Oxide Price Assumption (US$/kg) | $2,000 |
| Annual Revenue (US$ millions) | $72.0 |
| Annual EBITDA (US$ millions) | $47.7 |
| | |
| NPV (10%i) | $175.6 |
| NPV (8%i) | $217.8 |
| IRR (%) | 40.6% |
| | |
| Payback (years) | 2.5 |

*The above estimates of capital and operating costs are a component of a number of factors required to complete a preliminary assessment of the economic viability of the project, and there is no guarantee that the company will achieve production from the resource at Nyngan. There are currently no established reserves on the Nyngan Project.*

**PEA Mineral Resource Estimate**

In March of 2010 a NI 43-101 technical report which outlined a resources estimate on the Nyngan Scandium Project was completed. The report, titled, "*NI 43-101 Technical Report on the Nyngan Gilgai Scandium Project, Jervois Mining Limited, Nyngan, New South Wales, Australia*", was prepared by or under the supervision of Max Rangott (BSc). The PEA does not alter the existing Nyngan Project

resource estimate, established in the 2010 technical report. The NI 43-101 Measured and Indicated scandium resource totals 12 million tonnes at an average grade of 261ppm scandium, from both limonite and saprolite resource material. The cut-off value of 100ppm used in the initial 2010 resource was reviewed as part of the PEA. While the input assumptions to the formula calculations are different from those assumed in 2010, the overall cut-off assumption for the combined limonite and saprolite resource generated by the formula was still considered reasonable, and has not changed.

The PEA assumes that a portion of limonite-only resource, in one particular area of the overall resource, will provide a 20 year mining pit sufficient to supply the processing facility at a rate of 75,000 tpy and an average grade of 371ppm scandium. A 20 year mining pit design was developed from drill hole data in support of this assumption and included in the PEA.

The current Nyngan Project scandium mineral resource is as follows:

**Table 2. Nyngan Scandium Resource** (1)

| Nyngan Project<br>NI 43-101 Resource Summary<br>Category | Tonnes | Grade<br>(ppm Sc) | Cut-Off Sc<br>(ppm Sc) | Overburden Ratio<br>(t/t) |
|---|---|---|---|---|
| | | | | |
| **Measured Resource** | 2,718,000 | 274 | 100 | 0.81:1 |
| **Indicated Resource** | 9,294,000 | 258 | 100 | 1.40:1 |
| **Total Resource** | 12,012,000 | 261 | 100 | 1.10:1 |
| | | | | |
| *NI 43-101 Technical Report on the Nyngan Gilgai Scandium Project, Jervois Mining Limited, Nyngan, New South Wales, Australia, dated March 2010, (Rangott Mineral* Exploration Pty Ltd). | | | | |

(1) Mineral resources that are not mineral resources do not have demonstrated economic viability.

Note that the terms Measured and Indicated Resources are not terms recognized in the United States under SEC rules and guidelines. See "Note to U.S. Investors Regarding Resource Estimates" above under "ITEM 2 – PROPERTIES".

The cut-off level used to define the resource was established using a standard formula that considered scandium pricing, estimated costs of mining and processing, and overall recovery rates, as they pertained to markets and process understanding at the time. Processing methodology assumed acid leaching and solvent extraction systems, and mining assumed a shallow, surface mining operation consistent with drill results on the resource.

**PEA Mining and Processing Assumptions**

Mining represents a relatively minor part of the overall Project activity, based on a plant feed of 240tpd or 75,000 tonnes per year requirement. Mine production is based on conventional open pit methods, strip ratios of 1.5:1 to 3:1 (overburden/resource), contract mining assumptions and mining activity in campaigns of one month, three times per year, avoiding the wet season. The plant will run continuously, fed from field and plant stockpiles of mined resource, and covered against moisture and weather.

The processing plant operations will size the input material, apply high pressure acid leaching (HPAL) using sulfuric acid, and then recover the liberated scandium using solvent extraction (SX), oxalate precipitation and calcination, to generate a finished scandium oxide product. The output of the plant is

forecast at 35,975 kilograms per year, at grades between 97% and 99%, as $Sc_2O_3$. Product output will be refined to suitable grade for direct sales to end users, recognizing that grade varies based on application.

Plant tailings will be neutralized with lime to pH 8.5, dewatered, and stored in a permanent tailings facility meeting the environmental requirements of mining permits and NSW State regulators.

**PEA Capital Cost Assumptions**

Total capital costs for the Project are estimated at $77.4M, and include a 20% contingency. The majority (70%) of the capital cost in the PEA was Australian-sourced, and consequently initially priced in Australian dollars (A$), supported by direct vendor capital pricing. Concrete and steel costs have been estimated from concept drawings, and piping, electrical and instrumentation costs were estimated using standard industry factors. The capital cost estimate is considered to be +/-30% accuracy. Capital costs included in overall cash flow include $2M per year for sustaining capital items ($38M over full PEA term), and $3M in final reclamation costs in year 20. No salvage costs were assumed. On the basis that the resource is adequate for 45 years at the assumed grade, it is unlikely the Project would be closed in year 20 if current assumptions remain viable.

**Table 3. PEA Capital Cost Detail**

| Nyngan Project Capital Cost Summary (US$) | NI 43-101 PEA Result | |
|---|---|---|
| | Capital Cost (US$ M) | CapEx/Annual kg Oxide |
| Pre-Stripping Cost | $1.6 | n/a |
| Mining Equipment | contractor | |
| Mine Vehicles/Site Equipment | $0.4 | $10 |
| Processing Plant Equipment | | |
| Ore Preparation | $2.1 | $58 |
| HPAL | $13.7 | $381 |
| CCD, Ph Adjust | $5.9 | $164 |
| Solvent Extraction | $3.1 | $86 |
| Product Precipitation | $1.3 | $37 |
| Tailings | $1.3 | $36 |
| Reagent Storage | $2.6 | $72 |
| Water/Steam/Services | $6.6 | $183 |
| Plant Subtotal | $36.6 | $1,019 |
| Other Site Costs | | |
| Freight and First fills | $2.1 | $59 |
| Evaporation Ponds-Tailings Dam | $6.7 | $186 |
| Transformer Farm/Buildings | $2.5 | $69 |
| On/Offsite Utilities Supply | $2.2 | $62 |
| Other Costs Subtotal | $13.5 | $376 |
| Owners Costs & Working Cap. | $4.3 | $118 |
| EPCM Costs (18%) | $9.1 | $253 |
| Contingency (20%) | $11.9 | $332 |
| Total Project Capital Cost | $77.4 | $2,151 |
| Total (20 Year) Sustaining Capital | $38.0 | N/A |

**PEA Operating Costs Assumptions**

Operating costs were estimated based on metallurgical test work results and METSIM modelling quantities and requirements. The single most significant cost item in operating costs is sulfuric acid, which is used in quantity and requires transport to site. The second most significant cost item is staff/labor cost. Reagents in total represent approximately 57% of total operating cash costs. Quantities were established through METSIM software outputs, and were 100% vendor-priced. The level of accuracy on the operating component costing in the PEA is +/-25%.

Operating cost details in the PEA are as follows:

**Table 4. PEA Operating Costs, and Unit Costs Per kg Oxide**

| Nyngan Project OpEx Mine/Process Expense (US$ millions) | NI 43-101 PEA Result | |
|---|---|---|
| | Annual US$M Cost | Unit Cost Per kg Oxide |
| | | |
| Mining Costs | $1.4 | $38.78 |
| Processing Cost | | |
| Labor Cost | $3.9 | $108.13 |
| Utilities | $0.8 | $21.96 |
| Reagents | $13.0 | $361.53 |
| Lab Costs | $0.2 | $6.95 |
| Consumables | $1.0 | $27.10 |
| Total Processing Costs | $18.9 | $525.67 |
| | | |
| Marketing & Insurance | $0.7 | $18.76 |
| Maintenance Spend | $1.3 | $37.02 |
| Mobile Equipment Cost | $0.6 | $15.28 |
| | | |
| Annual Cash Operating Cost | $22.9 | $635.51 |
| | | |

**PEA Revenue Pricing Assumptions**

The price assumption in the PEA is $2,000 per kilogram (kg), as an average price covering all product sold, over various product grades. Current pricing is substantially above these levels, based on small unit quantities and varying grades. The pricing benchmark applied in the PEA was supported by limited current trading and pricing information, our discussions with potential customers, and the understanding that lower prices than scandium trades for today will be necessary to penetrate potential markets with significant sales tonnages in the future.

**PEA Sensitivities Analysis**

The project is most sensitive to changes in product pricing, and somewhat less sensitive to either operating cost or capital cost changes, as shown below.

**Table 5. Profitability Sensitivities to Changes in Key Assumptions**

| Sensitivity to Financial Parameters | NPV (10%) ($US M) | IRR (%) |
|---|---|---|
| **PEA RESULT** | **$175.6** | **40.6%** |
| **Operating Cost Sensitivity** | | |
| Cost Increase (10%) | **$163.9** | **38.6%** |
| Cost Decrease (10%) | **$187.4** | **42.5%** |
| **Price Sensitivity** | | |
| Lower Realized Product Price (10%) | **$139.3** | **34.5%** |
| Higher Realized Product Price (10%) | **$212.0** | **46.6%** |
| **Capital Cost Sensitivity** | | |
| Higher Capital Cost (10%) | **$169.6** | **37.0%** |
| Lower Capital Cost (10%) | **$181.6** | **44.9%** |
| **Fx Sensitivity** | | |
| US$/A$ @ $1.00 | **$162.6** | **38.3%** |
| US$/A$ @ $0.80 | **$188.7** | **42.8%** |

**PEA General Assumptions**

The PEA is presented on a 100% ownership basis. Potential conversion of an existing loan to the Company into a 20% interest at the project level in the Nyngan Scandium Project is a possibility, but at present the Company retains 100% of the Project.

All cash flows and financial analyses have been presented on a 100% equity basis. No debt leverage has been assumed in providing capital for development. No inflation factors have been applied to future cash flows, making the discounted cash flow performance measures constant dollar figures. Had inflation been applied to future cash flow streams, the NPVs and IRRs would have been higher.

The PEA incorporated considerable metallurgical test work independently prepared for SCY over the previous four years, along with engineering, project design work and economic estimates done previously for SCY management. The PEA also utilized existing environmental and detailed mine planning work previously undertaken on the property, and previously incorporated in prior management studies. The PEA had the benefit of prior flow sheet designs, and results, but it did not compare previous designs. The batch autoclave HPAL design presented in the PEA was the only design considered.

**PEA Conclusions and Recommendations**

This PEA consolidates a significant amount of metallurgical test work and prior study on the Nyngan Scandium Project. The work demonstrates a viable, conventional process flow sheet utilizing the HPAL leaching process, and good metallurgical recoveries of scandium from the resource. The metallurgical assumptions are supported by various bench and pilot scale independent test work programs that are consistent with known outcomes in other laterite resources. Combined with the capital cost estimate, the Project exhibits robust financial outcomes.

The PEA recommends that project owners proceed to a full feasibility study, including additional test work to confirm certain key process variants. Those recommendations include:

- Consider test work to support process changes that could reduce capital/operating costs,
- Conduct a comparative study between batch and continuous autoclave systems,
- Consider/test certain alternative reagents/techniques in the solvent extraction area,

- Conduct test work to develop engineering parameters around the materials handling properties of the laterite resource as it relates to optimum sizing for best leach results, and
- Conduct test work on pumping and settling properties of process slurries.

**Nyngan Scandium Project – 2014 Drilling Program**

On January 29, 2015 we announced assay results from a 14-hole resource drilling program at the Nyngan Scandium Project in NSW, Australia, conducted in October 2014. The 14 hole-program totaled 655 meters in the existing resource area. The program attempted 2 additional exploration holes, which were abandoned due to difficult drilling conditions. Highlights of the fourteen drill-hole program assay results follow:

- Average scandium grade of 357ppm over 214 meters (200ppm cut-off),
- Average scandium grade of 444ppm over 120 meters (300ppm cut-off),
- Best results: 4 meters @ 795ppm, 5 meters @ 755ppm and 7 meters @ 721ppm,
- Best individual 1 meter assay was 879ppm,
- Lithium borate fusion (fusion) assay preparation demonstrated superior result to the traditional four acid method, as used on the resource estimate in 2010, and
- These new assay results strongly support the average grade and location selected and included in the recently released PEA on the Nyngan project.

Drilling Program Details

The Company conducted and completed a 14-hole drill program in October, focused on a high grade section of the Nyngan property, selected from within the area of the measured and indicated (M&I) resource disclosed in the NI 43-101 technical report filed on SEDAR in March of 2010. This high grade zone of mostly indicated resource was the basis of a 20 year mine plan and scandium grade assumptions used in the recently released PEA on the Nyngan project. This latest drill program was designed to in-fill certain areas to 50 meter centers (from 100 meter centers), and to provide better information on pit limits as defined in the PEA. The program was conducted using a conventional rotary air core drill rig, which captured over five tonnes of chip sample material, for assay, and for fresh resource material to support ongoing metallurgical test work programs. Holes were vertically drilled, so interval widths in the results table below represent true widths.

The Company assayed all 14 new holes with both four acid digestion, and also by fusion digestion techniques, followed in each case by ICP-AES metal assays. The Company notes that fusion digestion results generally deliver higher scandium assays than the four acid digestion method, traditionally used in nickel and cobalt assay work. We believe the fusion technique generates a truer assay result, because acid digestion of scandium within limonite hosted mineralization can be incomplete, particularly at higher grades, and flux digestion by high temperature fusion produces a more homogeneous sample for analysis. We intend to rely on and utilize fusion digestion techniques going forward to support our mine planning and advanced economic and development studies.

The limonite-only assay results presented in the summary table below are based on a 200ppm scandium cut-off value, A saprolite resource underlays the limonite, is generally lower in grade, requires somewhat different processing techniques than limonite for optimal recovery, and is not planned for early extraction and processing by the Company. Each hole in the drill program was completed to bedrock, including both limonite and saprolite resource. Saprolite was present in 13 of the 14 holes drilled.

This application of a higher limonite cut-off value of 200ppm is consistent with the PEA assumptions on initial production from the top layer limonite resource. The results presentation is also consistent with the company focus on an initial pit configuration in a higher grade zone of resource. The area of this recent drill result corresponds to the area delineated by the 20 year PEA operating area, and in fact expands beyond that area.

Assay results were taken over each meter of drilling material, and only continuous intervals have been included in the summary table. Reporting intervals above cut-off were established based on fusion results, and the presentation table then applied those same intervals to both fusion and four acid assays for comparability. The generally higher fusion results generated wider resource intervals above cut-off grade, resulting in inclusion of some below cut-off grade assays into the four acid results presented in the table below.

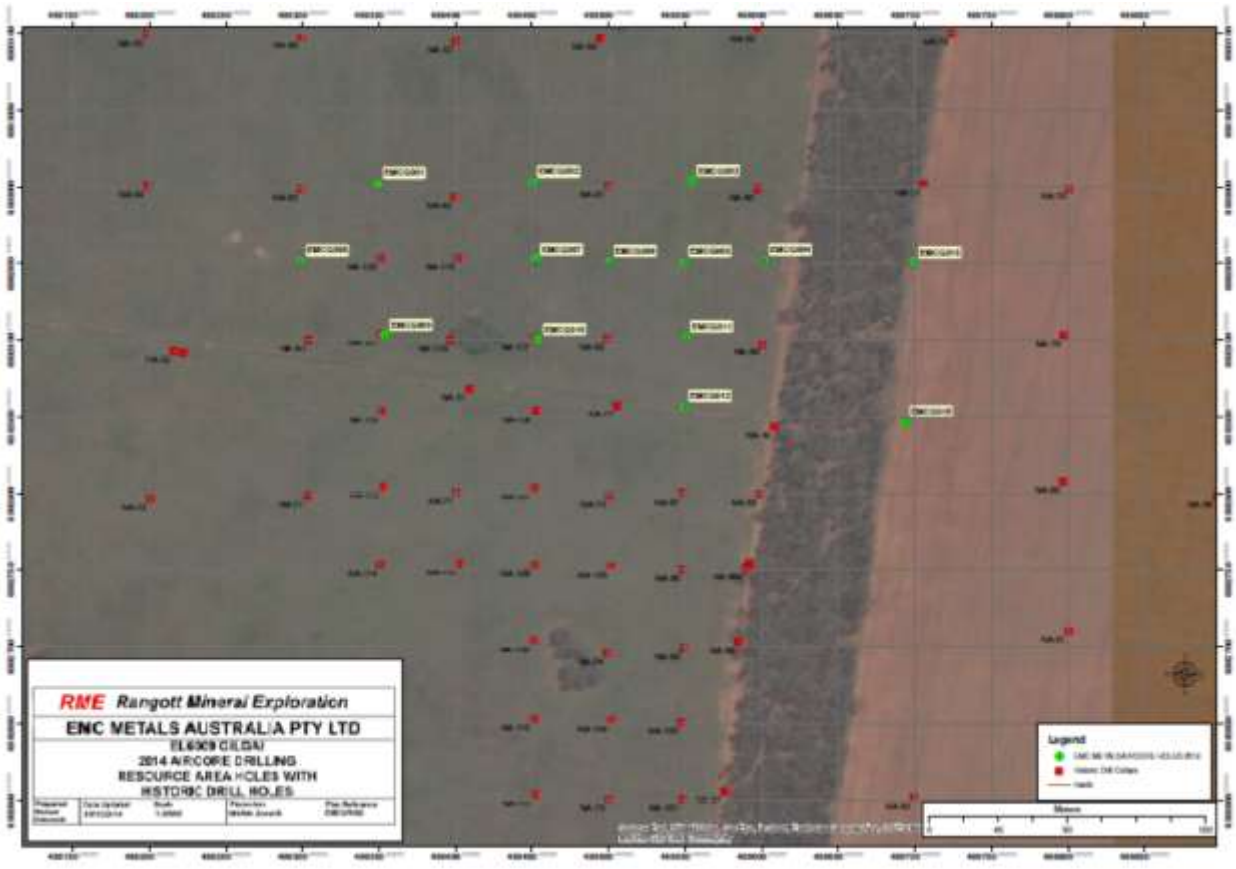
Detail limonite-only results for each drill hole follows:

| Hole Number & Type | | Interval From-To (meters) | Interval Total (meters)* | Assay Result (Sc ppm) | |
|---|---|---|---|---|---|
| | | | | Four Acid/ ICP Method | Fusion/ ICP Method* |
| Number | Status | | | | |
| EMCG001 | (previously reported) | 16-27 | 11 | 178 | 216 |
| | | 32 to 44 | 12 | 407 | 580 |
| | | including | 7 | 502 | 721 |
| | | including | 4 | 581 | 795 |
| EMCG002 | (new result) | 19-34 | 15 | 254 | 344 |
| | | including | 7 | 328 | 433 |
| EMCG003 | (new result) | 17-54 | 37 | 246 | 303 |
| | | including | 10 | 350 | 401 |
| EMCG004 | (new result) | 14-27 | 13 | 221 | 258 |
| EMCG005 | (new result) | 21-19 | 8 | 258 | 326 |
| EMCG006 | (new result) | 17-25 | 8 | 467 | 651 |
| | | including | 5 | 505 | 755 |
| | | including | 1 | 515 | 879 |
| EMCG007 | (new result) | 17-26 | 9 | 245 | 408 |
| | | including | 5 | 284 | 469 |
| EMCG008 | (new result) | 16-31 | 15 | 205 | 302 |
| EMCG009 | (previously reported) | 15 to 24 | 9 | 311 | 435 |
| | | including | 4 | 420 | 570 |
| EMCG010 | (previously reported) | 15 to 31 | 16 | 370 | 495 |
| | | including | 8 | 423 | 594 |
| EMCG011 | (new result) | 13-20 | 7 | 225 | 295 |
| EMCG012 | (new result) | 16-20 | 4 | 143 | 220 |
| | | 22-25 | 3 | 246 | 335 |
| EMCG015 | (new result) | 25-51 | 26 | 262 | 339 |
| | | including | 7 | 366 | 469 |
| EMCG016 | (previously reported) | 11 to 26 | 15 | 209 | 316 |
| | | including | 5 | 273 | 431 |
| | | 38 to 44 | 6 | 269 | 315 |
| Total meters reported | | | 214 | | |
| Weighted Average Assay Result | | | | 266 | 357 |

*NOTES:

1. Interval results represent true widths
2. Grade cut-off assumption for Fusion/ICP method is 200ppm, effectively less for Four Acid/ICP method, based on matched intervals to fusion result.

The location of the 14 hole drill program is as follows:




Drill Program QAQC standards

SCY employed an independent local geological consulting and drill supervisory team, Rangott Mineral Exploration Pty. Ltd., (RME) of Orange NSW, Australia, to manage the drill work on-site. Bulk samples of drill returns were collected at one meter intervals from a trailer-mounted cyclone and splitter for one reported hole - EMCG-01, and a separate (RME) three-tier riffle splitter was used on site for holes EMCG-09, EMCG-10 and EMCG-16, due to moisture. Assay samples ranged from 0.4 - 4.7 kg in weight. Individual sample identifiers were cross-checked during the process. The individual assay samples were double-bagged and held in RME's possession while in the field, prior to transport and storage at RME's office in Orange. RME personnel checked/validated the sequence of sample numbers, and submitted the samples to Australian Laboratory Services' ("ALS") laboratory in Orange, NSW. The remainder of bulk samples were sealed in the field in heavy polyethylene bags and transported by RME to a secure site at Orange for long-term storage or further use in metallurgical test work.

ALS/Orange dried and weighed the received assay samples, and pulverized the entire sample to 85% passing 75 microns or better (technique PUL-21). 50 g bags of the pulps were then split off and sent to the ALS laboratory at Stafford in Brisbane, Queensland for analysis. ALS/Brisbane analyzed the pulps for scandium, nickel, cobalt, chromium, iron, magnesium, manganese, aluminum and calcium, using

Inductively Coupled Plasma Atomic Emission Spectroscopy (ICP-AES) after a four acid digestion (technique ME-ICP61). The 4-hole results were also repeat-tested, only for scandium, using a lithium borate fusion digestion technique, followed by similar ICP-AES assay. The lower detection limit for scandium using either technique is 1ppm. RME included one commercial standard sample and three high-grade scandium pulps from previously analyzed batches, for quality control; and also included one duplicate sample from each hole in the batch. For internal quality control, ALS/Brisbane added additional standard samples (for repeat analyses), blank samples and duplicate samples to the batch.

***Nyngan Scandium Project - Planned Activities for 2015-2016***

The following steps are planned for the Nyngan Project during the 2015 and 2016 Calendar years:

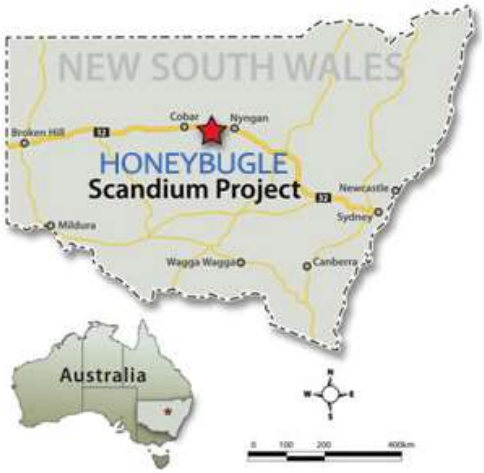
- Complete the transfer of legal title to the exploration licenses, and surface lands from Jervois to the Company;(scheduled for completion in Q1/Q2 of 2015)
- Conduct in-fill exploration drilling on the property, to enhance resource understanding and supply test work resource material (drilling completed in 2014 involving 657 meters of drilling over 14 drill holes at a cost of approximately $50,000; samples analysis and reporting completed in the first quarter of 2015);
- Progress metallurgical test work programs to finalize a project flow sheet, utilizing independent laboratory consultants, (scheduled for completion in the second quarter of 2015 at an estimated cost of $400,000);
- Complete and file an environmental impact assessment (EIS) on the project (scheduled for completion in the third quarter of 2015);
- Initiate and complete an advanced stage economic study at or better than +/- 20% accuracy level (scheduled for completion by year end 2015);
- Apply for mining license on property with NSW Mines Department in Q3 2015; and
- Commence site construction during Q1 2016 (construction completion and operational start-up Q1 2017, estimated construction cost of $77,400,000).

**Honeybugle Scandium Property**

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 (NSW), Australia referred to as the Honeybugle Scandium Property. The license area is located approximately 24 kilometers west-southwest from SCY's Nyngan Scandium Project. The license area covers part of the Honeybugle geologic complex, and will carry that name in our future references to the property. The ground was released by the prior holder, and SCY intends to explore the property for scandium and other metals.

The Company currently does not consider the Honeybugle Scandium Property to be a material property at this time. No Reserves are known to exist on the property. The property is classified as an Australian property for purposes of financial statement segment information.

The location of the Honeybugle exploration property is provided below.




**Honeybugle Drill Results**

On May 7, 2014 the company announced completion of an initial program of 30 air core (AC) drill holes on the property, specifically at the Seaford anomaly, targeting scandium (Sc). Results on 13 of these holes are shown in detail, in the table below. These holes suggest the potential for scandium mineralization on the property similar to our Nyngan Scandium property.

Highlights of initial drilling program results:

- The highest 3-meter intercept graded 572 ppm scandium (hole EHAC 11)
- EHAC 11 also generated two additional high grade scandium intercepts, grading 510 ppm and 415 ppm, each over 3 meters,
- The program identified a 13-hole cluster which was of particular interest;
- intercepts on these 13 holes averaged 270 ppm scandium over a total 273 meters,
- at an average continuous thickness of 21 meters per hole,
- representing a total of 57% (354 meters) of total initial program drilling.
- The 13 holes produced 29 individual (3-meter) intercepts over 300 ppm, representing 31% of the mineralized intercepts in the 273 meters of interest, and
- This initial 30-hole AC exploratory drill program generated a total of 620 meters of scandium drill/assay results, over approximately 1 square kilometer on the property.

The detail results of 13 holes in the initial drill program are as follows:

| Honeybugle 30 Hole Drill Program - April 2014 Target-Scandium | | | | | | |
|---|---|---|---|---|---|---|
| Drill Hole Number | Honeybugle Drill Area | Hole Type | From (meter depth) | To (meter depth) | Intercept Length (meters) | Total Scandium Grade (ppm) |
| **EHAC 1** | Seaford | **Explore (AC)** | 21 | 42 | 21 | 218 |
| | | *including* | *27* | *36* | 9 | *262* |
| **EHAC 2** | Seaford | **Explore (AC)** | 0 | 12 | 12 | 300 |
| | | *including* | *0* | *9* | 9 | *333* |
| **EHAC 3** | Seaford | **Explore (AC)** | 3 | 12 | 9 | 295 |
| | | *including* | *6* | *9* | 3 | *352* |
| **EHAC 5** | Seaford | **Explore (AC)** | 0 | 15 | 15 | 244 |
| | | *including* | *12* | *15* | 3 | *333* |
| **EHAC 6** | Seaford | **Explore (AC)** | 0 | 24 | 24 | 185 |
| | | *including* | *0* | *9* | 9 | *214* |
| | | *including* | *18* | *24* | 6 | *214* |
| **EHAC 7** | Seaford | **Explore (AC)** | 9 | 51 | 42 | 225 |
| | | *including* | *15* | *42* | 27 | *220* |
| | | *including* | *42* | *51* | 9 | *252* |
| **EHAC 9** | Seaford | **Explore (AC)** | 6 | 27 | 21 | 272 |
| | | *including* | *9* | *24* | 15 | *350* |
| **EHAC 10** | Seaford | **Explore (AC)** | *0* | *18* | 18 | *251* |
| **EHAC 11** | Seaford | **Explore (AC)** | *0* | *30* | 30 | *369* |
| | | *including* | *9* | *15* | 6 | *461* |
| | | *including* | *21* | *24* | 3 | *572* |
| **EHAC 12** | Seaford | **Explore (AC)** | *0* | *21* | 21 | *177* |
| **EHAC 26** | Seaford | **Explore (AC)** | 0 | 21 | 21 | 309 |
| | Seaford | *including* | *3* | *18* | 15 | *343* |
| **EHAC 28** | Seaford | **Explore (AC)** | *0* | *18* | 18 | *344* |
| | Seaford | *including* | *3* | *15* | 12 | *363* |
| **EHAC 29** | Seaford | **Explore (AC)** | *3* | *21* | 18 | *316* |
| | | *including* | *9* | *18* | 9 | *396* |
| Assumes 175 ppm cut-off grade | | | | | | |

Seaford is characterized by extensive outcrops of dry, iron-rich laterites, allowing for a particularly shallow drill program. Thirty (30) air core (AC) holes on nominal 100-meter spacing were planned, over an area of approximately 1 square kilometer. Four holes were halted in under 10 meters depth, based on thin laterite beds, low scandium grades, and shallow bedrock.

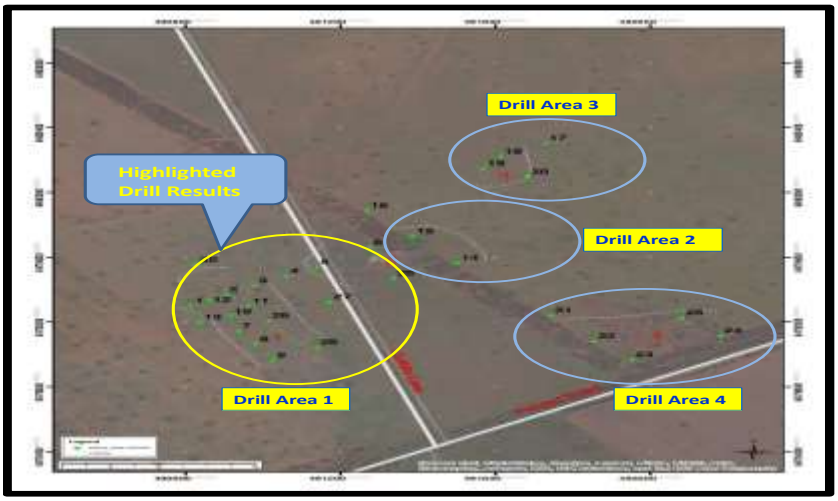
The 13 holes highlighted in the table are grouped together on either side of Coffills Lane, and represent all of the drill locations where meaningful intercept thickness generated scandium grades exceeding 175 ppm. Some of these 13 holes showed significant scandium values on the immediate surface, and alternately, other holes exhibited favorable scandium grades that began at shallow depth. The highest grade Sc sample was found in a 21-24 meter interval (572 ppm), although several holes produced better than 350 ppm Sc intercepts at depths of under 9 meters. The deepest hole (EHAC 7) was drilled to 57 meters, showing good scandium grades over a 12-meter horizon (245 ppm) near the bottom of the hole, from 39 to 51 meters depth. Higher scandium grades were associated with higher iron levels. Holes were drilled to a depth where they contacted the fresh ultramafic bedrock, which generally signaled the end of any scandium enrichment zones.

The drill plan divided Seaford into four sub-areas, 1-4, as highlighted on the map below. Area 1 was relatively higher ground and therefore the least impacted by ground moisture. Consequently this dryer area received the greatest attention, although that had been the general intention in the plan. Area 1

received 17 holes, with 13 presented in detail in the table above. Areas 2-4 were each intended as step-out areas that need to be further examined in the next program. The three step-out areas did not generate results of particular note, although hole locations were not optimal due to ground conditions and access.

- Area 2 received 3 holes, 60 meters total, and generated Sc grades from 45-75 ppm,
- Area 3 received 4 holes, 87 meters total, and generated Sc grades from 47-122 ppm,
- Area 4 received 5 holes, 72 meters total, and generated Sc grades from 60-101 ppm, and
- The average depth of all of these holes was 18 meters, with the deepest 30 meters.

Initial Drill Program Map




This 13-hole cluster (Area 1) was noted to be in a relatively thick laterite zone which was constrained to the west by contact with metasediments, to the east by fresh ultramafic bedrock, and to some extent in the north by a poor intersection result in hole 30. Area 1 remains somewhat open to the south, with the two southern-most holes (EHAC 9 and EHAC 29) generating some of the best scandium grade intercepts in the area.

The surface and near surface mineralization at this property is an advantage, both in locating areas of interest for future exploration work, and also because of extremely low overburden ratios. This particular characteristic for the Honeybugle property is different to our Nyngan property, where mineralization is typically covered by 10-20 meters of barren alluvium.

Further drilling at Seaford is warranted, based on the results of this introductory and modest program, specifically to the north and south of the existing area 1 drill pattern, along with investigation and select drilling at the other three remaining anomalies on the property.

Qualified Person and Quality Assurance/Quality Control

John Thompson, B.E. (Mining); Vice President - Development at SCY is a qualified person as defined in NI 43-101 and has reviewed the technical information on this property. The drilling, sampling, packaging and transport of the drill samples was carried out to industry standards for QA/QC. SCY employed an

independent local geology consulting and drill supervisory team, Rangott Mineral Exploration Pty. Ltd., (RME) of Orange, NSW, Australia, to manage the drill work on-site. Bulk samples of drill returns were collected at one metre intervals from a cyclone mounted on the drilling rig, and a separate three-tier riffle splitter was used on site to obtain 2.0-4.5kg composite samples collected over 3 metre intervals, for assay. Individual sample identifiers were cross-checked during the process. The assay samples were placed in sealed polyweave bags which remained in RME's possession until the completion of the drilling program, at which time they were transported to RME's office in Orange. There, the sequence of sample numbers was validated, and the assay samples were immediately submitted to Australian Laboratory Services' (ALS') laboratory in Orange. The remnant bulk samples, which were collected in sealed polythene bags, were transported by RME to a local storage unit at Miandetta, for long-term storage.

ALS/Orange dried and weighed the samples, and pulverized the entire sample to 85% passing 75 microns or better (technique PUL-21). These 50g sample bags of pulps were then sent to the ALS laboratory at Stafford in Brisbane, Queensland for analysis. ALS/Brisbane analyzed the pulps for scandium, nickel, cobalt, chromium, iron and magnesium, using Inductively Coupled Plasma Atomic Emission Spectroscopy (ICP-AES) after a four acid (total) digestion (technique ME-ICP61). The lower detection limit for scandium using this technique is 1ppm. For their internal quality control, ALS/Brisbane added 4 standard samples (for 20 repeat analyses), 10 blank samples and 16 duplicate samples to the batch. Please see news release see news release dated May 7, 2014 and available on www.sedar.com for further information on the Honeybugle drill results.

## NORWAY SCANDIUM PROPERTY

During 2011 we entered into option agreements with REE Mining AS of Norway, to obtain exploration rights to several properties located in central and southern Norway. Based on exploration results and holding costs, the Tørdal property holding was retained but all other Norway properties were subsequently dropped. The Tørdal agreement was renegotiated to secure a 100% ownership position for SCY. The 90 sq km Tørdal exploration property is prospective for a grouping of specialty metals, and rare earth elements, including scandium, yttrium, tantalum, beryllium, niobium, zirconium, titanium, lithium, nickel and tin.

The Company currently does not consider the Tørdal Scandium/REE property, located in Norway, to be a material property at this time. No Reserves are known to exist on the property. The property is classified as the Norway Property for purposes of financial statement segment information.

The location of the Tørdal exploration property is provided in Figure 4 below.

**2012 Tørdal Field Exploration**

On February 14, 2013 we announced promising results from field exploration work on the Tørdal property during the summer and fall months of 2012, focussed on scandium-bearing pegmatites. The 2012 work included independent assay results of pegmatite rock samples taken from one specific property area, and also includes an extensive pegmatite mapping program covering approximately 30 sq km. The assay results indicated the presence of high levels of scandium and various rare earth elements (REE's), including heavy rare earth elements (HREE's) in particular. Field XRF readings indicated elevated scandium content in hundreds of large and small pegmatite bodies found and mapped in the reconnaissance area.

Highlights of the results of the 2012 field exploration are as follows:

- Tørdal 2012 assays of pegmatite rocks show presence of both scandium and REE's,
- Best scandium assays exceed 1,600 ppm,
- Promising HREE assay results from pegmatites with gadolinite mineralization,
- Host rock mineralization points to higher grade scandium or HREE contents,
- 2012 summer exploration program mapped and sampled over 300 pegmatites,
- A total of 1,940 Niton XRF scandium readings were taken on whole rock samples, and
- Overall program results at Tørdal are very encouraging and warrant expanded exploration.

Assay Results of Grab Samples at Tørdal

The 2011 summer exploration program on the Tørdal property consisted of reconnaissance, surface soil sampling, and limited pegmatite mapping work in a relatively small area north of the village of Kleppe, in Southern Norway.

As a follow-on from that 2011 program, the company then returned to the same area and conducted a series of 'blasts', using small explosive charges to generate whole rock samples on select exposed pegmatites, at the locations of the best soil sample results. The exploration team planned 9 blasts and conducted 8, on 5 different pegmatite bodies, from which they assembled 23 grab samples for analysis and assay by OMAC Laboratories in Ireland. Assay results on these samples were received in Q1 2012—in time to help formulate the 2012 summer/autumn season pegmatite mapping program, conducted on a much wider area.

Independent assay results on 20 of the 23 samples, covering all 5 targeted pegmatites, are shown below.

| Sample Type | Sample Location | | Rare Earth Assay Results | | | Scandium |
|---|---|---|---|---|---|---|
| | Sample ID # | Blast ID # | HREE ppm | TREE ppm | % HREE | Sc ppm |
| Whole Rock Samples | TD1 | 7 | 307 | 427 | 72.0% | 38 |
| | TD2 | 7 | 142 | 204 | 69.7% | 334 |
| | TD3 | 3 | 104 | 138 | 75.0% | 86 |
| | TD5 | 4 | 460 | 533 | 86.4% | 111 |
| | TD6 | 2 | 177 | 223 | 79.3% | 67 |
| | TD7 | 9 | 180 | 219 | 82.0% | 26 |
| | TD8 | 8 | 935 | 1,028 | 90.9% | 77 |
| Select Mica-Phase Samples | TD9 | 7 | 130 | 171 | 75.8% | 568 |
| | TD10 | 3 | 92 | 123 | 74.5% | 665 |
| | TD11 | 9 | 159 | 191 | 82.8% | 1,459 |
| | TD13 | 1 | 52 | 59 | 88.1% | 853 |
| | TD15 | 3 | 724 | 883 | 81.9% | 1,690 |
| Select Garnet-Phase Samples | TD17 | 8 | 1,581 | 1,656 | 95.5% | 141 |
| | TD18 | 7 | 305 | 357 | 85.6% | 23 |
| | TD19 | 2 | 2,443 | 2,789 | 87.6% | 246 |
| | TD21 | 2 | 722 | 860 | 84.0% | 150 |
| Select Gadolinite-Phase | TD14 | 1 | 227,500 | 266,430 | 85.4% | 26 |
| | TD22 | 3 | 162,500 | 186,480 | 87.1% | 64 |
| | TD23 | location 32 | 267,400 | 313,530 | 85.3% | <1 |
| NOTE: All blast samples taken from Kleppe area (Area 1), total of 5 unique pegmatites | | | | | | |

*Assay results are as-reported elemental assay results from OMAC Laboratories, and are not converted to oxide equivalent (REO & $Sc_2O_3$). Heavy rare earth elements abbreviated "HREE"; and include Yttrium;Total rare earth elements abbreviated "TREE".*

The numbered assay samples were formed either by random selection of fresh (un-weathered) whole rock material broken loose from individual pegmatite bodies, or alternatively, based on selectively collecting fresh rock material that was clearly (1) garnet-laden, (2) mica-laden, or showed clear visible (3) gadolinite mineralization. Gadolinite is a beryllium and rare earth-bearing mineral with the chemical formula $[(Ce,La,Nd,Y)_2FeBe_2Si_2O_{10}]$. The intent was to determine from assay results if certain visible mineralization correlated to the presence and concentrations of target elements; specifically scandium, rare earth elements (REE's), or other metals of interest and value.

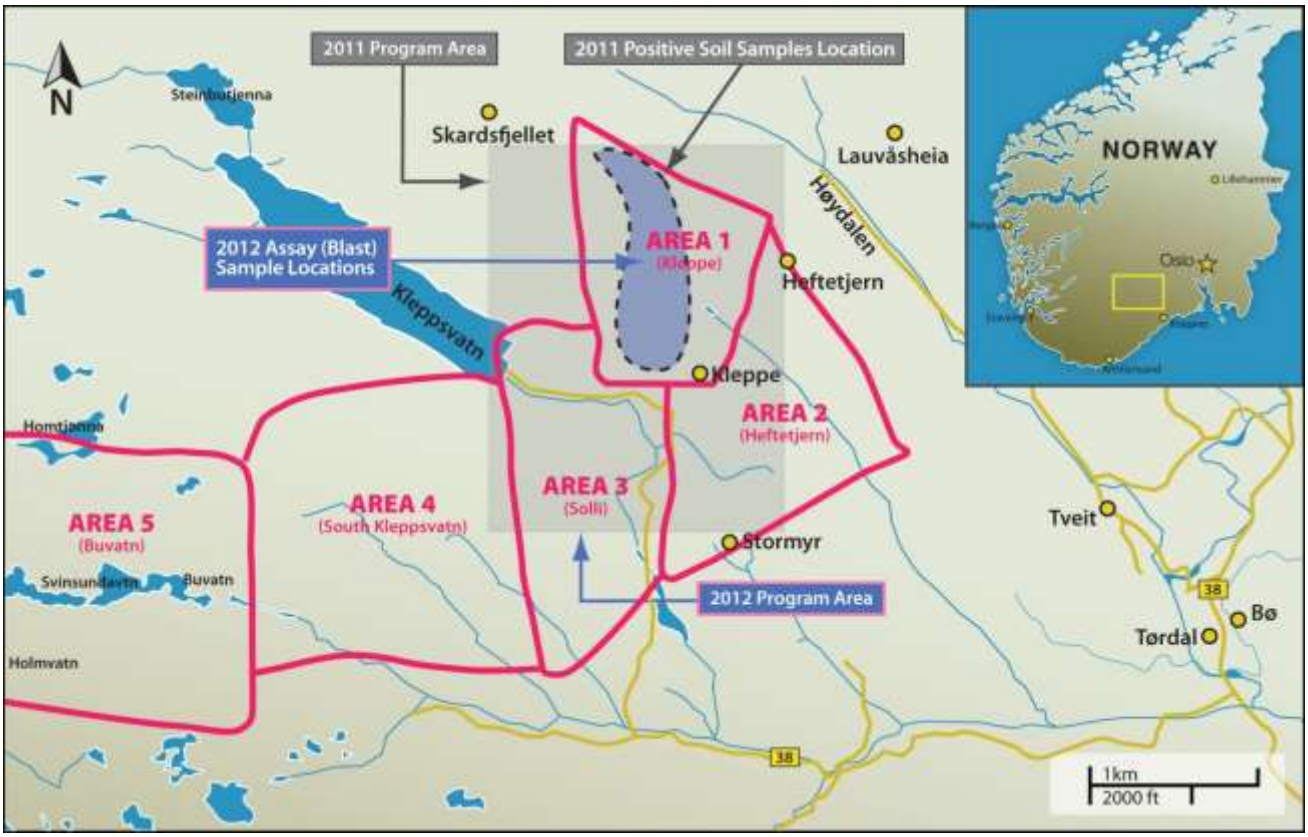
The results in the assay table indicate that all of the selected pegmatites contain interesting levels of both REE's and scandium. In general, all of the pegmatites contained both target elements, while the mica phase appears to hold the higher scandium concentrations with small REE additions, and the gadolinite phase holds the highest REE concentrations and small scandium additions. The presence of garnet material in samples tended to generate interesting but moderate values for both REE's and scandium. Assay work was designed to identify 30 specific elements, including all 16 REE elements plus scandium, and the relative concentration of heavy REE's was of particular interest. The mica and garnet grab sample materials had generally only trace levels of thorium and uranium (average <15 ppm), while the gadolinite grab sample materials had thorium levels between 2,500-5,000 ppm, and uranium levels between 500-1,300 ppm. A full table of OMAC assay results related to these 23 sample analyses is available on the Company website at www.scandiummining.com.

Reconnaissance Results – Extended Pegmatite Mapping Program at Tørdal

Following on from the 2011 work and the 2012 assay results, we conducted an expanded 2012 summer work reconnaissance program at both Tørdal and Evje-Iveland, from July through October. The goals of

the 2012 program were to develop detailed mapping of outcropping pegmatite fields over a much broader area than the 2011 program, while also conducting field sampling of scandium mineralization on those pegmatites using a hand-held Niton XRF Analyzer.

The 2012 program concentrated on five separate areas (approximately 30 sq km) as can be seen in the map below:




A total of 1,940 Niton XRF readings were logged on whole rock and pegmatite mineral separates, logged against individually mapped and numbered pegmatite bodies. The XRF readings ranged up to +6,000 ppm scandium (on a mineral separate), and averaged 661 ppm on 1,504 total logged readings above the instrument's 20 ppm detection limit. XRF readings focussed on scandium data collection only, although the team diligently noted the visible presence of gadolinite and amazonite mineralization.

The reader is cautioned that hand-held Niton XRF readings are not the same as laboratory assays, and are not NI 43-101 compliant with regard to estimating resource grades. However, the Company is confident that these data readings are highly useful in confirming and shaping the next stage of the exploration program on this property.

A summary of results by area is as follows:

- Area 1 (Kleppe); Mapped more than 50 pegmatite bodies. Best average XRF Sc readings from 1,000-1,500 ppm, some very large surface expressions. Gadolinite present.
- Area 2 (Heftetjern); Partially mapped more than 40 pegmatite bodies, many large surface expressions, green amazonite mineralization. Better XRF Sc readings from 500-1,500 ppm.

- Area 3 (Solli); Mapped numerous large and small pegmatites. Generally lower XRF Sc readings, ranging 300-700 ppm. Red feldspars, quartz and gadolinite mineralization present.
- Area 4 (South Kleppsvatn); Partially mapped large area containing more than 80 pegmatites, generally mica-based. Typical XRF Sc readings in the 300-900 ppm range, with some reaching 1,500 ppm Sc.
- Area 5 (Buvatn); Partially mapped, numerous pegmatite bodies, some very large. Typical XRF Sc readings in the 300-1,000 ppm range. Old feldspar quarries, amonizite mineralization present.

Next Steps in Norway Exploration Program

The Company mapping and sampling work has confirmed that much of the Tørdal property is heavily populated with complex, near-surface pegmatite bodies. Based on hand-held XRF readings and mineralogy, these pegmatites show excellent promise for significant scandium enrichment, particularly within bodies containing micas, and for REE mineralization where the rare earth silicate gadolinite is present. Based on the results of 2012 exploration work, planning for future exploration work is under consideration, but is dependent on the Company's ability to adequately fund further exploration work. The priority project is the Nyngan Scandium Project, so funding for further exploration in Norway is specifically subject to adequate prior funding of Nyngan.

Qualified Person and Quality Assurance/Quality Control

Sampling methods followed industry quality control standards. Mr. Kjell Nilsen, an independent geologist consultant currently employed by SCY, conducted the reconnaissance and sampling on the property. Individual whole rock grab samples were collected by hand shovel, from areas where blasted material could be seen to have come from blast points on pegmatite bodies. The assayed samples were individually bagged, sealed, logged on the grid map as to location, boxed in a container suitable for mailing, and sent by express mail to OMAC Laboratories Limited in Galway, Ireland for testing. Assay testing on the samples utilized an ICP-MS spectrometer (Inductively Coupled Plasma-Mass Spectrometry) to test for numerous elements, specifically scandium. The numerous Niton XRF (X-ray Fluorescence) readings were taken at field locations, logged and identified with individual numbered pegmatites, located on grid maps, by the field geology team. Mr. Willem Duyvesteyn, Chief Technology Officer of SCY, is the Qualified Person who is responsible for the design and conduct of the exploration program, and reviewed the program results.

## ITEM 3. LEGAL PROCEEDINGS

We are not a party to any pending legal proceedings and, to the best of our knowledge, none of our property or assets are the subject of any pending legal proceedings.

## ITEM 4. MINE SAFETY DISCLOSURES

The Company has no active mining operations or dormant mining assets at this time, and has no outstanding mine safety violations or other regulatory safety matters to report.

## PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

**Price Range of Common Shares**

The principal market on which our common shares are traded is the Toronto Stock Exchange. Our common shares commenced trading on the Toronto Stock Exchange on April 24, 2008 under the symbol "GP". Effective March 11, 2009, the common shares were listed and posted for trading on the Toronto Stock Exchange under the symbol "EMC". Effective November 28, 2014, the common shares were listed and posted for trading on the Toronto Stock Exchange under the symbol "SCY". The following table shows the high and low trading prices and average trading volume of our common shares on the Toronto Stock Exchange for the periods indicated.

| Year | High (C$) | Low (C$) |
|---|---|---|
| **Fiscal Year ended December 31, 2014** | | |
| First quarter | 0.035 | 0.020 |
| Second quarter | 0.155 | 0.020 |
| Third quarter | 0.130 | 0.075 |
| Fourth quarter | 0.120 | 0.070 |
| **Fiscal Year ended December 31, 2013** | | |
| First quarter | 0.085 | 0.035 |
| Second quarter | 0.040 | 0.020 |
| Third quarter | 0.040 | 0.025 |
| Fourth quarter | 0.035 | 0.020 |

**Exchange Rates**

We maintain our books of account in United States dollars and references to dollar amounts herein are to the lawful currency of the United States except that we are traded on the Toronto Stock Exchange and, accordingly, stock price quotes and sales of stock are conducted in Canadian dollars (C$). The following table sets forth, for the periods indicated, certain exchange rates based on the noon rate provided by the Bank of Canada. Such rates are the number of Canadian dollars per one (1) U.S. dollar (US$). The high and low exchange rates for each month during the previous six months were as follows:

| | High | Low |
|---|---|---|
| January 2015 | 1.2717 | 1.1728 |
| December 2014 | 1.1643 | 1.1344 |
| November 2014 | 1.1427 | 1.1236 |
| October 2014 | 1.1289 | 1.1136 |
| September 2014 | 1.1208 | 1.0863 |
| August 2014 | 1.0982 | 1.0857 |

The following table sets out the exchange rate (price of one U.S. dollar in Canadian dollars) information as at each of the years ended December 31, 2013 and 2014.

| | Year Ended December 31 (Canadian $ per U.S. $) | |
|---|---|---|
| | 2013 | 2014 |
| Rate at end of Period | 1.0636 | 1.1601 |
| Low | 0.9845 | 1.0614 |
| High | 1.0737 | 1.1643 |

As of February 20, 2015, there were 62 registered holders of record of the Company's common shares and an undetermined number of beneficial holders.

**Dividends**

We have not paid any cash dividends on our common shares since our inception and do not anticipate paying any cash dividends in the foreseeable future. We plan to retain our earnings, if any, to provide funds for the expansion of our business.

**Securities Authorized for Issuance under Compensation Plans**

The following table sets forth information as at December 31, 2014 respecting the compensation plans under which shares of the Company's common stock are authorized to be issued.

| **Plan Category** | **Number of securities to be issued upon exercise of outstanding options, warrants and rights**<br><br>**(a)** | **Weighted-average exercise price of outstanding options, warrants and rights**<br><br>**(b)** | **Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))**<br><br>**(c)** |
|---|---|---|---|
| Equity compensation plans approved by security holders | 15,378,750 | C$0.11 | 14,411,968 |
| Equity compensation plans not approved by security holders | Nil | nil | nil |
| Total | **15,378,750** | **C$0.11** | **14,411,968** |

**Purchases of Equity Securities by the Company and Affiliated Purchasers**

Neither the Company nor an affiliated purchaser of the Company purchased common shares of the Company in the quarter ended December 31, 2014.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Overview

Scandium International Mining Corp. is a specialty metals and alloys company focusing on scandium and other specialty metals. We intend to utilize our patented technologies and know-how to maximize opportunities in these and other specialty metals.

The Company was formed in 2006, under the name Golden Predator Mines Inc. As part of a reorganization and spin-out of our precious metals portfolio in March 2009, we changed our name to EMC Metals Corp. In November of 2014, we changed our name to Scandium International Mining Corp and currently trade on the Toronto Stock Exchange under the symbol "SCY".

We hold a 100% interest in the Nyngan scandium project in New South Wales, Australia, after settling a protracted legal dispute with our previous partner. We also own the Tørdal (southern Norway) scandium property.

We acquired rights to metallurgical processing know-how as part of the acquisition of The Technology Store ("TTS") during 2011, which we are utilizing to gain access to a number of specialty metals opportunities.

Our focus during 2014 regarding the Nyngan Project included the issuance of a preliminary economic assessment as well as a small drilling program. The Tordal scandium property was on a care and maintenance basis as we tried to secure additional financing to advance our projects. We also investigated and rejected other specialty metals opportunities.

**RESULTS FOR THE YEAR ENDED DECEMBER 31, 2014**

Liquidity and Capital Resources

At December 31, 2014, we had working capital (deficit) of ($2,098,426) including cash of $417,386 and current liabilities of $2,573,245 (including a note due in December of 2015 totaling $2,500,000); as compared to a working capital (deficit) of ($1,190,003) including cash of $778,075 at December 31, 2013. The decrease in working capital is due to ongoing drilling and metallurgical testing at the Nyngan Project.

During the year ended December 31, 2014, we received cash of $2,500,000 (2013 - $1,344,874) from the issuance of promissory notes and $Nil (2013 - $650,000) from the issuance of convertible debentures.

At December 31, 2014, we had a total of 15,378,750 (2012 – 14,168,750) stock options exercisable between C$0.05 and C$0.315 (2013 – between C$0.05 and C$0.315) which has the potential upon exercise to generate a total of C$1,725,238 (2013 – C$1,703,313) in cash over the next five years. There is no assurance that these securities will be exercised.

Our continued development is contingent upon our 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 us; however, management is committed to pursuing all possible sources of financing in order to execute our business plan.

Our major capital requirement in the next 12 months relates to either repaying or triggering conversion of the $2,500,000 loan liability of a promissory note taken out in June of 2014, by December 2015.

The Company will need additional funding to meet the commitments shown above, and will seek to raise additional equity financing in the short term.

Results of Operations

***Quarter ended December 31, 2014***

The net loss for the quarter decreased by $1,620,383 to $577,175 from $2,197,558 in the prior year, mainly as a result of the sale of the Springer mine in 2013. Individual items contributing to this decrease are as follows:

| Q4 2014 vs. Q4 2013 - Variance Analysis (US$) | | |
|---|---|---|
| **Item** | **Variance Favourable / (Unfavourable)** | **Explanation** |
| Discontinued operations | $1,956,583 | Q4 2013 Springer recognized a one-time charge to allocate the portion of the foreign currency translation adjustment that was related to the Springer operations from prior years when financial reporting was done in Canadian dollar. In Q4 2014 there were no charges for discontinued operations. |
| Loss on disposal of mineral properties | $50,000 | In Q4 of 2013 the Company wrote off its investment in the Hogtuva property in Norway. There were no write-offs of mineral properties in 2014. |
| Interest expense | $16,171 | Lower Q4 2014 interest payments reflect lower interest rates on outstanding debt. |
| Professional fees | $5,869 | The lower Q4 2014 professional fees reflect the fact that in Q4 2013 the Company was going through the sale of the Springer property incurring legal costs to facilitate the closing of this transaction. |
| Amortization | ($1) | Costs were essentially the same as in the prior comparative period. |
| Consulting | ($2,000) | The slightly higher consulting fees in Q4 2014 relate to the Nyngan project development activity in the current period when compared to Q4 2013. |
| Insurance | ($12,380) | The higher costs in the current year reflect the results of a |

| Q4 2014 vs. Q4 2013 - Variance Analysis (US$) | | |
|---|---|---|
| **Item** | **Variance Favourable / (Unfavourable)** | **Explanation** |
| | | Worker's Compensation insurance audit which the Company is disputing. In keeping with our standard practices, invoiced expenses have been recognized but we anticipate a reassessment of the additional charges to be in our favor in 2015. |
| Foreign exchange | ($14,585) | The declining value of the Canadian dollar in Q4 2014 resulted in this variance. |
| Travel and entertainment | ($17,774) | Increased Nyngan project work including the preparation of a PEA, the implementation of a drilling program, and metallurgical testing, required more travel to Australia, Europe and Canada when compared to 2013. |
| Stock-based compensation | ($30,470) | Late in Q4 of 2014 stock options were granted that vested immediately. In Q3 of 2013 there were no options granted. |
| Salaries and benefits | ($68,606) | The increase in salaries is due to the fact that in Q4 of 2013 senior company officials took reduced salaries when the Company was conserving cash. |
| General and administrative | ($72,740) | G&A expenses during Q4 2013 include a reallocation of costs incurred earlier in 2013 to the Springer project. The Springer operating costs were then charged to discontinued operations. Absent this allocation adjustment, the 2014 Q4 costs are closely comparable with G&A incurred in the 2013 comparative period. |
| Exploration | ($189,683) | The Company carried out a drilling program in 2014 along with associated assaying and metallurgical testing resulting in higher costs when compared to 2013. |

***Results of Operations for the Year ended December 31, 2014***

The net loss for the year decreased by $23,840,943 to $1,849,656 from $25,690,599 in the prior year, mainly as a result of the sale of the Springer Mining Company in the prior year. Individual items contributing to this increase are as follows:

| 2014 vs. 2013 - Variance Analysis (US$) | | |
|---|---|---|
| **Item** | **Variance Favourable / (Unfavourable)** | **Explanation** |
| Loss from discontinued operations | $23,846,144 | In the third quarter of 2013 the Company sold the Springer Mining Company along with the Carlin Vanadium and Copper King projects. Accounting guidelines require that this constitutes a discontinued operation and as such the results from these operations need to be removed from normal course operating results. No such loss was incurred in 2014. |
| Interest expense | $393,933 | The Company had taken out several promissory notes and convertible debt in 2012 and 2013. All of these loans were repaid in 2014 and the Company replaced the debt with a new loan and share issues resulting in much lower interest charges. |
| Write-off of mineral interests | $50,000 | In 2013 the Company wrote off its investment in the Hogtuva project in Norway. No such charge was incurred in 2014. |
| Consulting | $37,178 | In 2013 consultants were used in the Company's efforts to properly evaluate the Springer mine to help in the sale or partnership of that property. No similar costs were incurred during 2014. |
| General and administrative | $18,438 | Slightly lower costs were incurred with the reduction of the office space in Sparks, NV as well as general overall cost reductions have been put in place. |
| Salaries and benefits | $13,529 | Lower salary costs reflect pay cuts taken by staff when compared to the previous year. |
| Amortization | $348 | Costs were essentially the same as in the prior comparative period. |
| Insurance | ($3,824) | Insurance costs increased from 2013 due to a more inclusive Worker's Compensation package as well as general liability increases as activities increased at Nyngan in the current year. |
| Professional fees | ($14,980) | Legal fees were higher due to finalizing the Nyngan property settlement transaction, as well as work surrounding the Company's name change |
| Travel and entertainment | ($27,118) | Increased Nyngan project work including the preparation of a PEA, the implementation of a drilling program, and metallurgical testing, required more travel to Australia, |

| 2014 vs. 2013 - Variance Analysis (US$) | | |
|---|---|---|
| **Item** | **Variance Favourable / (Unfavourable)** | **Explanation** |
| | | Europe and Canada when compared to 2013. |
| Foreign exchange loss | ($81,613) | In 2014 the US dollar made significant gains against the Canadian dollar. Bank deposits held in Canada lost considerable value towards the end of 2014 as lower oil prices had a negative impact on the value of the Canadian dollar resulting in an annual loss of $65,648 in 2014 versus a gain of $16,966 in 2013. |
| Exploration | ($154,413) | The Company carried out a drilling program in 2014 along with associated assaying and metallurgical testing resulting in higher costs when compared to 2013. |
| Stock-based compensation | ($236,679) | The Company issued 1,600,000 more options in 2014 than in 2013 and many of the newly issued options vested immediately resulting in higher costs for this item. Also higher share prices in 2014 than in 2013 contributed to this increased cost. |

***Cash flow discussion for the year ended December 31, 2014 compared to December 31, 2013***

The cash outflow from operating activities decreased by $512,605 to $1,638,925 (2013 – $2,151,530) due to lower financing charges and lower changes in operating working capital.

Cash flows from investing activities decreased by $5,141,168 to ($1,249,652) (2013 – $3,891,516) due mainly to the funds received on the sale of the Springer Mining Company in 2013.

Cash inflows from financing activities increased by $3,666,014 to $2,520,888 (2013 - $1,145,126) as a result of private placements issued in 2014.

***Summary of quarterly results (US$)***

| | **2014** | | | | **2013** | | | |
|---|---|---|---|---|---|---|---|---|
| | **Q4** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** | **Q2** | **Q1** |
| Net Sales | - | - | - | - | - | - | - | - |
| Net Income (Loss) | (577,174) | (779,384) | (221,294) | (271,804) | (2,197,558) | (22,060,858) | (521,895) | (910,288) |
| Basic and diluted Net Income (Loss) per share | (0.00) | (0.01) | (0.00) | (0.00) | (0.02) | (0.13) | (0.01) | (0.01) |

***Financial Position***

*Cash*

The decrease in cash of $367,689 to $417,386 (2013 - $785,075) results from the preparation of a PEA as well as a drilling program at the Nyngan project.

*Property, plant and equipment*

Property plant and equipment consists of office furniture and computer equipment at the Sparks, Nevada office. The decrease of $3,834 to $6,444 at December 31, 2014 (2013 - $10,278) is due to the regular amortization of these items.

*Mineral interests*

Mineral interests have increased by $1,399,520 to $3,012,723 at December 31, 2014 (2013 - $1,613,203) due mainly to the final payment made to secure the Nyngan property in mid-2014. Also annual fees to maintain ownership of the Tordal property in Norway contributed to this increase.

*Notes Payable and Accrued Liabilities*

Notes payable and accrued liabilities have decreased by $174,368 to $73,245 at December 31, 2014 (2013 – $247,613) due mainly to decreased levels of activity.

*Promissory notes and convertible debenture payable (current and long-term)*

Current promissory notes payable and convertible debenture increased by $645,125 due to the replacement of a convertible debenture (2013 - $650,000) and a promissory note (2013 - $1,204,875) due in June 2014 with a new promissory note of $2,500,000 maturing in December of 2015.

*Capital Stock*

Capital stock increased by $1,875,763 to $89,186,471 (2013 - $87,310,708) as a result of the issuance of common shares in the second and third quarter of 2014.

Additional paid-in capital increased by $311,288 to $2,419,615 (2013 - $2,108,327) as a result of the granting of stock options.

Treasury shares remained at $1,264,194 through the 2014 fiscal period.

**Off-balance sheet arrangements**

At December 31, 2014, we 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 us.

## ADDITIONAL INFORMATION AND ACCOUNTING PRONOUNCEMENTS

### Outstanding share data

At February 20, 2015 we had 198,604,790 issued and outstanding common shares, 14,810,000 outstanding stock options at a weighted average exercise price of C$0.11. No warrants are outstanding at February 20, 2015.

### Critical Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting policies requires our management 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*

We use 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 we make will likely change from time to time. At the time the fair value is determined, the methodology that we use 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.

*Deferred income taxes*

We account for tax consequences of the differences in the carrying amounts of assets and liabilities and our tax bases using tax rates expected to apply when these temporary differences are expected to be settled. When the deferred 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. We have taken a valuation allowance against all such potential tax assets.

*Mineral properties and exploration and development costs*

We capitalise the costs of acquiring mineral rights at the date of acquisition. After acquisition, various factors can affect the recoverability of the capitalized costs. Our 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. We are 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, we have assumed recent world commodity prices will be achievable. We have considered the mineral resource reports by independent engineers on the Nyngan 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**

On June 10, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-10 (ASU 2014-10), Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation. ASU 2014-10 eliminates the requirement to present inception-to-date information about income statement line items, cash flows, and equity transactions, and clarifies how entities should disclosure the risks and uncertainties related to their activities. ASU 2014-10 also eliminates an exception provided to development stage entities in Consolidations (ASC Topic 810) for determining whether an entity is a variable interest entity on the basis of the amount of investment equity that is at risk. The presentation and disclosure requirements in Topic 915 will no longer be required for interim and annual reporting periods beginning after December 15, 2014, and the revised consolidation standards will take effect in annual periods beginning after December 15, 2015. Early adoption is permitted. The Company adopted the provisions of ASU 2014-10 effective for its financial statements for the period ended December 31, 2014, and accordingly, is no longer presenting the inception-to-date financial information and disclosures formerly required.

Accounting Standards Update 2013-05 - Foreign Currency Matters (Topic 830) - Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. This standard provides guidance with respect to the treatment of the cumulative translation adjustment upon the sale of a foreign subsidiary whereby the cumulative translation adjustment associated with that subsidiary are taken into net income of the parent company.

Accounting Standards Update 2013-11 - Income Taxes (Topic 740) - Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry forward, a Similar Tax Loss, or a Tax Credit Carry forward Exists. This accounting standard deals with the treatment of tax loss carry forwards. The Company has reviewed this standard and has determined that it has little impact on the presentation of its financial statements.

Accounting Standards Update 2014-15 – Presentation of Financial Statements – Going Concern (Subtopic 205-40). This accounting pronouncement provides guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. In doing so, the amendments should reduce diversity in the timing and content of footnote disclosures. The policy is effective December 15, 2016. The Company is evaluating this guidance and believes it will have little impact on the presentation of its financial statements.

Accounting Standards Update 2014-08 - Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This accounting pronouncement provides guidance on the treatment of Property, Plant and Equipment plus the reporting of discontinued operations and disclosure of disposals of components of an entity. The policy is effective December 15, 2014. The Company is evaluating this guidance and believes it will have little impact on the presentation of its financial statements.

**Financial instruments and other risks**

Our financial instruments consist of cash, receivables, accounts payable and accrued liabilities, convertible debentures, and promissory notes payable. It is management's opinion that we are not

exposed to significant interest, currency or credit risks arising from our financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted. We have our cash primarily in one commercial bank in Vancouver, British Columbia, Canada.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements of the Company and the notes thereto are attached to this report following the signature page and Certifications.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

For the fiscal years ended December 31, 2014 and 2013, we did not have any disagreement with our accountants on any matter of accounting principles, practices or financial statement disclosure.

## ITEM 9A. CONTROLS AND PROCEDURES

**Disclosure controls and procedures.** The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's management, including our principal executive officer and our principal financial officer, evaluated the effectiveness of 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.

**Management's report on internal control over financial reporting.** The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f) of the Exchange Act). Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2014, using criteria established in *Internal Control-Integrated Framework* issued in 1992 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Even an effective internal control system, no matter how well designed, has inherent limitations, including the possibility of human error and circumvention or overriding of controls and therefore can provide only reasonable assurance with respect to reliable financial reporting. Furthermore, the effectiveness of an internal control system in future periods can change with conditions.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The Company's management has determined that the internal controls over financial reporting are effective as of December 31, 2014.

**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.

Item 9B. OTHER INFORMATION

None.

## PART III

Information with respect to Items 10 through 14 is set forth in the definitive Proxy Statement to be filed with the Securities and Exchange Commission on or before April 30, 2015 and is incorporated herein by reference. If the definitive Proxy Statement cannot be filed on or before April 30, 2015, the Company will instead file an amendment to this Form 10-K disclosing the information with respect to Items 10 through 14.

## PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES

**Financial Statements**

The following Consolidated Financial Statements are filed as part of this report.

| Description | Page |
|---|---|
| Financial statements for the years ended December 31, 2014 and 2013 and audit reports thereon. | F-1 |

**Exhibits**

The following table sets out the exhibits filed herewith or incorporated herein by reference.

| Exhibit | Description |
|---|---|
| 3.1 | Certificate of Incorporation, Certificate of Name Change dated March 2009, Notice of Articles dated March 2009*<br>Certificate of Name Change dated November 19, 2014 and Notice of Articles dated November 19, 2014 |
| 3.2 | Corporate Articles*<br>Amendment to Corporate Articles dated November 10, 2014 |
| 10.1* | 2008 Stock Option Plan |
| 10.2* | Management Contract with George Putnam dated May 1, 2010 |
| 10.3** | Management Contract with Edward Dickinson dated August 13, 2011 |
| 10.4*** | Loan Agreement dated June 24, 2014 |
| 14.1**** | Board of Directors Code of Conduct |
| 21.1 | List of Subsidiaries |
| 23.1 | Consent of Davidson & Company LLP |
| 23.2 | Consent of Nigel Ricketts |

| | |
|---|---|
| 23.3 | Consent of Stuart Hutchin |
| 23.4 | Consent of Maxel Rangott |
| 31.1 | Certification Pursuant to Rule 13a-14(a) or 15d-14(a) of the U.S. Securities Exchange Act of 1934 of the Principal Executive Officer |
| 31.2 | Certification Pursuant to Rule 13a-14(a) or 15d-14(a) of the U.S. Securities Exchange Act of 1934 of the Principal Financial Officer |
| 32.1 | Section 1350 Certification of the Principal Executive Officer and Principal Financial Officer of the Principal Executive Officer |
| 32.2 | Section 1350 Certification of the Principal Executive Officer and Principal Financial Officer of the Principal Financial Officer |

* Previously filed as exhibits to the Form 10 filed May 24, 2011 and incorporated herein by reference.
** Previously filed as an exhibit to the Form 10-K/A filed May 1, 2014 and incorporated herein by reference.
*** Previously filed as an exhibit to the Form 10-Q filed August 12, 2014 and incorporated herein by reference.
**** Previously filed as an exhibit to the Form 10-K filed on March 25, 2014 and incorporated herein by reference.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

**SCANDIUM INTERNATIONAL MINING CORP.**

By: /s/ George Putnam
George Putnam
President and Principal Executive Officer

Date: February __, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ George Putnam<br>George Putnam | President, Principal Executive Officer, and Director | February __ , 2015 |
| /s/ William Harris<br>William Harris | Chairman and Director | February __, 2015 |
| /s/ Willem Duyvesteyn<br>Willem Duyvesteyn | Director | February __, 2015 |
| /s/ Warren Davis<br>Warren Davis | Director | February __, 2015 |
| /s/ Barry Davies<br>Barry Davies | Director | February __, 2015 |
| /s/ Edward Dickinson<br>Edward Dickinson | Principal Accounting Officer and Principal Financial Officer | February __, 2015 |