



UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

QUARTER ENDED MARCH 31, 2015

Scandium International Mining Corp.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in US Dollars) (Unaudited)

As at:	March 31, 2015	December 31, 2014
ASSETS		
Current		
Cash	\$ 165,221	\$ 417,386
Prepaid expenses and receivables	35,708	57,433
Total Current Assets	<u>200,929</u>	<u>474,819</u>
Equipment (Note 3)	5,486	6,444
Mineral interests (Note 4)	3,012,723	3,012,723
Total Assets	<u>\$ 3,219,138</u>	<u>\$ 3,493,986</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 174,806	\$ 51,343
Accounts payable with related parties	79,931	21,902
Promissory notes payable (Note 6)	2,500,000	2,500,000
Total Liabilities	<u>2,754,737</u>	<u>2,573,245</u>
Stockholders' Equity		
Capital stock (Note 8) (Authorized: Unlimited number of shares with no par value; Issued and outstanding: 198,604,790 (2014 – 198,604,790))	89,186,471	89,186,471
Treasury stock (Note 9) (1,033,333 common shares)	(1,264,194)	(1,264,194)
Additional paid in capital (Note 8)	2,433,929	2,419,615
Accumulated other comprehensive loss	(853,400)	(853,400)
Deficit	(89,038,405)	(88,567,751)
Total Stockholders' Equity	<u>464,401</u>	<u>920,741</u>
Total Liabilities and Stockholders' Equity	<u>\$ 3,219,138</u>	<u>\$ 3,493,986</u>

Nature and continuance of operations (Note 1)

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

Scandium International Mining Corp.
CONDENSED CONSOLIDATED STATEMENTS OF
OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in US Dollars) (Unaudited)

	Quarter ended March 31, 2015	Quarter ended March 31, 2014
EXPENSES		
Amortization (Note 3)	\$ 958	\$ 958
Consulting	28,000	-
Exploration	133,606	52,756
General and administrative	54,688	47,322
Insurance	(2,226)	6,689
Professional fees	42,808	21,122
Salaries and benefits	116,416	97,294
Stock-based compensation (Note 8)	14,314	1,166
Travel and entertainment	15,935	7,266
Loss before other items	(404,499)	(234,573)
OTHER ITEMS		
Foreign exchange loss	(10,463)	(7,231)
Interest expense	(55,692)	(30,000)
	(66,155)	(37,231)
Loss and comprehensive loss for the period	(470,654)	(271,804)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	198,604,790	166,022,035

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

Scandium International Mining Corp.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars) (Unaudited)

	Quarter ended March 31, 2015	Quarter ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (470,654)	\$ (271,804)
Items not affecting cash:		
Amortization	958	958
Unrealized foreign exchange	-	5,680
Stock-based compensation	14,314	1,166
Changes in non-cash working capital items:		
Decrease in prepaids and receivables	21,725	108,102
Increase in accounts payable and accrued liabilities	181,492	62,726
	<u>(252,165)</u>	<u>(93,172)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to unproven mineral interests	-	-
	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	-	192,000
Payment of promissory note and convertible debenture	-	(650,000)
	<u>-</u>	<u>(458,000)</u>
Change in cash during the period	(252,165)	(551,172)
Cash, beginning of period	<u>417,386</u>	<u>785,075</u>
Cash, end of period	<u>\$ 165,221</u>	<u>\$ 233,903</u>

Supplemental disclosure with respect to cash flows (Note 11)

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

Scandium International Mining Corp.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Expressed in US Dollars) (Unaudited)

	Capital Stock		Additional Paid in Capital	Treasury Stock	Accumulated Other Comprehensive Loss (Foreign Currency Translation)	Deficit	Total
	Number of Shares	Amount					
		\$	\$	\$	\$	\$	\$
Balance, December 31, 2013	165,358,337	87,310,708	2,108,327	(1,264,194)	(853,400)	(86,718,095)	583,346
Private placements	33,246,453	1,875,763	-	-	-	-	1,875,763
Stock-based compensation	-	-	311,288	-	-	-	311,288
Loss for the year	-	-	-	-	-	(1,849,656)	(1,849,656)
Balance, December 31, 2014	198,604,790	89,186,471	2,419,615	(1,264,194)	(853,400)	(88,567,751)	920,741
Stock-based compensation	-	-	14,314	-	-	-	14,314
Loss for the period	-	-	-	-	-	(470,654)	(470,654)
Balance, March 31, 2015	198,604,790	89,186,471	2,433,929	(1,264,194)	(853,400)	(89,038,405)	464,401

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Scandium International Mining Corp. (the "Company") is a specialty metals and alloys company focusing on scandium and other specialty metals.

The Company was incorporated under the laws of the Province of British Columbia, Canada in 2006. The Company currently trades on the Toronto Stock Exchange under the symbol "SCY".

The Company's focus is on the exploration and evaluation of its specialty metals assets, specifically the Nyngan scandium deposit located in New South Wales, Australia and the Tørdal scandium/rare earth minerals deposit in Norway. In June 2014, the Company made the final installment payment to acquire the Nyngan property. The Company is an exploration stage company and anticipates incurring significant additional expenditures prior to production at any and all of its properties.

These condensed consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

The Company currently earns no operating revenues and will require additional capital in order to advance both the Nyngan and Tørdal properties. The Company's ability to continue as a going concern is uncertain and is dependent upon the generation of profits from mineral properties, obtaining additional financing and maintaining continued support from its shareholders and creditors. These are material uncertainties that raise substantial doubt about the Company's ability to continue as a going concern. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company's assets may be adversely affected.

2. BASIS OF PRESENTATION

Basis of presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). The interim condensed consolidated financial statements include the consolidated accounts of the Company and its wholly-owned subsidiaries with all significant intercompany transactions eliminated. In the opinion of management, all adjustments necessary for a fair statement of the consolidated financial position, results of operations and cash flows for the interim periods have been made. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with generally accepted accounting principles of the United States of America ("US GAAP") have been condensed or omitted pursuant to such SEC rules and regulations. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014 and with our Annual Report on Form 10-K filed with the SEC on February 27, 2015. Operating results for the three month period ended March 31, 2015 may not necessarily be indicative of the results for the year ending December 31, 2015.

Use of estimates

The preparation of interim condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the deferred income tax asset valuations, asset impairment, stock-based compensation and loss contingencies. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between estimates and the actual results, future results of operations will be affected.

Fair value of financial assets and liabilities

The Company measures the fair value of financial assets and liabilities based on US GAAP guidance which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

The Company classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount.

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

2. BASIS OF PRESENTATION (cont'd...)

Financial instruments, including receivables, accounts payable and accrued liabilities, accounts payable with related parties, convertible debentures and promissory notes payable are carried at amortized cost, which management believes approximates fair value due to the short term nature of these instruments.

The following table presents information about the assets that are measured at fair value on a recurring basis as at March 31, 2015, and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset:

	March 31, 2015	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	\$ 165,221	\$ 165,221	\$ —	\$ —
Total	\$ 165,221	\$ 165,221	\$ —	\$ —

The fair values of cash are determined through market, observable and corroborated sources.

Recently Issued Accounting Standards

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 adoption of this standard has had no impact on the presentation of the Company's 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 2015-01 - Income Statement—Extraordinary and Unusual Items (Subtopic 225-20). This Update is part of an initiative to reduce complexity in accounting standards (the Simplification Initiative). This Update eliminates from GAAP the concept of extraordinary items. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company is evaluating this guidance and believes it will have little impact on the presentation of its financial statements.

Accounting Standards Update 2015-02 - Consolidation (Topic 810) - Amendments to the Consolidation Analysis. This update provides guidance with respect to the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The amendments in this Update are effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. The Company is evaluating this guidance and believes it will have little impact on the presentation of its financial statements.

3. EQUIPMENT

	December 31, 2014 Net Book Value	Additions (disposals) (write-offs)	Amortization	March 31, 2015 Net Book Value
Computer equipment	\$ 1,696	\$ -	\$ (169)	\$ 1,527
Office equipment	4,748	-	(789)	3,959
Equipment	\$ 6,444	\$ -	\$ (958)	\$ 5,486
	December 31, 2013 Net Book Value	Additions (disposals) (write-offs)	Amortization	December 31, 2014 Net Book Value
Computer equipment	\$ 2,375	\$ -	\$ (679)	\$ 1,696
Office equipment	7,903	-	(3,155)	4,748
Equipment	\$ 10,278	\$ -	\$ (3,834)	\$ 6,444

4. MINERAL INTERESTS

December 31, 2014	Scandium and other
Acquisition costs	
Balance, December 31, 2013	\$ 1,613,203
Additions	1,399,520
Balance December 31, 2014	\$ 3,012,723

March 31, 2015	Scandium and other
Acquisition costs	
Balance, December 31, 2014	\$ 3,012,723
Additions	-
Balance, March 31, 2015	\$ 3,012,723

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

SCANDIUM PROPERTIES

Nyngan, New South Wales Property

On February 5, 2010, the Company entered in to an earn-in agreement with Jervois Mining Limited ("Jervois"), whereby it would acquire a 50% interest in the Nyngan Scandium property (the "Nyngan Project") located in New South Wales, Australia. The JV Agreement, as amended, gave the Company the right to earn a 50% interest in a joint venture with Jervois, for the purpose of holding and developing the Nyngan Project. On June 22, 2012, the Company received notice of a lawsuit filed against the Company with regard to the achievement of certain milestones required under the JV Agreement. On February 6, 2013, the Company announced agreement of an out of court settlement to the dispute with Jervois. The terms of the settlement transferred 100% ownership and control of the Nyngan Project to the Company, in return for AUD\$2.6 million cash payments and a percentage royalty payable to Jervois on sales of product from the project. A total of \$1,108,484 (AUD\$1.2 million) was paid in June 2013 as part of the settlement. A total of \$1,364,031 (AUD\$1.4 million) was paid in June 2014 to fulfill the obligations under the settlement agreement which gives 100% of the property to the Company.

Royalties attached to the Nyngan property 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.

Tørdal and Evje-Iveland properties, Norway

During 2012 the Company entered into an option agreement with REE Mining AS ("REE") to earn up to a 100% interest in the Tørdal and Evje-Iveland properties pursuant to which the Company paid \$130,000 and issued 1,000,000 common shares valued at \$40,000. To earn its interest, the original agreement required the Company to pay REE an additional \$500,000, incur \$250,000 of exploration work and issue 250,000 common shares upon releasing the second of two full feasibility studies on the two properties. The Company subsequently renegotiated the payments required to earn the interest and the Evje-Iveland property was removed from the option agreement. Pursuant to the amendment, the Company earned a 100% interest in the Tørdal property by paying an additional \$35,000 and granting a 1% Net Smelter Return ("NSR") payable to REE.

Honeybugle property, Australia

In April of 2014 the Company also acquired an exploration license referred to as the Honeybugle property, a prospective scandium exploration property located 24 kilometers from the Nyngan Project.

5. CONVERTIBLE DEBENTURES

On February 22, 2013, the Company completed a \$650,000 loan financing consisting of convertible debentures. The convertible debenture had a maturity date of February 22, 2014 and bore interest at 10% per annum. The lenders had the option to convert the loan into 13,000,000 common shares of the Company. There was no beneficial conversion feature associated with the conversion option. The loan was secured by an interest in the assets of the Company's wholly owned subsidiary, Wolfram Jack Mining Corp., and the Company's interest in the Høgtuva and Tørdal properties in Norway. This financing was repaid in full in February 2014.

6. PROMISSORY NOTES PAYABLE

	March 31, 2015	December 31, 2014				
On June 24, 2014, the Company completed a \$2,500,000 loan financing which includes a convertible feature. The loan has a maturity date of December 24, 2015 and bears loan interest that increases in quarterly increments from 4% to a maximum of 12%. The full loan can be converted into an effective 20% JV interest in Nyngan and Honeybugle. This conversion feature can convert at the lender's option or once the Company raises \$3,000,000 in equity. The 20% JV partner has a carried interest until the Company meets two milestones: (1) filing a feasibility study on SEDAR, and (2) receiving a mining license on either JV property. The JV partner becomes fully participating on development and build costs thereafter. The JV partner holds an option to convert their 20% JV interest into equivalent value of the Company's shares, at market prices, rather than participate in construction. The JV partner's option to convert its project interest to the Company's shares is a one-time option, at such time the partner becomes fully participating on project costs. If the Company is unable to raise \$3,000,000 and repay the loan, the lender may exercise a purchase option wherein the debt will be settled in exchange for 100% interest in the Nyngan mineral rights.	\$2,500,000	\$2,500,000				
On June 24, 2013 the Company completed a \$1,204,875 financing consisting of a series of insider and non-insider loans. The loans had a maturity date in June 2014 and bore interest at 10% per annum. The loans were secured by the ownership interest the Company has or earns in the Nyngan Scandium Project. As an inducement to enter into this loan, the lenders received a royalty of 0.2% of average scandium sales value, produced from the Nyngan property, on the first 100 tonnes of scandium oxide product produced and sold. The royalty was capped at \$370,000 and the Company retained a right to buy back the royalty from the lenders or their assigns for \$325,000 at any time up to the commencement of first production, or three years from the loan date, whichever occurs first. This financing was paid in full in June 2014.	<table border="1"> <tr> <td style="text-align: center;">Nil</td> </tr> <tr> <td style="text-align: center;">\$2,500,000</td> </tr> </table>	Nil	\$2,500,000	<table border="1"> <tr> <td style="text-align: center;">Nil</td> </tr> <tr> <td style="text-align: center;">\$2,500,000</td> </tr> </table>	Nil	\$2,500,000
Nil						
\$2,500,000						
Nil						
\$2,500,000						

7. RELATED PARTY TRANSACTIONS

The loan financing completed on February 22, 2013, of which \$350,000 was contributed from directors and officers was repaid in the three months ending March 31, 2014.

During the three month period ended March 31, 2015, the Company incurred a consulting fee of \$25,500 for one of its directors of which \$17,000 is included in accounts payable. There were no such expenses incurred during the three month period ended March 31, 2014.

8. CAPITAL STOCK AND ADDITIONAL PAID IN CAPITAL

On August 26, 2014, the Company issued 5,534,411 common shares at a value of C\$0.085 per common share for total proceeds of C\$470,425 (\$429,900).

On July 11, 2014, the Company issued 4,641,236 common shares at a value of C\$0.085 per common share for total proceeds of C\$394,505 (\$368,325).

On June 26, 2014, the Company issued 10,415,396 common shares at a value of C\$0.085 per common share for total proceeds of C\$885,309 (\$825,433).

On April 24, 2014, the Company issued 4,122,150 common shares at a value of C\$0.025 per common share for total proceeds of C\$103,053 (\$93,687).

On March 25, 2014, the Company issued 8,533,260 common shares at a value of C\$0.025 per common share for total proceeds of C\$213,332 (\$192,000).

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

Stock Options and Warrants

The Company established a stock option plan (the "Plan") under which it is authorized to grant options to executive officers and directors, employees and consultants and the number of options granted under the Plan shall not exceed 15% of the shares outstanding. Under the Plan, the exercise period of the options may not exceed five years from the date of grant and vesting is determined by the Board of Directors.

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted average exercise price in Canadian \$	Number	Weighted average exercise price in Canadian \$
Outstanding, December 31, 2013	3,750,000	\$ 0.20	14,168,750	\$ 0.12
Granted	-	-	3,725,000	0.12
Cancelled	(3,750,000)	0.20	(2,515,000)	0.17
Exercised	-	-	-	-
Outstanding, December 31, 2014	-	-	15,378,750	0.11
Granted	-	-	-	-
Cancelled	-	-	(568,750)	0.25
Exercised	-	-	-	-
Outstanding, March 31, 2015	-	\$ -	14,810,000	\$ 0.11
Number currently exercisable	-	\$ -	14,075,000	\$ 0.11

As at March 31, 2015, incentive stock options were outstanding as follows:

	Number of options	Exercise Price in Canadian \$	Expiry Date
Options			
	500,000	0.050	May 9, 2015 ⁽¹⁾
	4,800,000	0.100	November 5, 2015
	250,000	0.315	May 4, 2016
	500,000	0.250	May 16, 2016
	300,000	0.155	September 15, 2016
	2,335,000	0.080	April 24, 2017
	150,000	0.120	July 25, 2017
	1,400,000	0.070	August 8, 2017
	1,000,000	0.100	May 9, 2018
	3,375,000	0.120	July 25, 2019
	200,000	0.100	December 30, 2019
	<u>14,810,000</u>		

(1) All of the options set to expire May 9, 2015 were exercised subsequent to period end.

As at March 31, 2015 the Company's outstanding and exercisable stock options have an aggregate intrinsic value of \$305,291 (2014 - \$Nil).

As at March 31, 2015, there were no warrants outstanding.

Stock-based compensation

During the three months ended March 31, 2015, the Company recognized stock-based compensation of \$14,314 (March 31, 2014 - \$1,166) in the statement of operations and comprehensive loss as a result of incentive stock options granted and vested in the current period. There were no stock options issued during the three months ended March 31, 2015 (March 31, 2014 - Nil).

The weighted average fair value of the options granted in the period was C\$Nil (2014 - C\$Nil).

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

The fair value of all compensatory options and warrants granted is estimated on grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	2015	2014
Risk-free interest rate	N/A	N/A
Expected life	N/A	N/A
Volatility	N/A	N/A
Forfeiture rate	N/A	N/A
Dividend rate	N/A	N/A

9. TREASURY STOCK

	Number	Amount
Treasury shares, March 31, 2015 and December 31 2014	1,033,333	\$ 1,264,194
	1,033,333	\$ 1,264,194

Treasury shares comprise shares of the Company which cannot be sold without the prior approval of the TSX.

10. SEGMENTED INFORMATION

The Company's mineral properties are located in Norway and Australia. The Company's capital assets' geographic information is as follows:

March 31, 2015	Norway	Australia	United States	Total
Equipment	\$ -	\$ -	\$ 5,486	\$ 5,486
Mineral interests	238,670	2,774,053	-	3,012,723
	\$ 238,670	\$ 2,774,053	\$ 5,486	\$ 3,018,209
December 31, 2014	Norway	Australia	United States	Total
Equipment	\$ -	\$ -	\$ 6,444	\$ 6,444
Mineral interests	238,670	2,774,053	-	3,012,723
	\$ 238,670	\$ 2,774,053	\$ 6,444	\$ 3,019,167

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2015	2014
Cash paid during the first three months for interest	\$ 56,250	\$ 30,000
Cash paid during the first three months for income taxes	\$ -	\$ -

There were no significant non-cash transactions in either of the three month periods ending March 31, 2015 and March 31, 2014.

12. SUBSEQUENT EVENTS

The Company issued 4,950,000 options to directors and consultants with an exercise price of C\$0.14 with vesting periods up to two years. All of these options have a 5 year life.