



UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2017

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

As at:	March 31, 2017	December 31, 2016
ASSETS		
Current		
Cash	\$ 798,037	\$ 615,234
Prepaid expenses and receivables	36,011	51,227
Total Current Assets	834,048	666,461
Equipment (Note 3)	2,643	2,918
Mineral property interests (Note 4)	704,053	704,053
Total Assets	\$ 1,540,744	\$ 1,373,432
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 39,015	\$ 27,649
Accounts payable with related parties (Note 5)	-	13,704
Total Liabilities	39,015	41,353
Stockholders' Equity		
Capital stock (Note 6) (Authorized: Unlimited number of common shares; Issued and outstanding: 229,151,261 (2016 – 225,047,200))	91,766,489	91,142,335
Treasury stock (Note 7) (1,033,333 common shares)(2016 – 1,033,333)	(1,264,194)	(1,264,194)
Additional paid in capital (Note 6)	7,728,451	6,844,671
Accumulated other comprehensive loss	(853,400)	(853,400)
Deficit	(94,774,376)	(93,446,610)
Total Stockholders' Equity	2,602,970	2,422,802
Non-controlling Interest in a Subsidiary (Note 9)	(1,101,241)	(1,090,723)
Total Equity	1,501,729	1,332,079
Total Liabilities and Equity	\$ 1,540,744	\$ 1,373,432

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)

3 month period ended	March 31, 2017	March 31, 2016
EXPENSES		
Amortization (Note 3)	\$ 275	\$ 1,064
Consulting	26,400	25,500
Exploration	14,525	512,289
General and administrative	58,422	78,986
Insurance	7,191	8,551
Professional fees	2,645	26,269
Salaries and benefits	151,643	115,924
Stock-based compensation (Note 6)	1,075,968	395,813
Travel and entertainment	21,677	15,997
	<u>(1,358,746)</u>	<u>(1,180,393)</u>
Foreign exchange gain	<u>20,462</u>	<u>137</u>
Loss and comprehensive loss for the period	(1,338,284)	(1,180,256)
Costs allocable to non-controlling interest in a subsidiary	10,518	99,160
Loss and comprehensive loss for the period attributable to Scandium International Mining Corp.	\$ (1,327,766)	\$ (1,081,096)
Basic and diluted loss and comprehensive loss per common share attributable to Scandium International Mining Corp.	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	226,296,998	225,047,200

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)

3-month period ended	March 31, 2017	March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (1,338,284)	\$ (1,180,256)
Items not affecting cash:		
Amortization	275	1,064
Stock-based compensation	1,075,968	395,813
Changes in non-cash working capital items:		
Decrease (increase) in prepaids and receivables	15,216	(15,676)
Decrease in accounts payable, accrued liabilities and accounts payable with related parties	(2,338)	(115,733)
	<u>(249,163)</u>	<u>(914,788)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to fixed assets	-	(3,157)
	<u>-</u>	<u>(3,157)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	261,375	-
Options exercised for common shares	170,591	-
	<u>431,966</u>	<u>-</u>
Change in cash during the period	182,803	(917,945)
Cash, beginning of period	<u>615,234</u>	<u>2,249,676</u>
Cash, end of period	<u>\$ 798,037</u>	<u>\$ 1,131,731</u>

	2017	
2016		
Cash paid during the 3 month period for interest	\$	- \$
-		
Cash paid during the 3 month period for taxes	\$	- \$
-		

There were no significant non-cash investing and financing activities during the periods ended March 31, 2017 and 2016.

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

Scandium International Mining Corp.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN
EQUITY
(Expressed in US Dollars) (Unaudited)

	Number of Shares	Capital Stock	Additional Paid in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Deficit	Total Stockholders' Equity	Non- controlling Interest in a Subsidiary	Total Equity
Balance, December 31, 2015	225,047,200	\$ 91,142,335	\$ 6,375,237	\$ (1,264,194)	\$ (853,400)	\$ (91,338,182)	\$ 4,061,796	\$ (966,588)	\$ 3,095,208
Stock-based compensation	-	-	469,434	-	-	-	469,434	-	469,434
Loss for the year	-	-	-	-	-	(2,108,428)	(2,108,428)	(124,135)	(2,232,563)
Balance, December 31, 2016	225,047,200	91,142,335	6,844,671	(1,264,194)	(853,400)	(93,446,610)	2,422,802	(1,090,723)	1,332,079
Private placement	1,179,061	261,375	-	-	-	-	261,375	-	261,375
Options exercised	2,925,000	362,779	(192,188)	-	-	-	170,591	-	170,591
Stock-based compensation	-	-	1,075,968	-	-	-	1,075,968	-	1,075,968
Loss for the period	-	-	-	-	-	(1,327,766)	(1,327,766)	(10,518)	(1,338,284)
Balance, March 31, 2017	229,151,261	\$ 91,766,489	\$ 7,728,451	\$ (1,264,194)	\$ (853,400)	\$ (94,774,376)	\$ 2,602,970	\$ (1,101,241)	\$ 1,501,729

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. 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 the Nyngan property. The Company's ability to continue as a going concern is uncertain and is dependent upon the generation of profits from mineral properties, obtaining additional financing and maintaining continued support from its shareholders and creditors. These are material uncertainties that raise substantial doubt about the Company's ability to continue as a going concern. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company's assets may be adversely affected.

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, 2016 and with our Annual Report on Form 10-K filed with the SEC on March 16, 2017. Operating results for the three-month period ended March 31, 2017 may not necessarily be indicative of the results for the year ending December 31, 2017.

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, EMC Metals USA Inc., Wolfram Jack Mining Corp., and The Technology Store, Inc. Non-controlling interest represents the minority shareholders' 20% proportionate share of the net assets and results of the Company's majority-owned Australian subsidiary, EMC Metals Australia Pty Ltd., from the date the 20% interest was disposed by the Company (Note 9). All significant intercompany accounts and transactions have been eliminated on consolidation.

Use of estimates

The preparation of unaudited interim condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the deferred income tax asset valuations, asset impairment, stock-based compensation and loss contingencies. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the 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.

The Company considers itself to be an exploration stage company and will consider the transition to development stage after it receives a mining lease for its Nyngan Scandium project from the Mines Department of New South Wales, Australia, funding to begin mine construction, and board approval.

Fair value of financial assets and liabilities

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

The Company classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial

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

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

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

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

The following table presents information about the assets that are measured at fair value on a recurring basis as at March 31, 2017, 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, 2017	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	\$ 798,037	\$ 798,037	\$ —	\$ —
Total	\$ 798,037	\$ 798,037	\$ —	\$ —

The carrying value of receivables, accounts payable and accrued liabilities, and accounts payable with related parties approximate their fair value due to their short-term nature.

The fair value of cash is determined through market, observable and corroborated sources.

Recently Adopted and Recently Issued Accounting Standards

Accounting Standards Update 2016-09 – Compensation—Stock Compensation (Topic 718) Improvements to Employee Share-Based Payment Accounting. This accounting pronouncement, which goes into effect for annual periods beginning after December 16, 2016, addresses the simplification of several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The Company has reviewed this update and determined there was no impact on its financial statements.

Accounting Standards Update 2016-02 - Leases (Topic 842). This accounting pronouncement allows lessees to make an accounting policy election to not recognize a lease asset and liability for leases with a term of 12 months or less and do not have a purchase option that is expected to be exercised. This standard is effective for interim and annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its financial statements.

Accounting Standards Update 2016-01 – Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. This accounting pronouncement, which goes into effect for annual periods beginning after December 12, 2017, is far reaching and covers several presentation areas dealing with measurement, impairment, assumptions used in estimating fair value and several other areas. The Company is reviewing this update to determine the impact it may have on its financial statements.

3. EQUIPMENT

	December 31, 2016 Net Book Value	Additions (disposals) (write-offs)	Amortization	March 31, 2017 Net Book Value
Computer equipment	\$ 2,918	\$ -	\$ (275)	\$ 2,643

	December 31, 2015 Net Book Value	Additions (disposals) (write-offs)	Amortization	December 31, 2016 Net Book Value
Computer equipment	\$ 1,017	\$ 3,157	\$ (1,256)	\$ 2,918
Office equipment	1,594	-	(1,594)	-
	\$ 2,611	\$ 3,157	\$ (2,850)	\$ 2,918

4. MINERAL PROPERTY INTERESTS

March 31, 2017	Scandium and other
Acquisition costs	
Balance, December 31, 2016	\$ 704,053
Additions	-
Balance March 31, 2017	\$ 704,053

December 31, 2016	Scandium and other
Acquisition costs	
Balance, December 31, 2015	\$ 942,723
Write-off of Tordal property	(238,670)
Balance December 31, 2016	\$ 704,053

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

The Company holds a 80% interest in its Australian subsidiary which holds title to the Nyngan property (Note 9).

Royalties attached to the Nyngan property include, a 0.7% royalty on gross mineral sales on the property, a 1.5% Net Profits Interest royalty to private parties involved with the early exploration on the property, and a 1.7% Net Smelter Returns royalty payable 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 \$370,000 cap. A NSW minerals royalty will also be levied on the project, subject to negotiation, currently 4% on revenue.

Honeybugle property, Australia

The Company holds a 80% interest in its Australian subsidiary which holds title to the Honeybugle properties (Note 9).

4. MINERAL PROPERTY INTERESTS (cont'd...)

Tordal and Evje-Iveland properties, Norway

In December 2016, it was decided to write-off the Company's interest, \$238,670, in the Tordal property.

5. RELATED PARTY TRANSACTIONS

During the 3-month period ended March 31, 2017, the Company expensed \$841,930 for stock-based compensation for stock options issued to Company directors. During the 3-month period ended March 31, 2016, the Company expensed \$301,363 for stock-based compensation for stock options issued to Company directors.

During the 3-month period ended March 31, 2017, the Company paid a consulting fee of \$25,500 to one of its directors. During the 3-month period ended March 31, 2016, the Company paid a consulting fee of \$25,500 to one of its directors.

As at March 31, 2017, the Company owed \$Nil to various directors and officers of the Company. (December 31, 2016 - \$13,704)

6. CAPITAL STOCK AND ADDITIONAL PAID IN CAPITAL

On March 17, 2017, the Company issued 1,179,061 common shares at a value of C\$0.29 per common share for total proceeds of C\$341,928 (\$261,375).

Stock Options

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

Stock option transactions are summarized as follows:

	Stock Options	
	Number	Weighted average exercise price in Canadian \$
Outstanding, December 31, 2015	17,610,000	\$ 0.12
Granted	5,260,000	0.14
Exercised	(1,050,000)	0.24
Outstanding, December 31, 2016	21,820,000	0.11
Granted	5,100,000	0.37
Exercised	(2,925,000)	0.08
Outstanding, March 31, 2017	23,995,000	\$ 0.17
Number currently exercisable	22,436,000	\$ 0.16

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

As at March 31, 2017, incentive stock options were outstanding as follows:

	Number of Options Outstanding	Number of Options Exercisable	Exercise Price in Canadian \$	Expiry Date
Options				
	4,300,000	4,300,000	0.100	November 5, 2020
	385,000	385,000	0.080	April 24, 2017**
	125,000	125,000	0.120	July 25, 2017***
	400,000	400,000	0.070	August 8, 2017
	1,000,000	1,000,000	0.100	May 9, 2018
	3,375,000	3,375,000	0.120	July 25, 2019
	200,000	200,000	0.100	December 30, 2019
	3,450,000	3,260,000	0.140	April 17, 2020
	400,000	400,000	0.115	August 28, 2020
	4,860,000	4,711,000	0.130	February 8, 2021
	400,000	160,000	0.200	June 14, 2021
	5,100,000	4,120,000	0.370	February 21, 2022
	<u>23,995,000</u>	<u>22,436,000</u>		

** 260,000 of these options were exercised prior to April 24, 2017. The remaining 125,000 expired unexercised.

***50,000 of these options were exercised in April 2017.

As at March 31, 2017 the Company's outstanding and exercisable stock options have an aggregate intrinsic value of \$3,620,064 (December 31, 2016 - \$922,412).

Stock-based compensation

During the 3-month period ended March 31, 2017, the Company recognized stock-based compensation of \$1,075,968 (March 31, 2016 - \$395,813) in the statement of operations and comprehensive loss as a result of incentive stock options granted, vested and extended in the current period. There were 5,100,000 stock options issued during the 3-month period ended March 31, 2017 (March 31, 2016 – 4,860,000).

The weighted average fair value of the options granted in the quarter was C\$0.37 (2016 - C\$0.13).

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

	2016	2016
Risk-free interest rate	1.48%	1.14%
Expected life	5 years	5 years
Volatility	137.16%	141.21%
Forfeiture rate	0.00%	N/A
Dividend rate	0.00%	N/A

7. TREASURY STOCK

	Number	Amount
Treasury shares, March 31, 2017 and December 31 2016	1,033,333	\$ 1,264,194
	<u>1,033,333</u>	<u>\$ 1,264,194</u>

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

8. SEGMENTED INFORMATION

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

March 31, 2017	<u>Australia</u>	<u>United States</u>	<u>Total</u>
Equipment	\$ -	\$ 2,643	\$ 2,643
Mineral property interests	<u>704,053</u>	<u>-</u>	<u>704,053</u>
	<u>\$ 704,053</u>	<u>\$ 2,643</u>	<u>\$ 706,696</u>
<hr/>			
December 31, 2016	<u>Australia</u>	<u>United States</u>	<u>Total</u>
Equipment	\$ -	\$ 2,918	\$ 2,918
Mineral property interests	<u>704,053</u>	<u>-</u>	<u>704,053</u>
	<u>\$ 704,053</u>	<u>\$ 2,918</u>	<u>\$ 706,971</u>

9. EMC METALS AUSTRALIA PTY LTD

On August 24, 2015, the Company's \$2,500,000 promissory note payable converted into a 20% ownership interest in EMC Metals Australia Pty Ltd ("EMC Australia"), with the Company holding an 80% ownership interest. EMC Australia holds the Company's interests in the Nyngan Scandium Project and Honeybugle Scandium property. Upon conversion of the promissory note payable, EMC Australia is now operated as a joint venture between Scandium Investments LLC ("SIL") and the Company. SIL holds a carried interest in the Nyngan Scandium Project and is not required to contribute cash for the operation of EMC Australia until the Company meets two development milestones: (1) filing a feasibility study on SEDAR, and (2) receiving a mining license on either joint venture property. As both of these two development milestones are now met, SIL has become fully participating as to their share of project costs.

Completion of the development milestones by the Company, as described above, activates a second one-time, limited period option for SIL to elect to convert the fair market value of its 20% joint venture interest in the Nyngan Scandium Project and Honeybugle Scandium property into an equivalent value of the Company's common shares, at then prevailing market prices, rather than continue with ownership at the project level. Conversion has not been elected as of May 9, 2017.