



UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS AND THREE MONTHS ENDED JUNE 30, 2018

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

As at:	June 30, 2018	December 31, 2017
ASSETS		
Current		
Cash	\$ 1,201,417	\$ 343,434
Prepaid expenses and receivables	37,053	45,986
Total Current Assets	1,238,470	389,420
Equipment (Note 3)	1,631	1,947
Mineral property interests (Note 4)	704,053	704,053
Total Assets	\$ 1,944,154	\$ 1,095,420
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 101,737	\$ 34,153
Accounts payable with related parties (Note 5)	30,032	32,036
Total Liabilities	131,769	66,189
Stockholders' Equity		
Capital stock (Note 6) (Authorized: Unlimited number of common shares; Issued and outstanding: 304,771,294 (2017 – 291,970,239)	108,242,456	106,468,869
Treasury stock (Note 7) (1,033,333 common shares) (2017 – 1,033,333)	(1,264,194)	(1,264,194)
Additional paid in capital (Note 6)	5,583,062	4,617,484
Accumulated other comprehensive loss	(853,400)	(853,400)
Deficit	(109,895,539)	(107,939,528)
Total Equity	1,812,385	1,029,231
Total Liabilities and Equity	\$ 1,944,154	\$ 1,095,420

Nature and continuance of operations (Note 1)
Subsequent events (Note 10)

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)

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
EXPENSES				
Amortization (Note 3)	\$ 158	\$ 380	\$ 316	\$ 655
Consulting	67,632	47,067	135,811	73,467
Exploration	162,305	129,814	145,511	144,339
General and administrative	93,621	62,442	194,003	120,864
Insurance	7,449	7,136	14,794	14,327
Professional fees	21,111	38,397	75,512	41,042
Salaries and benefits	155,003	155,184	313,898	306,827
Stock-based compensation (Note 6)	64,487	81,939	985,045	1,157,907
Travel and entertainment	17,547	21,480	43,566	43,157
	<u>(589,313)</u>	<u>(543,839)</u>	<u>(1,908,456)</u>	<u>(1,902,585)</u>
Foreign exchange gain (loss)	<u>(37,085)</u>	<u>16,714</u>	<u>(47,555)</u>	<u>37,176</u>
Loss and comprehensive loss for the period	(626,398)	(527,125)	(1,956,011)	(1,865,409)
Costs allocable to non-controlling interest in a subsidiary	-	36,822	-	47,340
Loss and comprehensive loss for the period attributable to Scandium International Mining Corp.	\$ (626,398)	\$ (490,303)	\$ (1,956,011)	\$ (1,818,069)
Basic and diluted loss and comprehensive loss per common share attributable to Scandium International Mining Corp.	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	302,290,280	229,425,162	297,541,595	227,869,722

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)

6-month period ended	June 30, 2018	June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (1,956,011)	\$ (1,865,409)
Items not affecting cash:		
Amortization	316	655
Stock-based compensation	985,045	1,157,907
Changes in non-cash working capital items:		
Decrease in prepaids and receivables	8,933	17,714
(Decrease) increase in accounts payable, accrued liabilities and accounts payable with related parties	65,580	(4,349)
	<u>(896,137)</u>	<u>(693,482)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	1,675,300	261,375
Options exercised for common shares	78,820	192,768
Financing received in advance	-	752,320
	<u>1,754,120</u>	<u>1,206,463</u>
Change in cash during the period	857,983	512,981
Cash, beginning of period	<u>343,434</u>	<u>615,234</u>
Cash, end of period	<u>\$ 1,201,417</u>	<u>\$ 1,128,215</u>
	2018	2017
Cash paid during the 6 month period for interest	\$ -	\$ -
Cash paid during the 6 month period for taxes	\$ -	\$ -

There were no significant non-cash investing and financing activities during the six-month periods ended June 30, 2018 and 2017.

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, 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	4,807,394	1,082,250	-	-	-	-	1,082,250	-	1,082,250
Options exercised	3,285,000	414,052	(218,902)	-	-	-	195,150	-	195,150
Minority interest acquisition	58,830,645	13,830,232	(3,292,115)	-	-	(11,702,328)	(1,164,211)	1,164,211	-
Stock-based compensation	-	-	1,283,830	-	-	-	1,283,830	-	1,283,830
Loss for the year	-	-	-	-	-	(2,790,590)	(2,790,590)	(73,488)	(2,864,078)
Balance, December 31, 2017	291,970,239	106,468,869	4,617,484	(1,264,194)	(853,400)	(107,939,528)	1,029,231	-	1,029,231
Private placement	11,801,055	1,675,300	-	-	-	-	1,675,300	-	1,675,300
Options exercised	1,000,000	98,287	(19,467)	-	-	-	78,820	-	78,820
Stock-based compensation	-	-	985,045	-	-	-	985,045	-	985,045
Loss for the period	-	-	-	-	-	(1,956,011)	(1,956,011)	-	(1,956,011)
Balance, June 30, 2018	304,771,294	\$ 108,242,456	\$ 5,583,062	\$ (1,264,194)	\$ (853,400)	\$ (109,895,539)	\$ 1,812,385	\$ -	\$ 1,812,385

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, 2017 and with our Annual Report on Form 10-K filed with the SEC on February 28, 2018. Operating results for the six-month period ended June 30, 2018 may not necessarily be indicative of the results for the year ending December 31, 2018.

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, EMC Metals USA Inc., Scandium International Mining Corp. Norway AS, and EMC Metals Australia Pty Ltd. (EMC-A). Non-controlling interest represents the minority stockholders' 20% proportionate share of the net assets and results of the Company's majority-owned Australian subsidiary, EMC-A, until the date the 20% interest was disposed of by the Company in August 2015 (Note 9). In October 2017, the Company reacquired the remaining 20% minority interest in EMC-A through the issuance of common shares (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 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 June 30, 2018 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:

	June 30, 2018	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	\$ 1,201,417	\$ 1,201,417	\$ —	\$ —
Total	\$ 1,201,417	\$ 1,201,417	\$ —	\$ —

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 2018-07 – Compensation – Stock Compensation (Topic 718) Improvements to Nonemployee Share-Based Payment Accounting. This accounting pronouncement deals with simplification of share-based accounting in efforts to maintain or improve the usefulness of the information provided to the users of financial statements while reducing cost and complexity in financial reporting. The areas for simplification in this Update involve several aspects of the accounting for nonemployee share-based payment transactions resulting from expanding the scope of Topic 718, Compensation—Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. The Company will adopt this policy with no expected material effect to the condensed consolidated financial statements.

Accounting Standards Update 2017-09 – Compensation – Stock Compensation (Topic 718) Scope of Modification Accounting. This accounting pronouncement deals with a change in any of the terms or conditions of a share-based payment award. The standard goes into effect for all interim and annual statements beginning after December 15, 2017. The Company has adopted this policy with no material effect to the condensed consolidated 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 that 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 has adopted this policy with no material effect to the condensed consolidated financial statements.

3. EQUIPMENT

	December 31, 2017 Net Book Value	Additions (disposals) (write-offs)	Amortization	June 30, 2017 Net Book Value
Office equipment	\$ 1,947	\$ -	\$ (316)	\$ 1,631

	December 31, 2016 Net Book Value	Additions (disposals) (write-offs)	Amortization	December 31, 2016 Net Book Value
Office equipment	2,918	-	(971)	1,947

4. MINERAL PROPERTY INTERESTS

June 30, 2018	Scandium and other
Acquisition costs	
Balance December 31, 2017 and June 30, 2018	\$ 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 100% (Note 9) interest in the Nyngan property in New South Wales, Australia ("NSW"). A definitive feasibility study was completed on the property in fiscal 2016. During December 2017, the Company revised and renewed a scandium product offtake agreement for delivery of scandium-based product upon availability from mine production.

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 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 10% interest in its Australian subsidiary which holds title to the Honeybugle properties (Note 9).

Kiviniemi Scandium Property Finland

In June 2017, the Company was granted a reservation on an Exploration License for the Kiviniemi Scandium Property in central Finland from the Finnish regulatory body governing mineral exploration and mining in Finland. This reservation grants a first position right to apply for an exploration license on the property (protected through 2018). The Company filed the exploration application in January 2018, for review and anticipated grant by mid-2018. As of June 30, 2018, no funds have been capitalized for this property.

5. RELATED PARTY TRANSACTIONS

During the 6-month period ended June 30, 2018, the Company expensed \$695,405 for stock-based compensation for stock options issued to Company directors. During the 6-month period ended June 30, 2017, the Company expensed \$841,930 for stock-based compensation for stock options issued to Company directors.

During the 6-month period ended June 30, 2018, the Company paid a consulting fee of \$51,000 to one of its directors. During the 6-month period ended June 30, 2017, the Company paid a consulting fee of \$51,000 to one of its directors.

As at June 30, 2018, the Company owed \$30,032 to various directors and officers of the Company. (December 31, 2017 - \$32,036)

6. CAPITAL STOCK AND ADDITIONAL PAID IN CAPITAL

On May 4, 2018, the Company issued 6,071,888 common shares at a value of C\$0.18 per common share for total proceeds of C\$1,092,940 (\$864,402).

On March 2, 2018, the Company issued 5,729,167 common shares at a value of C\$0.18 per common share for total proceeds of C\$1,031,250 (\$810,898).

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, 2016	21,820,000	\$ 0.11
Granted	5,600,000	0.38
Exercised	(3,285,000)	0.08
Expired	(550,000)	0.07
Outstanding, December 31, 2017	23,585,000	0.18
Granted	6,500,000	0.225
Exercised	(1,000,000)	0.10
Outstanding, June 30, 2018	29,085,000	\$ 0.195
Number currently exercisable	27,405,000	\$ 0.19

As at June 30, 2018, incentive stock options were outstanding as follows:

	Number of Options Outstanding	Number of Options Exercisable	Exercise Price in Canadian \$	Expiry Date
Options				
	3,375,000	3,375,000	0.120	July 25, 2019
	200,000	200,000	0.100	December 30, 2019
	250,000	250,000	0.600	May 11, 2020
	3,450,000	3,450,000	0.140	April 17, 2020
	400,000	400,000	0.115	August 28, 2020
	4,300,000	4,300,000	0.100	November 5, 2020
	4,860,000	4,860,000	0.130	February 8, 2021
	400,000	400,000	0.200	June 14, 2021
	5,100,000	4,610,000	0.370	February 21, 2022
	250,000	100,000	0.300	October 6, 2022
	6,500,000	5,460,000	0.225	January 19, 2023
	29,085,000	27,405,000		

As at June 30, 2018 the Company's outstanding and exercisable stock options have an aggregate intrinsic value of \$358,407 (December 31, 2017 - \$1,467,123).

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

Stock-based compensation

During the 6-month period ended June 30, 2018, the Company recognized stock-based compensation of \$985,045 (June 30, 2017 - \$1,157,907) 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 6,500,000 stock options granted during the 6-month period ended June 30, 2018 (June 30, 2017 - 5,350,000).

The weighted average fair value of the options granted in the period was C\$0.192 (2017 - C\$0.32).

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:

	2018	2017
Risk-free interest rate	1.96%	1.48%
Expected life	5 years	5 years
Volatility	127.81%	137.16%
Forfeiture rate	0.00%	N/A
Dividend rate	0.00%	N/A

7. TREASURY STOCK

	Number	Amount
Treasury shares, June 30, 2018 and December 31, 2017	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.

8. SEGMENTED INFORMATION

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

June 30, 2018	Australia	United States	Total
Equipment	\$ -	\$ 1,631	\$ 1,631
Mineral property interests	704,053	-	704,053
	\$ 704,053	\$ 1,631	\$ 705,684
December 31, 2017	Australia	United States	Total
Equipment	\$ -	\$ 1,947	\$ 1,947
Mineral property interests	704,053	-	704,053
	\$ 704,053	\$ 1,947	\$ 706,000

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-A, with the Company holding an 80% ownership interest. EMC-A held interests in the Nyngan Scandium Project and Honeybugle Scandium property. Upon conversion of the promissory note payable, EMC-A was operated as a joint venture between Scandium Investments LLC ("SIL") and the Company. SIL held a carried interest in the Nyngan Scandium Project and was not required to contribute cash for the operation of EMC-A until the Company met two development milestones: (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 were met, SIL was to fully participate on project costs thereafter.

Completion of the development milestones by the Company, as described above, activated 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

9. EMC METALS AUSTRALIA PTY LTD (cont'd....)

Scandium property into an equivalent value of the Company's common shares, at the then prevailing market prices, rather than continue with ownership at the project level. SIL elected to exercise the conversion option as described.

On October 10, 2017, the Company announced that it had closed the share exchange transaction to acquire SIL's entire 20% ownership of EMC-A. The Company issued 57,371,565 shares of the Company's common shares at a fair value of \$13,487,223 to acquire SIL's shares of EMC-A and increase the Company ownership of EMC-A from 80% to 100%.

The Company also provided for a pay-out of a 20% portion of a 0.7% revenue-based royalty on Nyngan/Honeybugle that was entered into by the Company in 2015. This royalty was excluded from SIL's share in the project interests, at the time, and as a result an adjustment payment of 1,459,080 common shares at a fair value of \$343,009 was made.

SIL also was granted the right to nominate two directors to the Company Board.

10. SUBSEQUENT EVENTS

In July 2018, 360,000 unvested stock options were cancelled after the resignation of one of our officers.