



(Formerly EMC Metals Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Scandium International Mining Corp.

We have audited the accompanying consolidated financial statements of Scandium International Mining Corp. (the “Company”), which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations and comprehensive loss, cash flows, and changes in stockholders’ equity for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Scandium International Mining Corp. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years ended December 31, 2014 and 2013 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that Scandium International Mining Corp. will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Scandium International Mining Corp. has suffered recurring losses from operations and has a net capital deficiency. These matters, along with the other matters set forth in Note 1, indicate the existence of material uncertainties that raises substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

February 20, 2015



Scandium International Mining Corp.
(Formerly EMC Metals Corp.)
CONSOLIDATED BALANCE SHEETS
(Expressed in US Dollars)

As at:	December 31, 2014	December 31, 2013
ASSETS		
Current		
Cash	\$ 417,386	\$ 785,075
Prepaid expenses and receivables	57,433	127,410
Total Current Assets	474,819	912,485
Restricted cash (Note 3)	-	149,868
Property, plant and equipment (Note 5)	6,444	10,278
Mineral interests (Note 6)	3,012,723	1,613,203
Total Assets	\$ 3,493,986	\$ 2,685,834
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 51,343	\$ 77,613
Accounts payable with related parties	21,902	170,000
Convertible debentures (Note 7)	-	650,000
Promissory notes payable (Note 8)	2,500,000	1,204,875
Total Liabilities	2,573,245	2,102,488
Stockholders' Equity		
Capital stock (Note 10) (Authorized: Unlimited number of shares; Issued and outstanding: 198,604,790 (2013 – 165,358,337))	89,186,471	87,310,708
Treasury stock (Note 11) (1,033,333 common shares)	(1,264,194)	(1,264,194)
Additional paid in capital (Note 10)	2,419,615	2,108,327
Accumulated other comprehensive loss	(853,400)	(853,400)
Deficit	(88,567,751)	(86,718,095)
Total Stockholders' Equity	920,741	583,346
Total Liabilities and Stockholders' Equity	\$ 3,493,986	\$ 2,685,834

Nature and continuance of operations (Note 1)

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

Scandium International Mining Corp.
(Formerly EMC Metals Corp.)
**CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE LOSS**
(Expressed in US Dollars)

	Year ended December 31, 2014	Year ended December 31, 2013
EXPENSES		
Amortization (Note 5)	\$ 3,834	\$ 4,182
Consulting	51,000	88,178
Exploration	493,107	338,694
General and administrative	150,218	168,656
Insurance	28,668	24,844
Professional fees	139,572	124,592
Salaries and benefits	432,955	446,484
Stock-based compensation (Note 10)	311,288	74,609
Travel and entertainment	58,381	31,263
Loss from continuing operations before other items	(1,669,023)	(1,301,502)
OTHER ITEMS		
Foreign exchange gain (loss)	(65,647)	15,966
Write-off of mineral interests (Note 6)	-	(50,000)
Interest expense	(114,986)	(508,919)
	(180,633)	(542,953)
Loss from continuing operations for the year	(1,849,656)	(1,844,455)
Loss from discontinued operations (Note 4)	-	(23,846,144)
Loss and comprehensive loss for the year	\$ (1,849,656)	\$ (25,690,599)
Basic and diluted loss per common share		
Loss from continuing operations	\$ (0.01)	\$ (0.01)
Loss from discontinued operations	-	\$ (0.15)
Total loss per share	\$ (0.01)	\$ (0.16)
Weighted average number of common shares outstanding	184,252,595	165,358,337

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

Scandium International Mining Corp.
(Formerly EMC Metals Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)

	Year ended December 31, 2014	Year ended December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (1,849,656)	\$(25,690,599)
Items not affecting cash:		
Amortization	3,834	21,974
Unrealized foreign exchange	-	10,349
Stock-based compensation	311,288	74,609
Write-off of mineral properties and property, plant & equipment	-	23,477,283
Finance charge	-	207,940
Changes in non-cash working capital items:		
Decrease (increase) in prepaids and receivables	69,977	(37,222)
Decrease in accounts payable and accrued liabilities	(174,368)	(215,864)
	<u>(1,638,925)</u>	<u>(2,151,530)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash	149,868	-
Proceeds from sale of property, plant and equipment	-	5,000,000
Additions to unproven mineral interests	(1,399,520)	(1,108,484)
	<u>(1,249,652)</u>	<u>3,891,516</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	1,909,345	-
Share issuance costs	(33,582)	-
Receipt of promissory note	2,500,000	1,344,874
Convertible debenture	-	650,000
Payment of promissory note and convertible debenture	(1,854,875)	(3,140,000)
	<u>2,520,888</u>	<u>(1,145,126)</u>
Change in cash during the year	<u>(367,689)</u>	<u>594,860</u>
Cash, beginning of year	<u>785,075</u>	<u>190,215</u>
Cash, end of year	<u>\$ 417,386</u>	<u>\$ 785,075</u>

Supplemental disclosure with respect to cash flows (Note 14)

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

Scandium International Mining Corp.

(Formerly EMC Metals Corp.)

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Expressed in US Dollars)

	<u>Capital Stock</u>		Additional Paid in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Deficit	Total
	Number of Shares	Amount					
		\$	\$	\$	\$	\$	\$
Balance, December 31, 2012	165,358,337	87,310,708	2,033,718	(1,264,194)	(2,844,668)	(61,027,496)	24,208,068
Stock-based compensation	-	-	74,609	-	-	-	74,609
Foreign currency translation adjustment on disposal of Springer Mining Company	-	-	-	-	1,991,268	-	1,991,268
Loss for the year	-	-	-	-	-	(25,690,599)	(25,690,599)
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

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Scandium International Mining Corp. (the "Company"), formerly known as EMC Metals Corp., 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".

Our focus of operations is the exploration and development of our specialty metals assets, including the Nyngan scandium deposit located in New South Wales, Australia and the Tørdal scandium/rare earth minerals deposit in Norway. Prior to January 1, 2014, the Company's principal asset was the Springer Tungsten mine and mill, held by the Springer Mining Company. On September 13, 2013, the Company signed a binding Letter of Intent to sell 100% of the Springer Mining Company entity, its assets and mineral and water rights to America's Bullion Royalty Corp. ("AMB"), for \$5 million cash. The transaction was closed on December 31, 2013.

The sale also included the transfer of interests in the Company's Carlin Vanadium property assets and the Copper King property tungsten assets in Nevada to AMB, along with Springer Tungsten.

One of Scandium International Mining Corp.'s directors is also a director of the company that purchased Springer. The common director recused himself from director level voting on all board level decisions related to the sale.

With the completion of the sale of the Tungsten asset, 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 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

a) Basis of presentation

These consolidated financial statements have been prepared in conformity with generally accepted accounting principles of the United States of America ("US GAAP").

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, EMC Metals USA Inc., EMC Metals Corp Australia Pty Ltd., Wolfram Jack Mining Corp., The Technology Store, Inc., and Springer Mining Company. The Springer Mining Company was sold on December 31, 2013 with all of its costs being absorbed by the purchaser from September 13 until December 31, 2013. All significant intercompany accounts and transactions have been eliminated on consolidation.

b) Change in functional and presentation currency

The Company's expenses and overheads are now primarily being incurred in United States Dollars ("USD") and it is anticipated that cash flows will continue to be primarily in USD. Accordingly the Company determined that effective January 1, 2013, the functional currency of the Company would change from the Canadian Dollar to the USD for the parent company and its wholly owned subsidiaries. Amounts of \$853,400 remaining in accumulated other comprehensive loss pertain to historical translation differences as a result of prior period differences in functional currencies.

c) Use of estimates

The preparation of 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.

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

d) Investment in trading securities

The Company's trading securities are reported at fair value, with unrealized gains and losses included in earnings.

e) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization, calculated as follows:

Plant and equipment	5% straight line
Building	5% straight line
Computer equipment	30% straight line
Small tools and equipment	20% straight line
Office equipment	20% straight line
Automobile	30% straight line
Leasehold improvements	Over life of the lease

f) Mineral interests and exploration and development costs

The costs of acquiring mineral rights are capitalized at the date of acquisition. After acquisition, various factors can affect the recoverability of the capitalized costs. If, after review, management concludes that the carrying amount of a mineral interest is impaired, it will be written down to estimated fair value. Exploration costs incurred on mineral interests are expensed as incurred. Development costs incurred on proven and probable reserves will be capitalized. Upon commencement of production, capitalized costs will be amortized using the unit-of-production method over the estimated life of the ore body based on proven and probable reserves (which exclude non-recoverable reserves and anticipated processing losses).

g) Asset retirement obligations

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/or normal use of the long-lived assets. The Company also records a corresponding asset which is amortized over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying the obligation (asset retirement cost).

h) Long-lived assets

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed using undiscounted net cash flows related to the long-lived assets. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

i) Income taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the asset and liability method the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized if it is more likely than not that some part or all of the deferred tax asset will not be recognized.

j) Loss per share

Basic loss per common share is computed using the weighted average number of common shares outstanding during the year. To calculate diluted loss per share, the Company uses the treasury stock method and the if converted method. As at December 31, 2014, there were no warrants (2013 – 3,750,000) and 15,378,750 options (2013 – 14,168,750) outstanding which have not been included in the weighted average number of common shares outstanding as these were anti-dilutive.

k) Foreign exchange

The Company's functional currency is the USD. Any monetary assets and liabilities that are in a currency other than the USD are translated at the rate prevailing at year end. Revenue and expenses in a foreign currency are translated at rates that approximate

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

those in effect at the time of translation. Gains and losses from translation of foreign currency transactions into USD are included in current results of operations.

l) Stock-based compensation

The Company accounts for stock-based compensation under the provisions of Accounting Standard Codification ("ASC") 718, "Compensation-Stock Compensation". Under the fair value recognition provisions, stock-based compensation expense is measured at the grant date for all stock-based awards to employees and directors and is recognized as an expense over the requisite service period, which is generally the vesting period. The Black-Scholes option valuation model is used to calculate fair value.

m) Financial instruments

The Company's financial instruments consist of cash, restricted cash, receivables, accounts payable and accrued liabilities, convertible debentures and promissory notes payable. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted. The Company has its cash primarily in one commercial bank in Vancouver, British Columbia, Canada.

n) Concentration of credit risk

The financial instrument which potentially subjects the Company to concentration of credit risk is cash. The Company maintains cash in bank accounts that, at times, may exceed federally insured limits. As at December 31, 2014 and 2013, the Company has exceeded the federally insured limit. The Company has not experienced any losses in such amounts and believes it is not exposed to any significant risks on its cash in bank accounts.

o) 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.

Financial instruments, including receivables, accounts payable and accrued liabilities, 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 December 31, 2014, 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:

	December 31, 2014	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	\$ 417,386	\$ 417,386	\$ —	\$ —
Total	\$ 417,386	\$ 417,386	\$ —	\$ —

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

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

p) Recently Adopted and Recently Issued Accounting Standards

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 disclose 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. The Company has reviewed this standard and has determined that it has little impact on the presentation of its financial statements.

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.

3. RESTRICTED CASH

The Company had a Bank of Montreal letter of credit of up to C\$159,400 as a security deposit related to a Vancouver office lease obligation. The letter of credit was returned to the Bank of Montreal in July 2014 and funds were released for use by the Company.

4. DISCONTINUED OPERATIONS

During 2013, the Company identified a buyer for its tungsten properties and related plant and mill held by its subsidiary, Springer Mining Company ("Springer"). On September 13, 2013, the Company signed a binding Letter Of Intent ("LOI") to sell 100% of the Springer Mining Company entity, its assets and mineral and water rights to Americas Bullion Royalty Corp. ("AMB"), for \$5 million cash. The transaction was finalized on December 31, 2013.

At the signing of the LOI, AMB paid \$3.1 million directly to the existing convertible debt holder to retire a maturing debt plus accumulated interest.

- Cash paid by AMB to the convertible debt holder paid the debt in full and released the security interest in the Springer property and assets,
- The cash advanced by AMB formed a new loan, with AMB as lender, as at September 13, 2013,
- The new loan carried a zero interest rate, and
- AMB agreed to additionally fund all Springer property carrying costs until the final payment and closing date.

The sale also included the transfer of interests in the Company's Carlin Vanadium property mineral assets and the Copper King property tungsten assets in Nevada to AMB, along with Springer Tungsten.

Springer was actively involved in the evaluation and re-start of the Company's tungsten property, located in Pershing County, Nevada. Going forward, the Company has no further assets located in the US or continuing involvement with Springer.

4. DISCONTINUED OPERATIONS (cont'd...)

A comparison of the Net Loss from discontinued operations for the years ended December 31, 2014 and 2013 is as follows:

	2014	2013
EXPENSES		
Amortization	\$ -	\$ 17,792
Consulting	-	89,121
General and administrative	-	198,024
Insurance	-	46,342
Professional fees	-	2,263
Salaries and benefits	-	301,837
Travel and entertainment	-	2,166
OTHER ITEMS		
Interest expense	-	56,250
Write-off of mineral interests and property, plant and equipment	-	21,436,015
Allocated cumulative translation adjustment	-	1,991,268
Other income	-	(294,934)
Net loss from discontinued operations	\$ -	\$ (23,846,144)

	2014	2013
Cash flows from discontinued operations		
Net cash used in (from) operating activities	\$ -	\$ 401,069
Net cash used in (from) investing activities	-	-
Net cash used in (from) financing activities	-	-
Net cash used in (from) discontinued operations	\$ -	\$ 401,069
Non-cash transactions from discontinued operations		
Returned Cosgrave ranch and water rights included in property, plant and equipment in settlement of promissory notes payable	\$ -	\$ 3,750,000

5. PROPERTY, PLANT AND EQUIPMENT

2014 Continuing Operations

	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
Property, plant and equipment	\$ 10,278	\$ -	\$ (3,834)	\$ 6,444

2013 Continuing Operations

	December 31, 2012 Net Book Value	Additions (disposals) (write-offs)	Amortization	December 31, 2013 Net Book Value
Computer equipment	\$ 3,402	\$ -	\$ (1,027)	\$ 2,375
Office equipment	11,058	-	(3,155)	7,903
Property, plant and equipment	\$ 14,460	\$ -	\$ (4,182)	\$ 10,278

5. PROPERTY, PLANT AND EQUIPMENT (cont'd...)

2013 Discontinued Operations	December 31, 2012 Net Book Value	Additions (disposals) (write-offs)	Amortization	December 31, 2013 Net Book Value
Land and water rights	\$ 4,252,146	\$ -	\$ -	\$ -
Plant and equipment	25,749,852	(4,252,146)	-	-
Buildings	165,959	(25,749,852)	-	-
Automobiles	11,262	(163,235)	(2,724)	-
		(9,134)	(2,128)	-
Property, plant and equipment	\$ 30,179,219	\$ (30,174,367)	\$ (4,852)	\$ -

Land and water rights are in respect of properties in Nevada. The plant and equipment is comprised of the Springer Plant and Mill in Nevada which was sold to AMB as part of the binding LOI signed September 13, 2013.

6. MINERAL INTERESTS

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

December 31, 2013	Scandium and other	Tungsten	Total
Acquisition costs, continuing operations			
Balance, December 31, 2012	\$ 554,719	\$ -	\$ 554,719
Additions	1,108,484	-	1,108,484
Write-off	(50,000)	-	(50,000)
Balance, December 31, 2013	\$ 1,613,203	\$ -	\$ 1,613,203
Acquisition costs, discontinued operations			
Balance, December 31, 2012	\$ -	\$ 198,463	\$ 198,463
Disposal	-	(198,463)	(198,463)
Balance, December 31, 2013	\$ -	\$ -	\$ -

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,

6. MINERAL INTERESTS (cont'd...)

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 we also acquired an exploration license referred to as the Honeybugle property, a prospective scandium exploration property located 24 kilometers from the Nyngan Project. \$69,000 in expenses were incurred in respect of this property.

Hogtuva property, Norway

During 2011 the Company entered into an option agreement with REE to earn a 100% interest in three scandium and beryllium exploration sites in Norway pursuant to which the Company paid \$50,000. To earn its interest, the original agreement required the Company to pay REE an additional \$100,000 and issue up to 200,000 common shares. During 2013, the Company renegotiated the payments required to earn the interest and removed two of the exploration sites from the agreement.

Pursuant to the amendment, the Company earned a 100% interest in the Hogtuva property in consideration for the \$50,000 original payment and the grant of a 1% NSR payable to REE. In early 2014 a decision was made by the Company not to renew its interest in the Hogtuva property and \$50,000 in acquisition costs were written off during the year ended December 31, 2013.

TUNGSTEN PROPERTY

Springer Property

On November 21, 2006, the Company acquired all outstanding and issued shares of Springer Mining Company ("Springer"). Included in the assets of Springer and allocated to property, plant and equipment (Note 5) are the Springer Mine and Mill located in Pershing County, Nevada. The Company agreed to sell Springer Mining Company on September 13, 2013 (see Note 4), for \$5 million, along with the Copper King Tungsten property and the Carlin Vanadium property. The transaction was completed and fully funded on December 31, 2013.

7. 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 Hogtuva and Tørdal properties in Norway. This financing was repaid in full in February 2014.

On February 17, 2012, the Company completed a \$3,000,000 loan financing consisting of a term loan of \$1,000,000 (Note 8), a convertible debenture of \$2,000,000 and warrants to acquire 3,000,000 common shares. The convertible debenture had a maturity date of August 15, 2013 and bore interest at 7% per annum. The lender had the option to convert a maximum of \$2,000,000 of the principal amount of the loan into 10,000,000 common shares of the Company. The loan was secured by an interest in the assets of the Company's subsidiary, Springer Mining Company. There was no beneficial conversion feature associated with the conversion option. The warrants were exercisable at C\$0.20 per share expiring February 15, 2014. A relative fair value of \$217,267 was assigned to the warrants and recorded in additional paid in capital. The Company paid financing costs of \$249,827 and also issued 750,000 purchase warrants exercisable at C\$0.20 per share expiring February 15, 2014. These warrants were valued at \$58,716 with a volatility of 120%, expected life of 2 years, risk free rate of 1.0% and expected dividend yield of 0.0% and recorded in additional paid in capital. The financing costs were allocated between debt and the equity components. This resulted in a convertible debenture carrying amount of \$1,663,681 upon deducting a debt discount of \$336,319 from the principal balance of \$2,000,000. During 2013, the Company recognized \$138,627 in accretion through interest expense. This financing was repaid in full on September 13, 2013.

8. PROMISSORY NOTES PAYABLE

	December 31, 2014	December 31, 2013
Promissory Note related to discontinued operations		
Promissory note with a principal balance of \$3,750,000, bearing interest at 6% per annum, maturing July 3, 2013 and secured by land and water rights.		
During 2008 the Company entered into a promissory note for \$6,750,000 as consideration for the acquisition of land and water rights. The Company subsequently made principal payments of \$3,000,000 consisting of a cash payment of \$1,000,000 and 4,728,000 units of the Company equity valued at \$2,000,000. Each unit consisted of one common share and one-half share purchase warrant exercisable at C\$0.75 each and exercisable for a period of two years. The note was secured by a First Deed of Trust on the Cosgrave property land and water rights.		
In June 2013 the Company returned, to the note holder, the Cosgrave Ranch for the value of the promissory note thereby extinguishing this debt. (Note 5)	\$ Nil	\$ Nil
Promissory Notes related to continuing operations		
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 features 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	Nil
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.	Nil	1,204,875
During the year ended December 31, 2012, the Company completed a \$3,000,000 loan financing which included a \$1,000,000 note payable bearing interest of 7% per annum maturing August 15, 2013. Presented is this principle balance, less financing costs, which are amortized over the term of the debt using the effective interest method. This resulted in a carrying costs of \$831,841 upon deducting a debt discount of \$168,159 from the principal balance of \$1,000,000. During 2013, the Company recognized \$69,313 in accretion through interest expense. During 2012, the Company recognized \$98,847 in accretion through interest expense. The note payable was secured by an interest in the Company's subsidiary, Springer Mining Company. The financing was repaid in full on September 13, 2013.	Nil	Nil
Less current portion	(2,500,000)	(1,204,875)
	\$ Nil	\$ Nil

9. RELATED PARTY TRANSACTIONS

A total of \$350,000 from the loan financing completed on February 22, 2013, \$579,875 from the loan financing completed on June 24, 2013 and all of the \$100,000 financing completed on August 27, 2013, were funded from a combination of Directors, insiders, and independent shareholders. The Company has paid \$78,500 in interest to related parties relating to these loans.

The \$100,000 loan financing completed in 2013 was from directors and officers. The loan was repaid in full in 2013.

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 year ended December 31, 2013, the Company accrued a consulting fee of \$85,000 for one of its directors. There is \$59,500 for consulting fees incurred during the year ended December 31, 2014.

During the year ended December 31, 2014, the Company granted stock options to directors with a fair value of \$133,397. During the year ended December 31, 2013, the Company did not grant stock options to directors.

10. 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.

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.

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.

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.

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 \$192,000.

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, 2012	3,750,000	\$ 0.20	13,546,250	\$ 0.14
Granted	-	-	2,100,000	0.07
Cancelled	-	-	(1,477,500)	0.34
Exercised	-	-	-	-
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
Number currently exercisable	-	\$ -	14,398,750	\$ 0.11

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

As at December 31, 2014, incentive stock options were outstanding as follows:

	Number of options	Exercise Price in Canadian \$	Expiry Date
Options			
	568,750	0.250	January 4, 2015 ⁽¹⁾
	500,000	0.050	May 9, 2015
	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>15,378,750</u>		

(1) These options expired unexercised.

As at December 31, 2014 the Company's outstanding and exercisable stock options have an aggregate intrinsic value of \$92,525 (2013 - \$Nil).

As at December 31, 2014, there were no warrants outstanding.

Stock-based compensation

During the year ended December 31, 2014, the Company recognized stock-based compensation of \$311,288 (December 31, 2013 - \$74,609) in the statement of operations and comprehensive loss as a result of incentive stock options granted and vested in the current period. There were 3,725,000 stock options issued during the year ended December 31, 2014 (December 31, 2013 - 2,100,000).

The weighted average fair value of the options granted in the year was C\$0.12 (2013 - C\$0.03).

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:

	2014	2013
Risk-free interest rate	0.86%	0.62%
Expected life	5 years	5 years
Volatility	148.81%	144.60%
Forfeiture rate	0.00%	0.00%
Dividend rate	0.00%	0.00%

11. TREASURY STOCK

	Number	Amount
Treasury shares, December 31, 2014 and December 31 2013	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.

12. SEGMENTED INFORMATION

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

December 31, 2014	<u>Norway</u>	<u>Australia</u>	<u>United States</u>	<u>Total</u>
Property, plant and equipment	\$ -	\$ -	\$ 6,444	\$ 6,444
Mineral interests	<u>238,670</u>	<u>2,774,053</u>	<u>-</u>	<u>3,012,723</u>
	\$ 238,670	\$ 2,774,053	\$ 6,444	\$ 3,019,167

December 31, 2013	<u>Norway</u>	<u>Australia</u>	<u>United States</u>	<u>Total</u>
Property, plant and equipment	\$ -	\$ -	\$ 10,278	\$ 10,278
Mineral interests	<u>203,181</u>	<u>1,410,022</u>	<u>-</u>	<u>1,613,203</u>
	\$ 203,181	\$ 1,410,022	\$ 10,278	\$ 1,623,481

13. DEFERRED INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2014	2013
Loss before income taxes	\$ (1,849,656)	\$ (1,844,455)
Expected income tax (recovery)	(481,000)	(475,000)
Change in statutory, foreign tax, foreign exchange rates and other	(9,000)	(142,000)
Permanent difference	82,000	22,000
Share issue costs	-	-
Sale of subsidiary	-	(599,000)
Adjustment to prior years provision versus statutory tax returns and	-	82,000
Change in unrecognized deductible temporary differences	408,000	1,112,000
Total income tax expense (recovery)	\$ -	\$ -

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada/British Columbia.

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows;

	2014	2013
Deferred Tax Assets (Liabilities)		
Exploration and evaluation assets	\$ 1,013,000	\$ 885,000
Property and equipment	79,000	78,000
Share issue costs	33,000	37,000
Marketable securities	19,000	19,000
Allowable capital losses	1,945,000	1,945,000
Non-capital losses available for future periods	3,396,000	3,113,000
	6,485,000	6,077,000
Unrecognized deferred tax assets	(6,485,000)	(6,077,000)
Net deferred tax assets	\$ -	\$ -

13. DEFERRED INCOME TAX (cont'd...)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2014	Expiry Date Range	2013	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ 3,897,000	No expiry date	\$ 3,404,000	No expiry date
Property and equipment	304,000	No expiry date	300,000	No expiry date
Share issue costs	127,000	2034 to 2037	140,000	2034 to 2037
Marketable securities	145,000	No expiry date	145,000	No expiry date
Allowable capital losses	7,482,000	No expiry date	7,482,000	No expiry date
Non-capital losses available for future periods	13,063,000	2015 to 2034	11,973,000	2014 to 2033

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2014	2013
Cash paid during the year for interest	\$ 114,986	\$ 355,771
Cash paid during the year for income taxes	\$ -	\$ -

There were no significant non-cash transactions in the year ended December 31, 2014. For the year ended December 31, 2013, the Company settled promissory notes payable of \$3,750,000 by returning the Cosgrave ranch and water rights included in property, plant and equipment with a value of \$3,750,000.