SCANDIUM INTERNATIONAL

MINING CORP.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2016

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

As at:	September 30, 2016	December 31, 2015
ASSETS		
Current		
Cash	$ 513,975	$ 2,249,676
Prepaid expenses and receivables	18,310	107,529
Total Current Assets	532,285	2,357,205
Equipment (Note 3)	3,245	2,611
Mineral interests (Note 4)	942,723	942,723
Total Assets	$ 1,478,253	$ 3,302,539
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 51,079	$ 196,322
Accounts payable with related parties	-	11,009
Total Liabilities	51,079	207,331
Stockholders' Equity		
Capital stock (Note 6) (Authorized: Unlimited number of common shares with no par value; Issued and outstanding: 225,047,200 (2015 – 225,047,200))	91,142,335	91,142,335
Treasury stock (Note 7) (1,033,333 common shares)	(1,264,194)	(1,264,194)
Additional paid in capital (Note 6)	6,809,339	6,375,237
Accumulated other comprehensive loss	(853,400)	(853,400)
Deficit	(93,248,427)	(91,338,182)
Total Stockholders' Equity	2,585,653	4,061,796
Non-controlling Interest in a Subsidiary (Note 10)	(1,158,479)	(966,588)
Total Equity	1,427,174	3,095,208
Total Liabilities and Equity	$ 1,478,253	$ 3,302,539

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)

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
EXPENSES				
Amortization (Note 3)	$ 343	$ 959	$ 2,523	$ 2,875
Consulting	18,067	25,500	76,500	79,000
Exploration	89,797	139,946	906,585	327,758
General and administrative	42,595	33,613	151,581	123,973
Insurance	8,568	7,351	25,597	12,396
Professional fees	16,273	24,805	84,575	74,614
Salaries and benefits	146,915	114,890	378,925	347,256
Stock-based compensation (Note 6)	16,242	52,851	434,102	375,864
Travel and entertainment	15,284	16,719	43,330	32,987
Loss before other items	(354,084)	(416,634)	(2,103,718)	(1,376,723)
OTHER ITEMS				
Foreign exchange gain (loss)	552	8,727	1,582	(3,844)
Interest expense	-	(95,450)	-	(226,142)
	552	(86,723)	1,582	(229,986)
Loss and comprehensive loss for the period	$ (353,532)	$ (503,357)	$ (2,102,136)	$ (1,606,709)
Costs allocable to non-controlling interest in a subsidiary	20,502	-	191,891	-
Loss and comprehensive loss for the period attributable to Scandium International Mining Corp.	$ (333,030)	$ (503,357)	$ (1,910,245)	$ (1,606,709)
Basic and diluted 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 – basic and diluted	225,047,200	209,225,377	225,047,200	202,316,308

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)

	Nine months ended September 30, 2016	Nine months ended September 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (2,102,136)	$ (1,606,709)
Items not affecting cash:		
Amortization	2,523	2,875
Stock-based compensation	434,102	375,864
Changes in non-cash working capital items:		
Decrease in prepaids and receivables	89,219	42,013
(Decrease) increase in accounts payable and accrued liabilities	(145,243)	145,837
(Decrease) increase in accounts payable with related parties	(11,009)	-
	(1,732,544)	(1,040,120)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to equipment	(3,157)	-
	(3,157)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	-	1,812,047
Share issuance costs	-	(60,000)
Stock options exercised	-	23,838
	-	1,775,885
Change in cash during the period	(1,735,701)	735,765
Cash, beginning of period	2,249,676	417,386
Cash, end of period	$ 513,975	$ 1,153,151

Supplemental disclosure with respect to cash flows (Note 9)

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, 2014	**198,604,790**	**$ 89,186,471**	**$ 2,419,615**	**$ (1,264,194)**	**$ (853,400)**	**$ (88,567,751)**	**$ 920,741**	**$ -**	**$ 920,741**
Private placements	23,654,930	1,812,047	-	-	-	-	1,812,047	-	1,812,047
Shares issued in settlement of debt	2,237,480	169,262	-	-	-	-	169,262	-	169,262
Share issue costs	-	(60,000)	-	-	-	-	(60,000)	-	(60,000)
Stock options exercised	550,000	34,555	(10,717)	-	-	-	23,838	-	23,838
Stock-based compensation	-	-	673,224	-	-	-	673,224	-	673,224
Sale of 20% of Australian subsidiary	-	-	3,293,115	-	-	-	3,293,115	(793,115)	2,500,000
Loss for the year	-	-	-	-	-	(2,770,431)	(2,770,431)	(173,473)	(2,943,904)
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	-	-	434,102	-	-	-	434,102	-	434,102
Loss for the period	-	-	-	-	-	(1,910,245)	(1,910,245)	(191,891)	(2,102,136)
Balance, September 30, 2016	**225,047,200**	**$ 91,142,335**	**$ 6,809,339**	**$ (1,264,194)**	**$ (853,400)**	**$ (93,248,427)**	**$ 2,585,653**	**$ (1,158,479)**	**$ 1,427,174**

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 ("Nyngan Scandium Project") and the Tørdal scandium/rare earth minerals deposit in Norway. In June 2014, the Company made the final installment payment to acquire the Nyngan Scandium Project. The Company is an exploration stage company and anticipates incurring significant additional expenditures prior to production at any and all of its properties.

In fiscal 2015, the Company settled a $2,500,000 promissory note payable in exchange for a 20% interest in its Australian subsidiary which holds the Nyngan and Honeybugle properties. Accordingly, the Company holds an 80% interest in its Australian subsidiary as at period end.

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

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

2. BASIS OF PRESENTATION

Basis of presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). The interim condensed consolidated financial statements include the consolidated accounts of the Company and its wholly-owned subsidiaries with all significant intercompany transactions eliminated. In the opinion of management, all adjustments necessary for a fair statement of the consolidated financial position, results of operations and cash flows for the interim periods have been made. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with generally accepted accounting principles of the United States of America ("US GAAP") have been condensed or omitted pursuant to such SEC rules and regulations. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015 and with our Annual Report on Form 10-K filed with the SEC on March 15, 2016. Operating results for the nine-month period ended September 30, 2016 may not necessarily be indicative of the results for the year ending December 31, 2016.

These unaudited 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 10). All significant intercompany accounts and transactions have been eliminated on consolidation.

Use of estimates and judgements

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

The Company considers itself to be an exploration stage company and will consider the transition to development stage company based on all relevant factors including receipt of a mining license for its Nyngan Scandium project from the Mines Department of New South Wales, Australia, and financing for the project.

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.

(Expressed in US Dollars) (Unaudited)

2. BASIS OF PRESENTATION (cont'd…)

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, 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 September 30, 2016, 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:

	September 30, 2016	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	$ 513,975	$ 513,975	$ —	$ —
Total	$ 513,975	$ 513,975	$ —	$ —

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

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 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 is reviewing this update to determine the impact it will have 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 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.

Accounting Standards Update 2015-17 – Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. This accounting pronouncement requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. Currently deferred tax liabilities and assets must be presented as current and noncurrent. The policy is effective December 16, 2016. The Company is evaluating this guidance and believes it will have little impact on the presentation of its financial statements.

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

Accounting Standards Update 2015-01 - Income Statement—Extraordinary and Unusual Items (Subtopic 225-20). The Company has adopted this standard.

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

(Expressed in US Dollars) (Unaudited)

2. BASIS OF PRESENTATION (cont'd…)

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.

3. EQUIPMENT

	December 31, 2015 Net Book Value	Additions (disposals) (write-offs)	Amortization	**September 30, 2016 Net Book Value**
Computer equipment	$ 1,017	$ 3,157	$ (929)	**$ 3,245**
Office equipment	1,594	-	(1,594)	**-**
Equipment	$ 2,611	$ 3,157	$ (2,523)	**$ 3,245**

	December 31, 2014 Net Book Value	Additions (disposals) (write-offs)	Amortization	**December 31, 2015 Net Book Value**
Computer equipment	$ 1,696	$ -	$ (679)	**$ 1,017**
Office equipment	4,748	-	(3,154)	**1,594**
Equipment	$ 6,444	$ -	$ (3,833)	**$ 2,611**

4. MINERAL INTERESTS

September 30, 2016	Scandium and other
Acquisition costs	
Balance, December 31, 2015	$ 942,723
Additions	-
Balance September 30, 2016	$ 942,723

December 31, 2015	Scandium and other
Acquisition costs	
Balance, December 31, 2014	$ 3,012,723
Sale of net smelter royalty	(2,070,000)
Balance, December 31, 2015	$ 942,723

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

On October 13, 2015, the Company received US$2.07M from a private investor in return for the granting of a 0.7% royalty on gross mineral sales from both the Nyngan Scandium Project and the Honeybugle property. The amount received in return for the royalty interest was deducted from the value of the mineral interests of Nyngan and Honeybugle.

SCANDIUM PROPERTIES

Nyngan, New South Wales Property

On February 6, 2013, the Company announced that it had acquired 100% of the Nyngan Scandium Project, in return for AUD$2.6 million cash payments and a percentage royalty payable to its previous partner on sales of product from the project.

During fiscal 2015, the Company settled a $2,500,000 promissory note payable in exchange for a 20% interest in its Australian subsidiary which holds title to both the Nyngan and Honeybugle properties.

4. MINERAL PROPERTY INTERESTS (cont'd…)

Royalties attached to the Nyngan Scandium Project include a 1.5% Net Profits Interest royalty to private parties involved with the early exploration on the project, 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 New South Wales minerals royalty will also be levied on the project, subject to negotiation, currently 4% on revenue.

Honeybugle property, Australia

In April of 2014 the Company also acquired an exploration license referred to as the Honeybugle property, a prospective scandium exploration property located 24 kilometers from the Nyngan Scandium Project. As described in the previous Nyngan Scandium Project section, during fiscal 2015, the Company settled its $2,500,000 promissory note payable in exchange for a 20% interest in its Australian subsidiary which holds title to both the Nyngan and Honeybugle properties.

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. 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.

5. RELATED PARTY TRANSACTIONS

During the 9-month period ended September 30, 2016, the Company recognized $334,129 for stock-based compensation for stock options issued to Company directors (2015 -$235,972).

During the 9-month period ended September 30, 2016, the Company paid a consulting fee of $76,500 to one of its directors (2015 - $79,000).

Accounts payable to related parties at September 30, 2016 were $Nil (2015 - $11,009).

6. CAPITAL STOCK AND ADDITIONAL PAID IN CAPITAL

On September 1, 2015, the Company issued 1,982,850 common shares at a value of C$0.10 per common share for total proceeds of C$198,285 ($150,000).

On August 31, 2015, the Company issued 2,237,480 common shares at a value of C$0.10 per common share in settlement of interest payable on the promissory note with a fair value of C$223,748 ($169,262).

On August 24, 2015, the Company issued 21,672,080 common shares at a value of C$0.10 per common share for total proceeds of C$2,167,208 ($1,662,047). The Company paid $60,000 in share issuance costs with regard to this common share issue.

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 five years from the date of grant and vesting is determined by the Board of Directors.

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

Stock option transactions are summarized as follows:

	Number		Weighted average exercise price in Canadian $
Outstanding, December 31, 2014	15,378,750	$	0.11
Granted	5,350,000		0.14
Cancelled	(2,568,750)		0.16
Exercised	(550,000)		0.05
Outstanding, December 31, 2015	17,610,000		0.12
Granted	5,260,000		0.14
Cancelled	(1,050,000)		0.24
Outstanding, September 30, 2016	21,820,000	$	0.11
Number currently exercisable	20,896,500	$	0.11

As at September 30, 2016, incentive stock options were exercisable as follows:

	Number of options	Exercise Price in Canadian $	Expiry Date
Options			
	2,285,000	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
	3,070,000	0.140	April 17, 2020
	400,000	0.115	August 28, 2020
	4,300,000*	0.100	November 5, 2020
	4,636,500	0.130	February 8, 2021
	80,000	0.200	June 14, 2021
	20,896,500		

* These options were extended by the Company shareholder's at the Company's annual meeting in October 2015. The Company recognized an additional expense of $281,962 related to this extension during the year ended December 31, 2015. Black-Scholes option pricing model assumptions used were a risk-free interest rate of 1.49%, expected life of 5 years, with a 0.00% forfeiture and dividend rate as well as a volatility rate of 145.92%.

As at September 30, 2016 the Company's outstanding and exercisable stock options have an aggregate intrinsic value of $918,074 (2015 - $524,946).

As at September 30, 2016, there were no warrants outstanding.

Stock-based compensation

During the nine months ended September 30, 2016, the Company recognized stock-based compensation of $434,102 (September 30, 2015 - $375,864) in the statement of operations and comprehensive loss as a result of incentive stock options granted and vested in the current period. There were 5,260,000 stock options issued during the nine months ended September 30, 2016 (September 30, 2015 – 5,350,000).

The weighted average fair value of the options granted in the period was C$0.12 (2015 - C$0.14).

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:

	2016	2015
Risk-free interest rate	1.13%	1.02%
Expected life	5 years	5 years
Volatility	141.12%	145.65%
Forfeiture rate	N/A	N/A
Dividend rate	N/A	N/A

(Expressed in US Dollars) (Unaudited)

7. TREASURY STOCK

	Number		Amount
Treasury shares, September 30, 2016 and December 31 2015	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 Norway and Australia. The Company's capital assets' geographic information is as follows:

September 30, 2016		Norway		Australia		United States		Total
Equipment	$	-	$	-	$	3,245	$	3,245
Mineral interests		238,670		704,053		-		942,723
	$	238,670	$	704,053	$	3,245	$	945,968

December 31, 2015		Norway		Australia		United States		Total
Equipment	$	-	$	-	$	2,611	$	2,611
Mineral interests		238,670		704,053		-		942,723
	$	238,670	$	704,053	$	2,611	$	945,334

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		2016		2015
Cash paid during the nine months for interest	$	-	$	56,250
Cash paid during the first months for income taxes	$	-	$	-

There were no significant non-cash transactions in either of the nine month periods ending September 30, 2016 and September 30, 2015.

10. 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. At such time as the two development milestones are met, SIL becomes fully participating on project costs thereafter. The first development milestone has been met and the Company is in the process of obtaining a mining license on the Nyngan Scandium Project.

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.

SIL's interest in EMC Australia is consolidated in the Company's Consolidated Financial Statements for the nine-month period ended September 30, 2016 as a non-controlling interest.