



UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2015

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

| As at: | September 30, 2015 | December 31, 2014 |
|---|---------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 1,153,151 | \$ 417,386 |
| Prepaid expenses and receivables | 15,420 | 57,433 |
| Total Current Assets | 1,168,571 | 474,819 |
| Equipment (Note 3) | 3,569 | 6,444 |
| Mineral interests (Note 4) | 3,012,723 | 3,012,723 |
| Total Assets | \$ 4,184,863 | \$ 3,493,986 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 44,555 | \$ 51,343 |
| Accounts payable with related parties | 5,265 | 21,902 |
| Promissory notes payable (Note 6) | - | 2,500,000 |
| Total Liabilities | 49,820 | 2,573,245 |
| Stockholders' Equity | | |
| Capital stock (Note 8) (Authorized: Unlimited number of shares with no par value; Issued and outstanding: 225,047,200 (2014 – 198,604,790)) | 91,142,335 | 89,186,471 |
| Treasury stock (Note 9) (1,033,333 common shares) | (1,264,194) | (1,264,194) |
| Additional paid in capital (Note 8) | 5,284,762 | 2,419,615 |
| Accumulated other comprehensive loss | (853,400) | (853,400) |
| Deficit | (90,174,460) | (88,567,751) |
| Total Stockholders' Equity | 4,135,043 | 920,741 |
| Total Liabilities and Stockholders' Equity | \$ 4,184,863 | \$ 3,493,986 |

Nature and continuance of operations (Note 1)
Subsequent events (Note 12)

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

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

| | Quarter ended September 30, 2015 | Quarter ended September 30, 2014 | Nine months ended September 30, 2015 | Nine months ended September 30, 2014 |
|---|--|--|---|---|
| EXPENSES | | | | |
| Amortization (Note 3) | \$ 959 | \$ 958 | \$ 2,875 | \$ 2,875 |
| Consulting | 25,500 | 17,000 | 79,000 | 25,500 |
| Exploration | 139,946 | 239,372 | 327,758 | 292,763 |
| General and administrative | 33,613 | (6,009) | 123,973 | 81,101 |
| Insurance | 7,351 | 7,604 | 12,396 | 14,052 |
| Professional fees | 24,805 | 36,435 | 74,614 | 120,248 |
| Salaries and benefits | 114,890 | 128,273 | 347,256 | 315,042 |
| Stock-based compensation (Note 8) | 52,851 | 271,126 | 375,864 | 272,292 |
| Travel and entertainment | 16,719 | 11,018 | 32,987 | 23,460 |
| Loss before other items | (416,634) | (705,777) | (1,376,723) | (1,147,333) |
| OTHER ITEMS | | | | |
| Foreign exchange gain (loss) | 8,727 | (50,240) | (3,844) | (46,116) |
| Interest expense | (95,450) | (23,367) | (226,142) | (79,033) |
| | (86,723) | (73,607) | (229,986) | (125,149) |
| Loss and comprehensive loss for the period | \$ (503,357) | \$ (779,384) | \$ (1,606,709) | \$ (1,272,482) |
| Basic and diluted loss per common share | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.01) |
| Weighted average number of common shares outstanding – basic and diluted | 209,225,377 | 196,207,792 | 202,316,308 | 179,578,362 |

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, 2015 | Nine months ended September 30, 2014 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the period | \$ (1,606,709) | \$ (1,272,482) |
| Items not affecting cash: | | |
| Amortization | 2,875 | 2,875 |
| Stock-based compensation | 375,864 | 272,292 |
| Changes in non-cash working capital items: | | |
| Decrease in prepaids and receivables | 42,013 | 94,740 |
| Increase (decrease) in accounts payable and accrued liabilities and accounts payable with related parties | 145,837 | (41,959) |
| | <u>(1,040,120)</u> | <u>(944,534)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Restricted cash | - | 149,868 |
| Additions to unproven mineral interests | - | (1,364,031) |
| | <u>-</u> | <u>(1,214,163)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Common shares issued | 1,812,047 | 1,909,345 |
| Share issuance costs | (60,000) | (33,582) |
| Stock options exercised | 23,838 | - |
| Receipt of promissory note | - | 2,500,000 |
| Payment of promissory note and convertible debenture | - | (1,854,875) |
| | <u>1,775,885</u> | <u>2,520,888</u> |
| Change in cash during the period | 735,765 | 362,191 |
| Cash, beginning of period | 417,386 | 785,075 |
| Cash, end of period | \$ 1,153,151 | \$ 1,147,266 |

Supplemental disclosure with respect to cash flows (Note 11)

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

Scandium International Mining Corp.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Expressed in US Dollars) (Unaudited)

| | Capital Stock | | Additional Paid in Capital | Treasury Stock | Accumulated Other Comprehensive Loss (Foreign Currency Translation) | Deficit | Total |
|--------------------------------------|---------------------|-------------------|----------------------------------|--------------------|--|---------------------|------------------|
| | Number of Shares | Amount | | | | | |
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, December 31, 2013 | 165,358,337 | 87,310,708 | 2,108,327 | (1,264,194) | (853,400) | (86,718,095) | 583,346 |
| Private placements | 33,246,453 | 1,909,345 | - | - | - | - | 1,909,345 |
| Share issue costs | - | (33,582) | - | - | - | - | (33,582) |
| 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 |
| Private placements | 23,654,930 | 1,812,047 | - | - | - | - | 1,812,047 |
| Shares issued in settlement of debt | 2,237,480 | 169,262 | - | - | - | - | 169,262 |
| Share issue costs | - | (60,000) | - | - | - | - | (60,000) |
| Stock options exercised | 550,000 | 34,555 | (10,717) | - | - | - | 23,838 |
| Stock-based compensation | - | - | 375,864 | - | - | - | 375,864 |
| Sale of 20% of Australian subsidiary | - | - | 2,500,000 | - | - | - | 2,500,000 |
| Loss for the period | - | - | - | - | - | (1,606,709) | (1,606,709) |
| Balance, September 30, 2015 | 225,047,200 | 91,142,335 | 5,284,762 | (1,264,194) | (853,400) | (90,174,460) | 4,135,043 |

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

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

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

In Q3 2015, the Company exchanged a \$2,500,000 loan 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. The full \$2,500,000 has been reflected in additional paid in capital.

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

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

2. BASIS OF PRESENTATION

Basis of presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). The interim condensed consolidated financial statements include the consolidated accounts of the Company and its wholly-owned subsidiaries with all significant intercompany transactions eliminated. In the opinion of management, all adjustments necessary for a fair statement of the consolidated financial position, results of operations and cash flows for the interim periods have been made. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with generally accepted accounting principles of the United States of America ("US GAAP") have been condensed or omitted pursuant to such SEC rules and regulations. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014 and with our Annual Report on Form 10-K filed with the SEC on February 27, 2015. Operating results for the nine month period ended September 30, 2015 may not necessarily be indicative of the results for the year ending December 31, 2015.

Use of estimates

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

Fair value of financial assets and liabilities

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

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

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-

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

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

The following table presents information about the assets that are measured at fair value on a recurring basis as at September 30, 2015, and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset:

| | September 30, 2015 | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---------|-----------------------|---|---|---|
| Assets: | | | | |
| Cash | \$ 1,153,151 | \$ 1,153,151 | \$ — | \$ — |
| Total | \$ 1,153,151 | \$ 1,153,151 | \$ — | \$ — |

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

Recently Issued Accounting Standards

Accounting Standards Update 2014-15 – Presentation of Financial Statements – Going Concern (Subtopic 205-40). This accounting pronouncement provides guidance in GAAP about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern and to provide related footnote disclosures. In doing so, the amendments should reduce diversity in the timing and content of footnote disclosures. The policy is effective December 15, 2016. The Company is evaluating this guidance and believes it will have little impact on the presentation of its financial statements.

Accounting Standards Update 2015-01 - Income Statement—Extraordinary and Unusual Items (Subtopic 225-20). This Update is part of an initiative to reduce complexity in accounting standards (the Simplification Initiative). This Update eliminates from GAAP the concept of extraordinary items. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company is evaluating this guidance and believes it will have little impact on the presentation of its financial statements.

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

3. EQUIPMENT

| | December 31, 2014 Net Book Value | Additions (disposals) (write-offs) | Amortization | September 30, 2015 Net Book Value |
|--------------------|--|--|--------------|---|
| Computer equipment | \$ 1,696 | \$ - | \$ (508) | \$ 1,188 |
| Office equipment | 4,748 | - | (2,367) | 2,381 |
| Equipment | \$ 6,444 | \$ - | \$ (2,875) | \$ 3,569 |
| | December 31, 2013 Net Book Value | Additions (disposals) (write-offs) | Amortization | December 31, 2014 Net Book Value |
| Computer equipment | \$ 2,375 | \$ - | \$ (679) | \$ 1,696 |
| Office equipment | 7,903 | - | (3,155) | 4,748 |
| Equipment | \$ 10,278 | \$ - | \$ (3,834) | \$ 6,444 |

4. **MINERAL INTERESTS**

| | Scandium and other |
|---|-----------------------|
| Acquisition costs | |
| Balance, December 31, 2013 | \$ 1,613,203 |
| Additions | 1,399,520 |
| Balance December 31, 2014 and September 30, 2015 | <u>\$ 3,012,723</u> |

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. During Q3 2015, the Company exchanged a \$2,500,000 loan for a 20% interest in its Australian subsidiary which holds title to both the Nyngan and Honeybugle properties. The subsidiary has had no transactions in the past or during the period ended September 30, 2015 and therefore has \$Nil shareholders' equity. Accordingly there is \$Nil non-controlling interest associated with the disposal on the date of the exchange and as at September 30, 2015.

Royalties attached to the Nyngan property include a 1.5% Net Profits Interest royalty to private parties involved with the early exploration on the property, and a 1.7% Net Smelter Returns royalty payable to Jervois for 12 years after production commences, subject to terms in the settlement agreement. Another revenue royalty is payable to private interests of 0.2%, subject to a \$370,000 cap. A NSW 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 Project. As described in the previous Nyngan Property section, during Q3 2015, the Company exchanged a \$2,500,000 loan for a 20% interest in its Australian subsidiary which holds title to both the Nyngan and Honeybugle properties.

Tørdal and Evje-lveland 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-lveland 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-lveland 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. **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. This financing was repaid in full in February 2014.

6. PROMISSORY NOTES PAYABLE

| | September 30, 2015 | December 31, 2014 |
|---|-----------------------|----------------------|
| On June 24, 2014, the Company completed a \$2,500,000 loan financing which includes a convertible feature. The loan had a maturity date of December 24, 2015 and bore loan interest that increases in quarterly increments from 4% to a maximum of 12% with a 5% interest rate penalty should the Company not pay on due dates. The full loan was converted into a 20% interest in the Company's Australian subsidiary in August of 2015. This conversion feature converted at the lender's option or once the Company raised \$3,000,000 in equity. The minority shareholder now 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 the Nyngan or Honeybugle property. The minority shareholder becomes fully participating on development and build costs thereafter. The minority shareholder has an option to convert their 20% non-controlling interest into equivalent value of the Company's shares, at market prices, rather than participate in construction. The minority shareholder'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. | \$Nil | \$2,500,000 |
| On June 24, 2013 the Company completed a \$1,204,875 financing consisting of a series of insider and non-insider loans. The loans had a maturity date in June 2014 and bore interest at 10% per annum. This financing was paid in full in June 2014. | \$Nil | \$Nil |
| | \$ - | \$2,500,000 |

7. RELATED PARTY TRANSACTIONS

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

During the nine month period ended September 30, 2015, the Company incurred a consulting fee of \$79,000 from one of its directors. During the nine month period ended September 30, 2014, the Company incurred a consulting fee of \$25,500 from one of its directors.

Of the \$79,033 interest expensed in the nine month period ended September 30, 2014, \$14,375 was payable to a director of the Company. There was no interest paid to related parties in the nine month period ended September 30, 2015.

During the nine month period ended September 30, 2015, the Company expensed \$235,972 for stock-based compensation for stock options issued to Company directors. During the nine month period ended September 30, 2014, the Company expensed \$211,999 for stock options issued to Company directors.

8. 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 for in settlement of interest payable on the promissory note (Note 6) 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.

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

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

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

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

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

During the year ended December 31, 2014, the Company incurred \$33,582 in share issuance costs.

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

Stock Options and Warrants

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

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

| | Warrants | | Stock Options | |
|---------------------------------|-------------|--|---------------|--|
| | Number | Weighted average exercise price in Canadian \$ | Number | Weighted average exercise price in Canadian \$ |
| Outstanding, December 31, 2013 | 3,750,000 | \$ 0.20 | 14,168,750 | \$ 0.12 |
| Granted | - | - | 3,725,000 | 0.12 |
| Cancelled | (3,750,000) | 0.20 | (2,515,000) | 0.17 |
| Exercised | - | - | - | - |
| Outstanding, December 31, 2014 | - | - | 15,378,750 | 0.11 |
| Granted | - | - | 5,350,000 | 0.14 |
| Cancelled | - | - | (2,068,750) | 0.17 |
| Exercised | - | - | (550,000) | 0.05 |
| Outstanding, September 30, 2015 | - | \$ - | 18,110,000 | \$ 0.12 |
| Number currently exercisable | - | \$ - | 16,860,000 | \$ 0.11 |

As at September 30, 2015, incentive stock options were outstanding as follows:

| | Number of options | Exercise Price in Canadian \$ | Expiry Date |
|----------------|-------------------|-------------------------------|----------------------------|
| Options | | | |
| | 4,800,000 | 0.100 | November 5, 2015 (Note 12) |
| | 250,000 | 0.315 | May 4, 2016 |
| | 500,000 | 0.250 | May 16, 2016 |
| | 300,000 | 0.155 | September 15, 2016 |
| | 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 |
| | 3,450,000 | 0.140 | April 17, 2020 |
| | 400,000 | 0.115 | August 28, 2020 |
| | 18,110,000 | | |

As at September 30, 2015 the Company's outstanding and exercisable stock options have an aggregate intrinsic value of \$524,946 (December 31, 2014 - \$106,501).

As at September 30, 2015, there were no warrants outstanding.

Stock-based compensation

During the nine months ended September 30, 2015, the Company recognized stock-based compensation of \$375,864 (September 30, 2014 - \$272,292) in the statement of operations and comprehensive loss as a result of incentive stock options granted and vested in the current period. There were 5,350,000 stock options granted during the nine months ended September 30, 2015 (September 30, 2014 - 3,525,000).

The weighted average fair value of the options granted in the period was C\$0.14 (2014 - C\$0.11).

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

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

| | 2015 | 2014 |
|-------------------------|---------|-----------|
| Risk-free interest rate | 1.02% | 0.86% |
| Expected life | 5 years | 4.9 years |
| Volatility | 145.72% | 148.81% |
| Forfeiture rate | N/A | N/A |
| Dividend rate | N/A | N/A |

9. TREASURY STOCK

| | Number | Amount |
|--|-----------|--------------|
| Treasury shares, September 30, 2015 and December 31 2014 | 1,033,333 | \$ 1,264,194 |
| | 1,033,333 | \$ 1,264,194 |

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

10. SEGMENTED INFORMATION

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

| September 30, 2015 | Norway | Australia | United States | Total |
|---------------------------|------------|--------------|---------------|--------------|
| Equipment | \$ - | \$ - | \$ 3,569 | \$ 3,569 |
| Mineral interests | 238,670 | 2,774,053 | - | 3,012,723 |
| | \$ 238,670 | \$ 2,774,053 | \$ 3,569 | \$ 3,016,292 |
| December 31, 2014 | Norway | Australia | United States | Total |
| Equipment | \$ - | \$ - | \$ 6,444 | \$ 6,444 |
| Mineral interests | 238,670 | 2,774,053 | - | 3,012,723 |
| | \$ 238,670 | \$ 2,774,053 | \$ 6,444 | \$ 3,019,167 |

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

| | 2015 | 2014 |
|---|-----------|-----------|
| Cash paid during the first nine months for interest | \$ 56,250 | \$ 79,033 |
| Cash paid during the first nine months for income taxes | \$ - | \$ - |

In the nine months ending September 30, 2015 the Company exchanged a loan of \$2,500,000 for a 20% interest in its Australian subsidiary which hold both the Nyngan and Honeybugle properties. The Company issued 2,237,480 common shares at a value of \$169,262 in settlement of accounts payable and accrued liabilities. In the nine month period ending September 30, 2014 there were no significant non-cash transactions.

12. SUBSEQUENT EVENTS

On October 14, 2015, the Company announced that it has received US\$2.07M (C\$2.7M) from a private investor in return for the granting of a 0.7% royalty on gross mineral sales from both the Nyngan property and the Honeybugle property, in NSW, Australia.

Royalty Highlights:

- US\$2.07M cash proceeds received from sale of royalty
- The royalty consists of a 0.7% gross sales royalty on both the Nyngan and adjacent Honeybugle properties, payable quarterly,
- The royalty covers all minerals produced and sold from both properties, with no caps, minimums, term limits or early buyout provisions, and
- The Company has retained all rights to commence and operate mining projects on both properties, and adjust land holdings, on a commercial basis as defined by management, consistent with other existing private and State royalties on the properties.

At the Company's Annual General Meeting held on October 28, 2015, the shareholder's approved a motion to extend the 4,800,000 C\$0.10 options set to expire on November 5, 2015 to November 5, 2020.