

Condensed Interim Financial Statements of

Vanadian Energy Corp.

Three months ended October 31, 2022 and 2021
(Expressed in Canadian dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of Vanadian Energy Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed interim financial statements.

Vanadian Energy Corp.

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	October 31, 2022	July 31, 2022
Assets		
Current assets		
Cash	\$ 4,181	\$ 20,130
Amounts receivable	1,813	3,500
Prepaid expenses	862	2,162
	6,856	25,792
Exploration and evaluation assets (Note 3)	623,976	623,976
Total assets	\$ 630,832	\$ 649,768
Liabilities		
Current liabilities		
Amounts payable and accrued liabilities (Note 6)	\$ 1,042,447	\$ 1,016,632
Notes payable (Note 4, 6)	300,000	300,000
Total liabilities	1,342,447	1,316,632
Shareholders' deficiency		
Share capital (Note 5)	40,852,853	40,852,853
Reserves (Note 5)	7,734,318	7,734,318
Deficit	(49,298,786)	(49,254,035)
Total shareholders' deficiency	(711,615)	(666,864)
Total liabilities and shareholders' deficiency	\$ 630,832	\$ 649,768

Nature of operations and going concern (Note 1)

Approved by the Board of Directors and authorized for issue on December 19, 2022:

"Gordon Keep" Director

"Marc Simpson" Director

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

Vanadian Energy Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended October 31,	
	2022	2021
Expenses		
Consulting (Note 6)	\$ 30,000	\$ 30,000
Office and administration	728	2,981
Professional fees (Note 6)	3,422	9,042
Regulatory and transfer agent	6,150	5,334
	(40,300)	(47,357)
Finance expense (Note 4)	(4,537)	(4,159)
Finance income	86	14
Loss and comprehensive loss	\$ (44,751)	\$ (51,502)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding basic and diluted	42,261,150	42,261,150

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

Vanadian Energy Corp.

Condensed Interim Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian dollars)

(Unaudited)

	Share capital		Reserves	Deficit	Total shareholders' deficiency
	Shares issued	Amount			
At July 31, 2021	42,261,150	\$ 40,852,853	\$ 7,734,318	\$ (49,067,933)	\$ (480,762)
Loss and comprehensive loss	-	-	-	(51,502)	(51,502)
At October 31, 2021	42,261,150	40,852,853	7,734,318	(49,119,435)	(532,264)
Loss and comprehensive loss	-	-	-	(134,600)	(134,600)
At July 31, 2022	42,261,150	40,852,853	7,734,318	(49,254,035)	(666,864)
Loss and comprehensive loss	-	-	-	(44,751)	(44,751)
At October 31, 2022	42,261,150	\$ 40,852,853	\$ 7,734,318	\$ (49,298,786)	\$ (711,615)

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

Vanadian Energy Corp.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended October 31,	
	2022	2021
Cash used in:		
Operating activities		
Loss	\$ (44,751)	\$ (51,502)
Items not involving cash:		
Finance expense - accrued	16,668	4,160
Changes in non-cash working capital items:		
Amounts receivable	1,687	(273)
Prepaid expenses	1,300	3,679
Amounts payable and accrued liabilities	9,147	41,880
	(15,949)	(2,056)
Change in cash during the period	(15,949)	(2,056)
Cash, beginning of period	20,130	4,212
Cash, end of period	\$ 4,181	\$ 2,156

Supplemental disclosure with respect to cash flows (Note 9)

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

Vanadian Energy Corp.

Notes to the Condensed Interim Financial Statements
For the three months ended October 31, 2022 and 2021
(Expressed in Canadian dollars)
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated in the province of British Columbia on April 21, 1999. The Company is publicly listed on the TSX Venture Exchange (the "TSXV") under the symbol "VEC" and its registered and records office is located at 2500 – 700 W. Georgia Street, Vancouver BC, V7Y 1B3. The Company is a Canadian-based exploration company focused on exploring for vanadium deposits in Manitoba. All of the Company's assets are located in Canada. The Company has not generated revenues from operations and is considered to be in the exploration stage.

As at October 31, 2022, the Company had working capital deficiency of \$1,335,591. The Company recorded a loss of \$44,751 during the three months ended October 31, 2022, and had total shareholders' deficiency of \$711,615 as at October 31, 2022.

While these unaudited condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business, there are conditions that cast significant doubt on the validity of this assumption. The Company's ability to continue as a going concern is dependent on management's capacity to identify additional sources of capital and to raise sufficient resources in order to fund on-going operating expenditures and the Company's development plan. Although management has been successful in the past, there is no assurance these initiatives will be successful in the future. These unaudited condensed interim financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These conditions cast significant doubt as to the Company's ability to continue as a going concern.

COVID-19 uncertainty

To the date of this report, the spread of COVID-19 has severely impacted many local economies around the globe. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. These factors, among others, could have a significant impact on the Company's operations.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

2. BASIS OF PRESENTATION

Statement of compliance

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, they should be read in conjunction with the Company's most recent annual financial statements. These unaudited condensed interim financial statements were approved by the board of directors on December 19, 2022.

Vanadian Energy Corp.

Notes to the Condensed Interim Financial Statements

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(Unaudited)

3. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets 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 properties. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

a) Huzyk Creek Vanadium Property

On December 12, 2018, the definitive agreement (the "Agreement") was completed, whereby the Company has the right to earn up to 100% interest in the Huzyk Creek Vanadium Property (the "Property") in north-central Manitoba. In December 2019, the Company signed an agreement to amend the terms of the payments as per below.

The Company can earn an initial 49% interest in the Property by making staged payments over three years to Rocas del Norte Incorporated (the "Vendors") totalling \$215,000, issuing 250,000 common shares and a further \$157,500 in common shares and completing \$2,500,000 of exploration on the Property. The staged payments are as follows:

- \$25,000 in cash and 250,000 common shares (paid and issued) on signing;
- \$25,000 in cash, 1,150,000 common shares, and \$250,000 in exploration expenditures (paid, issued and incurred) by December 12, 2019;
- \$25,000 in cash (paid) by June 2020;
- \$60,000 in cash, \$50,000 in common shares and \$750,000 in exploration expenditures by December 12, 2020; and
- \$80,000 in cash, \$50,000 in common shares and \$1,500,000 in exploration expenditures by December 12, 2021.

The Company can earn an additional 21% interest in the Property by making a cash payment of \$125,000, issuing \$50,000 in common shares to the Vendors, and completing \$2,225,000 of exploration on the Property which will include a preliminary economic assessment study by December 12, 2022.

The Company can earn the remaining 30% interest in the Property for a total 100% interest in the Property by completing a pre-feasibility study, along with a cash payment of \$500,000 to the Vendors by December 12, 2024.

The Vendors will retain a 2% Net Smelter Return royalty ("NSR") on the Property. The Company shall have the option to repurchase 1% of this NSR any time for \$1,000,000 in cash or shares. The Company will also have a right of first refusal on the remaining 1% NSR if the Vendors elect to sell this interest.

As at October 31, 2022, \$501,726 has been spent in exploration expenditures (July 31, 2022: \$501,726).

As at October 31, 2022, the Company has not fulfilled the staged payment and exploration expenditures required by December 12, 2020 and December 12, 2021 as per the Agreement. The Company has given the Vendors a Force Majeure letter to pause the requirements of the Agreement until COVID-19 issues have been brought under control. The Vendors have acknowledged the Force Majeure letter. As at the date of this report, the Force Majeure letter is still in force and the Agreement is in good standing.

b) Clearwater Project

The Company holds a 25% interest in the Clearwater Project (the "Clearwater Project") in northern Saskatchewan, which is carried at \$nil.

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3. EXPLORATION AND EVALUATION ASSETS (Continued)

c) Pipewrench Lake and Narrows Lake Properties

The Company holds three claim blocks in the Pipewrench Lake and Narrows Lake areas in Saskatchewan. The Company has a 100% interest in these properties, which is carried at \$nil.

d) Quebec Property

During the year ended July 31, 2022, the Company's claim to its Quebec property has lapsed. The Company had 100% interest in the property, which was carried at \$nil.

The following table summarizes the capitalized costs associated with the Company's exploration and evaluation assets as at October 31, 2022 and July 31, 2022:

	Huzyk Creek Property	Total
Acquisition costs	\$ 122,250	\$ 122,250
Exploration costs	501,726	501,726
Total costs:	\$ 623,976	\$ 623,976

4. NOTES PAYABLE

As at October 31, 2022, notes payable of \$300,000 (July 31, 2022: \$300,000) were outstanding to a director of the Company. The notes accrue interest at 6% per annum and are payable on demand. During the three months ended October 31, 2022, interest on notes payable of \$4,537 was accrued (2021: \$4,159). As at October 31, 2022, accrued interest on notes payable of \$102,212 (July 31, 2022: \$97,675) is included in amounts payable and accrued liabilities.

5. EQUITY

(a) Authorized

Unlimited number of common shares with no par value.
Unlimited number of preferred shares with no par value.

(b) Issued and fully paid common shares

As at October 31, 2022, there were 42,261,150 common shares issued and outstanding.

During the three months ended October 31, 2022 and 2021, there were no share capital transactions.

(c) Share options

The Company has established a rolling Share Option Plan (the "Plan"). Under the Plan, the number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares and, to any one optionee, may not exceed 5% of the issued shares on a yearly basis. The maximum term of each option shall not be greater than ten years. The exercise price of each option shall not be less than the market price of the Company's shares at the date of grant. Options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than 1/4 of such Options vesting in any three month period. All other options vest at the discretion of the Board of Directors.

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5. EQUITY (Continued)

(c) Share options (Continued)

There were no share options granted during the three months ended October 31, 2022 and 2021.

A summary of the changes in share options is presented below:

	Outstanding	Weighted average exercise price
Balance, July 31, 2021 and 2022, and October 31, 2021	3,470,000	\$ 0.27
Forfeited	(405,000)	0.30
Balance, October 31, 2022	3,065,000	\$ 0.27

The following table summarizes information about the share options outstanding and exercisable at October 31, 2022:

Outstanding and exercisable	Exercise price (\$)	Expiry Date
562,500	0.52	March 3, 2024
1,262,500	0.36	September 29, 2026
1,240,000	0.055	April 1, 2029
3,065,000		

6. RELATED PARTY TRANSACTIONS

During the three months ended October 31, 2022, the Company:

- Incurred consulting fees of \$30,000 (2021: \$120,000) to a company of which a director of the Company is an officer. As at October 31, 2022, \$487,570 (July 31, 2022: \$456,070) is due to this company and included in amounts payable and accrued liabilities in the statements of financial position.
- As at October 31, 2022, \$142,954 (July 31, 2022: \$142,954) is due to a company of which a director of the Company is an officer and director and included in amounts payable and accrued liabilities in the statements of financial position.
- Incurred legal fees included in professional fees of \$nil (2021: \$5,542) to a company of which a director of the Company is an officer. As at October 31, 2022, \$72,041 (July 31, 2022: \$72,384) is due to this company and included in amounts payable and accrued liabilities in the statements of financial position.
- As at October 31, 2022, notes payable of \$300,000 (July 31, 2022: \$300,000) and accrued interest of \$102,212 (July 31, 2022: \$97,675) is due to this director and included in notes payable and amounts payable and accrued liabilities, respectively, in the statements of financial position (Note 4).

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

There was no key management compensation during the three months ended October 31, 2022 and 2021.

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7. FINANCIAL INSTRUMENTS

Financial Risk Management

Cash, amounts receivable, amounts payable and accrued liabilities, and notes payable are held at amortized cost which approximates fair value due to the short-term nature of these instruments.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company is exposed to credit risk on cash and amounts receivable. The Company reduces its credit risk on cash by maintaining its bank account with a large international financial institution. The maximum exposure to credit risk is equal to the carrying value of its cash and amounts receivable.

Liquidity Risk

At October 31, 2022, the Company had cash of \$4,181 to settle current liabilities of \$1,342,447, and had working capital deficiency of \$1,335,591. Management has concluded that the Company does not have adequate financial resources to settle obligations as at October 31, 2022, and will require additional funding to continue operations for the next twelve months (Note 1).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity prices, and equity prices:

I. Interest Rate Risk

The Company's notes payable bear interest at fixed rates and the Company's bank account earns interest at variable rates. The fair value of its financial instruments is relatively unaffected by changes in short-term interest rates.

II. Commodity Price Risk

Although the Company is an exploration stage company, it is subject to price risk from fluctuations in market prices of natural resource commodities since its future profitability is dependent on the market price of these commodities. The prices of commodities are affected by numerous factors beyond the Company's control. Fluctuations in commodity prices could result in future commercial production that is impracticable to the Company. Therefore, management regularly monitors natural resource commodity prices to determine the appropriate course of action to be taken by the Company.

III. Equity Price Risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes notes payable and the components of equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets. Refer to Note 1 for additional details of the Company's ability to continue as a going concern. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the three months ended October 31, 2022.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions included:

- \$9,845 (July 31, 2022: \$9,845) of share issue costs, included in amounts payable and accrued liabilities at October 31, 2022.

No cash was paid for interest or income taxes during the three months ended October 31, 2022 and 2021.