

Condensed Interim Financial Statements of

Vanadian Energy Corp.

Three months ended October 31, 2020 and 2019
(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, 2020	July 31, 2020
Assets		
Current assets		
Cash	\$ 14,724	\$ 14,929
Amounts receivable	2,557	2,551
Prepaid expenses	5,908	9,371
	23,189	26,851
Exploration and evaluation assets (Note 3)	623,976	623,976
Total assets	\$ 647,165	\$ 650,827
Liabilities		
Current liabilities		
Amounts payable and accrued liabilities	\$ 762,068	\$ 717,371
Notes payable (Note 4, 6)	230,000	230,000
Total liabilities	992,068	947,371
Shareholders' deficiency		
Share capital (Note 5)	40,852,853	40,852,853
Reserves (Note 5)	7,734,318	7,734,318
Deficit	(48,932,074)	(48,883,715)
Total shareholders' deficiency	(344,903)	(296,544)
Total liabilities and shareholders' deficiency	\$ 647,165	\$ 650,827

Nature of operations and going concern (Note 1)

Subsequent events (Note 4)

Approved by the Board of Directors and authorized for issue on December 10, 2020:

"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,	
	2020	2019
Expenses		
Consulting (Note 6)	\$ 30,000	\$ 30,000
Maintenance and rehabilitation	130	-
Office and administration	3,192	2,916
Professional fees	7,297	3,933
Regulatory and transfer agent	4,291	5,434
Salaries and benefits (Note 6)	-	10,827
	(44,910)	(53,110)
Finance expense	(3,478)	(2,722)
Finance income	29	894
Other income - flow-through (Note 5(e))	-	3,536
Loss and comprehensive loss	(48,359)	(51,402)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding basic and diluted	42,261,150	41,111,150

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

Vanadian Energy Corp.

Condensed Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited)

	Share capital		Reserves	Deficit	Total shareholders' equity (deficiency)
	Shares issued	Amount			
At July 31, 2019	41,111,150	\$ 40,835,603	\$ 7,734,318	\$ (48,677,508)	\$ (107,587)
Loss and comprehensive loss	-	-	-	(51,402)	(51,402)
At October 31, 2019	41,111,150	40,835,603	7,734,318	(48,728,910)	(158,989)
Shares issued on acquisition of exploration and evaluation assets (Note 3(a))	1,150,000	17,250	-	-	17,250
Loss and comprehensive loss	-	-	-	(154,805)	(154,805)
At July 31, 2020	42,261,150	40,852,853	7,734,318	(48,883,715)	(296,544)
Loss and comprehensive loss	-	-	-	(48,359)	(48,359)
At October 31, 2020	42,261,150	\$ 40,852,853	\$ 7,734,318	\$ (48,932,074)	\$ (344,903)

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,	
	2020	2019
Operating activities		
Loss	\$ (48,359)	\$ (51,402)
Items not involving cash:		
Other income - flow-through	-	(3,536)
Finance expense - accrued	3,478	2,722
Changes in non-cash working capital items:		
Amounts receivable	(6)	4,854
Prepaid expenses	3,463	3,088
Advances	-	5,000
Amounts payable and accrued liabilities	41,219	31,606
	(205)	(7,668)
Investing activities		
Exploration and evaluation asset expenditures	-	(44,139)
	-	(44,139)
Change in cash during the period	(205)	(51,807)
Cash, beginning of period	14,929	176,200
Cash, end of period	\$ 14,724	\$ 124,393

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, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was originally incorporated as 583860 B.C. Ltd. in the province of British Columbia on April 21, 1999. The Company changed its name to Vanadian Energy Corp. from Uracon Resources Ltd. on October 5, 2018. 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, 2020, the Company had a working capital deficit of \$968,879. The Company recorded a loss of \$48,359 during the three months ended October 31, 2020, and had an accumulated deficit of \$48,932,074 as at October 31, 2020.

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. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. 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 and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19.

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

(a) 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 10, 2020.

Vanadian Energy Corp.

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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 was paid and 250,000 common shares were issued in December 2018;
- \$25,000 in cash was paid, 1,150,000 common shares were issued, and \$250,000 in exploration expenditures were spent by December 12, 2019;
- \$25,000 in cash was paid in 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.

During the year ended July 31, 2019, pursuant to the terms of the Agreement, the Company paid \$25,000 and issued 250,000 common shares to the Vendors. The 250,000 common shares were valued at \$0.12 per share, for total consideration of \$30,000.

During the year ended July 31, 2020, pursuant to the terms of the Agreement, the Company paid \$50,000 and issued 1,150,000 common shares to the Vendors. The 1,150,000 common shares were valued at \$0.015 per share, for total consideration of \$17,250.

As at October 31, 2020, \$501,726 has been spent in exploration expenditures (July 31, 2020: \$501,726).

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3. EXPLORATION AND EVALUATION ASSETS (Continued)

b) Clearwater Project

In August 2014, the Company signed a definitive option agreement (the “Forum Agreement”) with Forum Uranium Corp. (“Forum”), whereby the Company had the option to earn up to a 70% interest in Forum’s Clearwater Project (the “Clearwater Project”) in northern Saskatchewan.

During the year ended July 31, 2018, the Company and Forum agreed to terminate the Forum Agreement. Forum currently owns 75% and the Company has earned a 25% interest after spending \$1.5 million on exploration since August 2014. The Company recorded an impairment of \$1,542,147 to the statement of loss and comprehensive loss during the year ended July 31, 2019.

As at October 31, 2020, the Company continues to hold its 25% interest in the Clearwater Project, which is carried at \$nil.

c) Pipewrench Lake and Narrows Lake Properties

The Company holds four 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 Properties

The Company holds one contiguous claim block in the Baie Johan Beetz, area of the North Shore of the Gulf of St. Lawrence. These claims are known as the Lac Turgeon claim group. The Company has a 100% interest in this property, which is carried at \$nil.

The following table summarizes the capitalized costs associated with the Company’s exploration and evaluation assets:

	Huzyk Creek Property	Total
Acquisition costs:		
Balance, July 31, 2019	\$ 55,000	\$ 55,000
Cash	50,000	50,000
Shares issued	17,250	17,250
Balance, July 31, 2020 and October 31, 2020	122,250	122,250
Exploration costs:		
Balance, July 31, 2019	422,476	422,476
Drilling	13,364	13,364
Fuel	1,179	1,179
Logging	1,350	1,350
Sampling and analyses	10,232	10,232
Supplies and maintenance	792	792
Surveying	30,500	30,500
Travel	21,833	21,833
Balance, July 31, 2020 and October 31, 2020	501,726	501,726
Total costs:		
Balance, July 31, 2020 and October 31, 2020	\$ 623,976	\$ 623,976

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4. NOTES PAYABLE

As at October 31, 2020, notes payable of \$230,000 (July 31, 2019: \$180,000) were outstanding to a director of the Company. The notes accrue interest at 6% per annum and are payable on demand. As at October 31, 2020, accrued interest on notes payable of \$69,662 (July 31, 2020: \$66,183) is included in amounts payable in the statements of financial position.

In December 2020, notes payable of \$20,000 were issued to this director.

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, 2020, there were 42,261,150 common shares issued and outstanding.

During the year ended July 31, 2020, the Company issued 1,150,000 shares valued at \$0.05 to the Vendors pursuant to the terms of the Agreement (Note 3(a)).

(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.

There were no share options granted during the three months ended October 31, 2020 and 2019.

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

	Outstanding	Weighted average exercise price
Balance, July 31, 2019 and October 31, 2019	3,810,000	\$ 0.27
Expired	(62,500)	0.52
Balance, July 31, 2020 and October 31, 2020	3,747,500	\$ 0.27

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5. EQUITY (Continued)

(c) Share options (Continued)

The following table summarizes information about the share options outstanding and exercisable at October 31, 2020:

Outstanding and exercisable	Exercise price (\$)	Expiry Date
100,000	0.06	January 31, 2021
50,000	0.28	January 31, 2021
77,500	0.52	March 22, 2021
562,500	0.52	March 3, 2024
75,000	0.64	March 18, 2024
1,437,500	0.36	September 29, 2026
50,000	0.28	February 17, 2027
1,395,000	0.055	April 1, 2029
3,747,500		

(d) Warrants

There were no changes in warrants during the three months ended October 31, 2020 and 2019.

The following table summarizes information about the warrants outstanding and exercisable at October 31, 2020:

Outstanding and exercisable	Exercise price	Expiry date
4,687,500	\$ 0.17	December 10, 2020

(e) Flow-through shares

Issued during the year ended July 31, 2019

During the year ended July 31, 2019, the Company issued 5,000,000 flow-through shares for gross proceeds of \$500,000. As at July 31, 2020, all of these flow-through funds have been spent. \$3,536 in flow-through premium amortization was recognized as other income in the statement of loss and comprehensive loss during the three months ended October 31, 2019.

6. RELATED PARTY TRANSACTIONS

During the three months ended October 31, 2020, the Company:

- Incurred consulting fees of \$30,000 (2019: \$30,000) to a company of which a director of the Company is an officer. As at October 31, 2020, \$235,542 (July 31, 2020: \$204,000) is due to this company and included in amounts payable and accrued liabilities in the statements of financial position.
- Incurred geological consulting fees of \$nil (2019: \$9,963) to a company of which a director of the Company is an officer and director. As at October 31, 2020, \$142,954 (July 31, 2020: \$142,954) is due to this company and included in amounts payable and accrued liabilities in the statements of financial position.

Vanadian Energy Corp.

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

(Unaudited)

6. RELATED PARTY TRANSACTIONS (Continued)

(c) Incurred legal fees of \$3,797 (2019: \$nil) to a company of which a director of the Company is an officer. As at October 31, 2020, \$63,544 (July 31, 2020: \$59,571) is due to this company and included in amounts payable and accrued liabilities in the statements of financial position.

(d) As at October 31, 2020, notes payable of \$230,000 (July 31, 2020: \$230,000) and accrued interest of \$69,662 (July 31, 2020: \$66,183) 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.

Remuneration attributed to key management personnel includes:

Compensation of \$nil (2019: \$10,827) was incurred for the CEO of the Company during the three months ended October 31, 2020.

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, 2020, the Company had cash of \$14,724 to settle current liabilities of \$992,068, and had a working capital deficit of \$992,068. Management has concluded that the Company does not have adequate financial resources to settle obligations as at October 31, 2020, and will require additional funding to continue operations for the next twelve months (Note 1).

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7. FINANCIAL INSTRUMENTS (Continued)

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.

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 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.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions included:

- \$9,845 (July 31, 2020: \$9,845) of share issue costs, included in amounts payable and accrued liabilities at October 31, 2020

No cash was paid for interest or income taxes during the three months ended October 31, 2020 and 2019.