

Vanadian Energy Corp.

Management's Discussion and Analysis of Financial Condition and Results of Operations First Quarter Report – October 31, 2020

The following discussion is management's assessment and analysis of the results and financial condition of Vanadian Energy Corp. (the "Company"), and should be read in conjunction with the accompanying unaudited condensed interim financial statements and related notes. The preparation of financial data is in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34, Interim Financial Reporting as issued by the IASB and follows the same accounting policies and methods of application as the Company's most recent annual financial statements. All figures are reported in Canadian dollars unless otherwise indicated.

Certain information included in this discussion may constitute forward looking statements. Forward looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The effective date of this report is December 10, 2020.

Overview and Outlook

The Company is a Canadian-based exploration company focused on exploring for vanadium deposits in Manitoba. Company continues to actively pursue new opportunities to capitalize on management's exploration and financing capabilities.

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.

There are conditions that cast significant doubt on the Company's ability to continue as a going concern. 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.

The Company is currently undertaking exploration activities on the Huzyk Creek Vanadium Property (the "Property"). This consists of a ground geophysical program to define targets in the area of historic hole NIM33 which will be followed up by diamond drilling both along this geophysical trend as well as drill testing of other conductors defined by the airborne geophysics program carried out in April 2019. Further drilling will test strike and dip extensions of the mineralized zone in HZ-19-1 and HZ-19-2 as well as retest the potential mineralization noted in historic drill hole NIM19.

Additional information relating to the Company is available on the Company's web site at <http://vanadianenergy.com/> and on SEDAR at www.sedar.com.

Huzyk Creek Vanadium Property

The Property is located approximately 75 kilometres southeast of the town of Snow Lake, Manitoba and consists of a Mineral Exploration License covering approximately 216 square kilometres. This area has seen significant exploration for base metal mineralization as it lies within the projected extension of both the Flin Flon/Snow Lake belt as well as the Thompson Nickel Belt. Historically, the region has seen no exploration for vanadium.

A historic drill core resampling program by Rocas del Norte Incorporated (the "Vendors") discovered a broad zone of vanadium mineralization. Resampling of a 1997 drill hole (NIM-19) returned a total of 68 meters @ 0.14% V₂O₅ hosted within a sequence of meta-sediments associated with graphite and sulphides. No other known historic drill holes have been completed on this mineralized zone. At this time the strike, dip and lateral extent of mineralization is not known.

The mineralized interval is associated with a 1.5 kilometer long ground electromagnetic induction ("EM") geophysical anomaly. This ground EM anomaly is associated with a longer, multi-kilometre airborne geophysical anomaly. This geophysical work was completed by previous exploration companies in the region, and the geophysical data was submitted for assessment work at the Manitoba Mining Records office.

In April 2019, the Company completed two holes totalling 745 metres of NQ drill core between March 29 and April 8, 2019. Both holes successfully intersected vanadium bearing graphitic metasediments. Drill hole HZ-19-1 encountered

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9.74 metres grading 0.22% V₂O₅ within a broader interval of 13.77 metres grading 0.18% V₂O₅. Drill hole HZ-19-2 intersected 14.05 metres grading 0.11% V₂O₅. These two holes define approximately 200 metres of strike along a ground geophysical conductor outlined by historic operators. This geophysical conductor remains open along strike as the lateral extents are not currently known. These results confirm that the graphitic metasediments within the Property host potentially significant vanadium mineralization which is a new exploration target in Manitoba.

In mid-April 2019, the Company carried out a 1,373 line kilometre airborne Magnetics/EM survey over Mineral Exploration License (MEL) 1091A. The work was completed in late April 2019 by Balch Exploration Consulting Inc. using their AirTEM system, with the final report delivered on May 17, 2019. The airborne survey has identified numerous conductive and magnetic trends which will be used to outline future exploration targets within the Property area. Further work is recommended to follow up the diamond drill results as well as the numerous geophysical anomalies outlined by the airborne geophysics program.

In September 2019, the Company carried out a small prospecting program on the Huzyk Creek claims to look at outcrop exposures within the Property. The prospecting program outlined exposures of biotite gneiss with similarities to some of the lithologies noted in drill holes HZ-19-01 and HZ-19-02. Values of up to 600ppm V₂O₅ were noted in outcrop sampling. Further work on prospecting is planned on other areas of outcrop within the Property.

In December 2019, the Company carried out a 30 line kilometre ground geophysics program. The ongoing ground geophysics program better defined a 6.7 km southwest oriented conductive trend occurring within the claims and adjacent Mineral Exploration License ("MEL") 1093A. This detailed geophysical survey will assist in future diamond drill targeting on the Property.

Agreement

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.

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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).

As at the date of this report, the Company has not fulfilled the staged payment and exploration expenditures required by December 12, 2020 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.

Saskatchewan Properties

Clearwater Project

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

In September 2017, 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.

Pipewrench Lake Property

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.

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.

During the year ended July 31, 2019, the Company received \$49,880 of Quebec exploration tax credits related to maintenance and rehabilitation expenditures incurred during the year ended July 31, 2018, all of which was recorded as income in the statements of loss and comprehensive loss during the year ended July 31, 2019.

During the year ended July 31, 2020, the Company received \$4,540 of Quebec exploration tax credits related to maintenance and rehabilitation expenditures incurred during the year ended July 31, 2018, all of which was recorded as income in the statements of loss and comprehensive loss during the year ended July 31, 2020.

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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

Summary of Quarterly Results

	Q1 October 31, 2020	Q4 July 31, 2020	Q3 April 30, 2020	Q2 January 31, 2020
Revenue	\$ -	\$ -	\$ -	\$ -
Loss and comprehensive loss	(48,359)	(55,012)	(46,034)	(53,759)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

	Q1 October 31, 2019	Q4 July 31, 2019	Q3 April 30, 2019	Q2 January 31, 2019
Revenue	\$ -	\$ -	\$ -	\$ -
Loss and comprehensive loss	(51,402)	(72,393)	(1,645,114)	(72,182)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.04)	\$ (0.00)

Loss and comprehensive loss increased during three months ended April 30, 2019 primarily due to the write-down of exploration and evaluation assets of \$1,542,149. Loss and comprehensive loss increased during three months ended October 31, 2020 was consistent with prior quarters.

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Overall Performance and Results of Operations

Cash decreased by \$205 during the three months ended October 31, 2020, due to \$205 used in operating activities.

Three months ended October 31, 2020 and 2019

Net loss and comprehensive loss for the three months ended October 31, 2020, decreased by \$3,033 from \$51,402 for the three months ended October 31, 2019, to \$48,359 for the three months ended October 31, 2020. The decrease in net loss and comprehensive loss is largely due to:

- A decrease of \$10,827 in salaries and benefits. Salaries and benefits were \$nil for the three months ended October 31, 2020, compared to \$10,827 for the three months ended October 31, 2019. The decrease was due to higher activity during the prior period.

The decrease in loss was partially offset by:

- An increase of \$3,364 in professional fees. Professional fees were \$7,297 for the three months ended October 31, 2020, compared to \$3,933 for the three months ended October 31, 2019. Professional fees for the current period included legal fees and an accrual of audit fees.
- A decrease in other income of \$3,536. The Company recognized \$3,536 in flow-through premium amortization during the three months ended October 31, 2019, compared to \$nil during the current period.

Liquidity and Capital Resources

As at October 31, 2020, the Company had a working capital deficit of \$968,879 and cash of \$14,724 to settle current liabilities of \$992,068. 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. These conditions cast significant doubt on the Company's ability to continue as a going concern. 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 ongoing 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.

The sources of funds currently available to the Company for its acquisition and exploration projects are due from debt and equity financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

In December 2020, the Company received \$20,000 from notes payable issued to a director of the Company for general working capital.

Outstanding Share Data

The Company has authorized an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

As at October 31, 2020 and the date of this report, 42,261,150 common shares are issued and outstanding, 3,747,500 share options are outstanding and exercisable, and 4,687,500 warrants are outstanding and exercisable.

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Related Party Transactions

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

- (a) 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.
- (b) 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.
- (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.

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.

Risks and Uncertainties

The Company is subject to a number of risk factors due to the nature of the mining business in which it is engaged, including adverse movements in commodity prices, which are impossible to forecast. The Company seeks to counter these risks to the extent possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits. The Company is subject to significant risks including, but not limited to, the following:

Industry

The Company is engaged in the acquisition and exploration of mineral properties, an inherently risky business, and there is no assurance that an economic mineral deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of commercially mineable ore deposits. The geological focus of the Company is on areas in which the geological setting is well understood by management.

Vanadium and Metal Prices

The price of vanadium is affected by numerous factors beyond the control of the Company including the relative exchange rate of the U.S. dollar with other major currencies, demand, political and economic conditions and production levels. In addition, the price of vanadium has been volatile over short periods of time due to speculative activities and supply shortages. The price of other metals and mineral products that the Company may explore for have the same or similar price risk factors.

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Dependence on Management

The Company strongly depends on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term.

Critical Accounting Policies and Estimates

The Company has prepared the accompanying financial statements in accordance with IFRS. Significant accounting policies are described in Note 3 of the Company's financial statements as at and for the year ended July 31, 2020.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Financial Instruments

Financial Risk Management

Cash, 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's exposure to credit risk includes cash and cash equivalents and amounts receivable. The Company reduces its credit risk on cash and cash equivalents 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.

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.

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

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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.

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

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.