Financial Statements of

Vanadian Energy Corp.

Years ended July 31, 2019 and 2018
(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Vanadian Energy Corp.

Opinion

We have audited the accompanying financial statements of Vanadian Energy Corp. (the "Company"), which comprise the statements of financial position as at July 31, 2019 and 2018, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company has a working capital deficit of $585,063. The Company recorded a loss of $1,897,364 during the year ended July 31, 2019, and had a accumulated deficit of $48,677,508 as at July 31, 2019. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Catherine Tai.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada | Chartered Professional Accountants

November 6, 2019

Vanadian Energy Corp.

Statements of Financial Position

(Expressed in Canadian dollars)

		July 31, 2019		July 31, 2018
Assets				
Current assets				
Cash	$	**176,200**	$	111,372
Advances		**5,000**		-
Amounts receivable (Note 4)		**10,691**		36,649
Prepaid expenses		**8,122**		8,124
		200,013		156,145
Exploration and evaluation assets (Note 5)		**477,476**		1,542,147
Total assets	$	**677,489**	$	1,698,292
Liabilities				
Current liabilities				
Amounts payable and accrued liabilities	$	**597,324**	$	756,159
Notes payable (Note 6, 8)		**180,000**		380,000
Flow-through share premium (Note 7)		**7,752**		-
Total liabilities		**785,076**		1,136,159
Equity (deficiency)				
Share capital (Note 7)		**40,835,603**		39,747,478
Reserves (Note 7)		**7,734,318**		7,594,799
Deficit		**(48,677,508)**		(46,780,144)
Total equity (deficiency)		**(107,587)**		562,133
Total liabilities and equity	$	**677,489**	$	1,698,292

Nature of operations and going concern (Note 1)

Approved by the Board of Directors and authorized for issue on November 6, 2019:

"Gordon Keep" Director

"Marc Simpson" Director

The accompanying notes are an integral part of these financial statements

Vanadian Energy Corp.

Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Years ended July 31, 2019	2018
Expenses		
Consulting (Note 8)	**$ 121,330**	$ 120,000
Maintenance and rehabilitation	**89,141**	242,286
Office and administration	**24,208**	16,469
Professional fees	**55,993**	35,386
Regulatory and transfer agent	**32,193**	15,232
Salaries and benefits (Note 8)	**53,101**	70,193
Share-based compensation (Note 7(c), 8)	**64,400**	-
	(440,366)	(499,566)
Exploration tax credits (Note 5(d))	**49,880**	27,840
Finance expense	**(14,239)**	(19,057)
Finance income	**7,262**	579
Write-down of exploration and evaluation assets (Note 5(b))	**(1,542,149)**	-
Other income - flow-through (Note 7(e))	**42,248**	23,077
Loss and comprehensive loss	**(1,897,364)**	(467,127)
Basic and diluted loss per share	**$ (0.05)**	$ (0.02)
Weighted average number of common shares outstanding basic and diluted	**35,847,757**	26,486,150

The accompanying notes are an integral part of these financial statements

Vanadian Energy Corp.

Statements of Changes in Equity

(Expressed in Canadian dollars)

	Share capital					
	Shares issued		Amount	Reserves	Deficit	Total equity (deficiency)
At July 31, 2017	26,486,150	$	39,747,478	$ 7,594,799	$ (46,313,017)	$ 1,029,260
Loss and comprehensive loss	-		-	-	(467,127)	(467,127)
At July 31, 2018	26,486,150		39,747,478	7,594,799	(46,780,144)	562,133
Private placement: Non flow-through	9,375,000		670,252	79,748	-	750,000
Private placement: Flow-through	5,000,000		500,000	-	-	500,000
Flow-through share premium	-		(50,000)	-	-	(50,000)
Share issue costs	-		(62,127)	(4,629)	-	(66,756)
Shares issued on acquisition of exploration and evaluation costs (Note 5(a))	250,000		30,000	-	-	30,000
Share-based compensation	-		-	64,400	-	64,400
Loss and comprehensive loss	-		-	-	(1,897,364)	(1,897,364)
At July 31, 2019	41,111,150	$	40,835,603	$ 7,734,318	$ (48,677,508)	$ (107,587)

The accompanying notes are an integral part of these financial statements

Vanadian Energy Corp.

Statements of Cash Flows
(Expressed in Canadian dollars)

	Years ended July 31, **2019**	2018
Operating activities		
Loss for the year	**$ (1,897,364)**	$ (467,127)
Items not involving cash:		
Write-down of exploration and evaluation assets	**1,542,149**	-
Share-based compensation	**64,400**	-
Other income - flow-through	**(42,248)**	(23,077)
Finance expense - accrued	**15,140**	16,582
Changes in non-cash working capital items:		
Amounts receivable	**25,958**	(29,500)
Prepaid expenses	**2**	(417)
Advances	**(5,000)**	-
Amounts payable and accrued liabilities	**(178,244)**	399,085
	(475,207)	(104,454)
Financing activities		
Proceeds on shares issued, net of share issue costs	**1,183,451**	-
Issuance of notes payable	**-**	175,000
Repayment of notes payable	**(200,000)**	-
	983,451	175,000
Investing activities		
Exploration and evaluation asset expenditures	**(443,416)**	-
	(443,416)	-
Change in cash during the year	**64,828**	70,546
Cash, beginning of year	**111,372**	40,826
Cash, end of year	**$ 176,200**	$ 111,372

Supplemental disclosure with respect to cash flows (Note 11)

The accompanying notes are an integral part of these financial statements

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 Uracan 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, as well as uranium deposits in Saskatchewan. 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 July 31, 2019, the Company had a working capital deficit of $585,063. The Company recorded a loss of $1,897,364 during the year ended July 31, 2019, and had an accumulated deficit of $48,677,508 as at July 31, 2019.

In October 2018, the Company consolidated its issued and outstanding share capital on the basis of one new common share for four outstanding common shares. All information with respect to the number of common shares and issuance price for the time periods prior to this share consolidation was restated to reflect the share consolidation.

In December 2018, the Company closed a non-brokered private placement for total proceeds of $1,250,000 (Note 7(b)). While these 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 audited 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.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements as at and for the year ended July 31, 2019, including comparatives, are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Significant accounting judgments and estimates

Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical Judgment

The preparation of these financial statements requires the Company to make judgments regarding the going concern of the Company as discussed in Note 1.

2. BASIS OF PRESENTATION (continued)

(c) Significant accounting judgments and estimates (continued)

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, 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 the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our financial statements include:

Share-based payments

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Share purchase warrants attached to private placement units are allocated a value on a relative fair value basis (Note 3(h)). Estimating fair value for granted stock options and warrants attached to units requires determining the most appropriate valuation model. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option or warrant, volatility, dividend yield, risk-free interest rate, and rate of forfeitures for options, and making assumptions about them. The fair value of the share-based compensation expense for the year along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 7.

Deferred tax assets & liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company’s ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management’s assessment of the Company’s ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities.

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company’s exploration and evaluation assets properties does not necessarily represent present or future values, and the Company’s exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management’s assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company’s exploration and evaluation assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies used in the preparation of these financial statements are described below:

(a) Cash

Cash includes deposits held with banks that are available on demand.

(b) Exploration and Evaluation Assets

Exploration and evaluation expenditures are capitalized on a property by property basis once the legal right to explore a property has been acquired, and future economic benefits are more likely than not to be realized. These include the costs of acquiring, maintaining its interest in, and exploring and evaluating mineral properties until such time as the lease expires, it is abandoned, sold, or considered impaired in value. Costs incurred before the Company has obtained the legal right to explore, as well as indirect administrative costs, are expensed as incurred.

At each reporting date the carrying amounts of the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. Each of the Company's properties is considered to be a separate cash generating unit. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(c) Financial Instruments

Financial assets are classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets which consist primarily of cash, and amounts receivable are classified at amortized cost.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities are initially recognized on the date they are originated and are derecognized when the contractual obligations are discharged or cancelled or expire. These financial liabilities are recognized initially at fair value and subsequently are measured at amortized costs using the effective interest method, when materially different from the initial amount. Fair value is determined based on the present value of future cash flows, discounted at the market rate of interest.

The Company's financial liabilities which consist primarily of amounts payable and accrued liabilities, and notes payable are classified as and measured at amortized cost. Refer to Note 9 for further disclosures.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Impairment

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the year. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

(e) Loss per Share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(f) Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Decommissioning and Restoration Provision

Decommissioning and restoration provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and discount rates. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows discounted for the market discount rate.

Over time the discounted liability is increased for the changes in the present value based on the current market discount rates and liability risks. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Changes in closure and reclamation estimates are accounted for prospectively as a change in the corresponding capitalized cost. There are no decommissioning and restoration provisions for the years presented.

(h) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity. Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated to common shares and warrants on a relative fair value basis whereby the common shares are valued based on the quoted market price of the common shares at the time the units are priced, and the warrants are valued using the Black-Scholes option pricing model.

(i) Share-based payments

The Company's stock option plan allows Company employees, directors, officers, consultants and charities to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Flow-through Common Shares

Under the Canadian Income Tax Act, an enterprise may issue securities referred to as flow-through shares. These instruments permit the enterprise to renounce, or transfer to the investor the tax deductions associated with an equal value of qualifying resource expenditures. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. Any incremental proceeds, or "premium", are recorded as a liability, which is reduced and recorded as other income or deferred tax expense as the Company incurs qualifying resource expenditures. The tax effect of the renunciation is recorded at the time the Company incurs the eligible expenditures, which may differ from the effective date of renunciation.

(k) Foreign Exchange

The Company's functional and reporting currency is the Canadian dollar. Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at the date of the statement of financial position to reflect exchange rates prevailing at that date. Non-monetary assets and liabilities are translated at historical exchange rates. Gains and losses on translation are included in profit or loss for the year.

(l) Recent accounting standards

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. The standards listed below include only those which the Company reasonably expects are applicable to the Company.

The following have been adopted by the Company during the year ended July 31, 2019:

- IFRS 9 – Financial instruments: New standard that replaced IAS 39 for classification and measurement of financial assets, which is effective for annual periods beginning on or after January 1, 2018. The Company has determined that there is no significant measurement impact of adoption of IFRS 9 on its financial statements.

The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of the adoption of this proposed new standard. The Company expects adoption of this standard will not have a significant measurement or disclosure impact on the Company's financial statements.

4. AMOUNTS RECEIVABLE

	As at July 31, 2019	As at July 31, 2018
Input tax credits	**$ 10,691**	$ 32,192
Other receivables	**-**	4,457
	$ 10,691	$ 36,649

5. 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 7, 2018 (the "Approval Date"), the TSXV granted final approval of the definitive agreement (the "Agreement") whereby the Company has the right to earn up to 100% interest in the Huzyk Creek Vanadium Property (the "Property") in north-central Manitoba.

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 $150,000 in common shares and completing $2,500,000 of exploration on the Property. The payments are as follows:

- $25,000 in cash and 250,000 common shares paid and issued in December 2018;
- $50,000 in cash, $50,000 in common shares, and $250,000 in exploration expenditures by the first anniversary date of the Approval Date;
- $60,000 in cash, $50,000 in common shares and $750,000 in exploration expenditures by the second anniversary date of the Approval Date; and
- $80,000 in cash, $50,000 in common shares and $1,500,000 in exploration expenditures by the third anniversary date of the Approval Date.

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.

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 within 24 months of the 4th anniversary date of the Approval Date, along with a cash payment of $500,000 to the Vendors.

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.

As at July 31, 2019, $422,476 has been spent in exploration expenditures.

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.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

b) Clearwater Project (continued)

As at July 31, 2019, the Company continues to hold its 25% interest in the Clearwater Project. However, due to uncertainty in market conditions, the management of the Company has decided to record an impairment of $1,542,149 to the statements of loss and comprehensive loss during the year ended July 31, 2019.

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 are carried at $nil.

d) Quebec Properties

The Company holds two non-contiguous claim blocks in the Baie Johan Beetz, Aguanish and Natashquan corridor along the North Shore of the Gulf of St. Lawrence. The blocks consist of two distinct claim groups: Costebelle and Lac Turgeon. The Company has a 100% interest in these properties, which are carried at $nil.

During the years ended July 31 2019 and 2018, the Company incurred additional costs in connection with its Quebec properties, including equipment disposition and camp reconditioning.

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

	Clearwater Property	Huzyk Creek Property	Total
Acquisition costs:			
Balance, July 31, 2017 and 2018	$ 19,056	$ -	$ 19,056
Cash	-	25,000	25,000
Shares issued	-	30,000	30,000
Impairment	(19,056)	-	(19,056)
Balance, July 31, 2019	-	55,000	55,000
Exploration costs:			
Balance, July 31, 2017 and 2018	1,523,091	-	1,523,091
Airborne survey and geophysics	-	134,740	134,740
Drilling	-	238,910	238,910
Logging	-	3,377	3,377
Sampling and analyses	-	22,802	22,802
Supplies and maintenance	-	10,207	10,207
Travel	-	12,440	12,440
Impairment	(1,523,091)	-	(1,523,091)
Balance, July 31, 2019	-	422,476	422,475
Total costs:			
Balance, July 31, 2019	$ -	$ 477,476	$ 477,475

5. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended July 31, 2019, the Company received $49,880 (2018: $27,840) of Quebec exploration tax credits related to maintenance and rehabilitation expenditures incurred during the year ended July 31, 2018 (2018: July 31, 2017), all of which was recorded as income in the statements of loss and comprehensive loss.

6. NOTES PAYABLE

During the year ended July 31, 2019, notes payable of $200,000 were re-paid. As at July 31, 2019, notes payable of $180,000 (2018: $380,000) were outstanding to a director of the Company. The notes accrue interest at 6% per annum and are payable on demand. As at July 31, 2019, accrued interest on notes payable of $54,918 (July 31, 2018: $39,778) is included in amounts payable in the statements of financial position.

7. 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 July 31, 2019, there were 41,111,150 common shares issued and outstanding.

In October 2018, the Company consolidated its issued and outstanding share capital on the basis of one new common share for four outstanding common shares (Note 1).

During the year ended July 31, 2019, the Company closed a non-brokered private placement for total proceeds of $1,250,000 through the issuance of 9,375,000 non flow-through units at $0.08 per unit and 5,000,000 flow-through shares at $0.10 per flow-through share. Each non flow-through unit consists of one common share and one-half of a warrant. Each full warrant entitles the holder to purchase one common share at $0.17 per common share until December 10, 2020. The warrants issued in connection with the non-brokered private placement were allocated a fair value of $79,748 on a relative fair value basis (Note 7(d)). Cash share issue costs of $66,756 were incurred in connection to the non-brokered private placement, of which $62,127 and $4,629 were deducted from share capital and reserves respectively, based on the pro rata allocation of the fair value on issuance of the units to share capital and reserves (Note 7(d)). A flow-through premium liability of $50,000 was allocated to the flow-through portion of the non-brokered private placement based on the difference between the issuance price and the market price of the Company's shares (Note 7(e)).

During the year ended July 31, 2019, the Company issued 250,000 shares at $0.12 to the Vendors pursuant to the terms of the Agreement (Note 5(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.

(Expressed in Canadian dollars)

7. EQUITY (continued)

(c) Share options (continued)

During the year ended July 31, 2019, 1,495,000 share options were granted to directors, officers, and consultants of the Company, vested immediately, exercisable at $0.055 per common share until April 1, 2029. Using the Black-Scholes valuation model, the grant date fair value was $64,400, or $0.0431 per option.

The following weighted average assumptions were used for the valuation of the share options:

	2019
Risk-free interest rate	1.65%
Expected life	10 years
Annualized volatility	75%
Dividend rate	0%

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

	Outstanding		Weighted average exercise price
Balance, July 31, 2017	2,486,250	$	0.40
Expired	(100,000)		0.36
Balance, July 31, 2018	2,386,250		0.42
Expired	(71,250)		0.52
Granted	1,495,000		0.06
Balance, July 31, 2019	3,810,000	$	0.27

The following table summarizes information about the share options outstanding and exercisable at July 31, 2019:

Outstanding and exercisable	Exercise price	Expiry Date
62,500	$ 0.52	March 23, 2020
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
100,000	0.28	February 17, 2027
1,495,000	0.06	April 1, 2029
3,810,000		

(Expressed in Canadian dollars)

7. EQUITY (continued)

(d) Warrants

The fair value of the warrants issued in connection with the non-brokered private placement closed during the year ended July 31, 2019, was calculated as $79,748, using the Black-Scholes option pricing model with the following assumptions: i) exercise price per warrant of $0.17; ii) expected share price volatility of 75%; iii) risk-free interest rate of 1.98%; iv) expected life of 2 years; v) no dividend yield.

A summary of changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
Balance, July 31, 2017	88,000	$ 0.40
Expired	(88,000)	0.40
Balance, July 31, 2018	-	-
Issued	4,687,500	0.17
Balance, July 31, 2019	4,687,500	$ 0.17

The following table summarizes information about the warrants outstanding and exercisable at July 31, 2019:

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 (Note 7(b)). As at July 31, 2019, $422,476 of these flow-through funds have been spent, and as such $42,248 in flow through premium amortization was recognized as other income on the statement of loss and comprehensive loss during the year ended July 31, 2019. As at July 31, 2019, $77,524 of flow through funds remain to be spent on the flow through financing completed during the year ended July 31, 2019.

Issued during the year ended July 31, 2017

During the year ended July 31, 2017, the Company issued 384,615 flow-through shares for gross proceeds of $100,000. As at July 31, 2018, all of these flow-through funds have been spent and the tax benefit has been renounced. $23,077 in flow-through premium amortization was recognized as other income in the statement of loss and comprehensive loss during the year ended July 31, 2018.

8. RELATED PARTY TRANSACTIONS

During the year ended July 31, 2019, the Company:

(a) Incurred consulting fees of $120,000 (2018: $120,000) and share issue costs of $12,500 (2018: $nil) to a company of which a director of the Company is an officer. As at July 31, 2019, $79,500 (July 31, 2018: $110,000) is due to this company and included in amounts payable in the statement of financial position.

(b) Incurred geological consulting fees of $40,688 (2018: $64,816) to a company of which a director of the Company is an officer and director. As at July 31, 2019, $121,557 (July 31, 2018: $78,835) is due to this company and included in amounts payable in the statements of financial position.

8. RELATED PARTY TRANSACTIONS (continued)

(c) Incurred legal fees of $40,223 (2018: $18,414) and share issue costs of $11,038 (2018: $nil) to a firm of which a director of the Company is a partner. As at July 31, 2019, $42,153 (2018: $46,349) is due to this firm and included in amounts payable in the statements of financial position.

(d) Repaid $200,000 of notes payable to a director of the Company. As at July 31, 2019, notes payable of $180,000 (2018: $380,000) and accrued interest of $54,918 (2018: $39,778) is due to this director and included in notes payable and amounts payable respectively in the statements of financial position (Note 6).

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 $43,588 (2018: $76,031) was paid for the CEO of the Company during the year ended July 31, 2019.

During the year ended July 31, 2019, key management personnel compensation included share-based compensation of $57,938 (2018: $nil).

9. FINANCIAL INSTRUMENTS

Financial Risk Management

Cash, amounts receivable, amounts payable 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 July 31, 2019, the Company had cash of $176,200 to settle current liabilities of $777,324 (which excludes flow-through share premium as a non-cash liability), and had a working capital deficit of $585,063. Management has concluded that the Company does not have adequate financial resources to settle obligations as at July 31, 2019, and will require additional funding to continue operations for the next twelve months (Note 1).

9. FINANCIAL INSTRUMENTS (continued)

Financial Instrument Risk Exposure (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.

10. 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.

(Expressed in Canadian dollars)

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions included:

- A flow-through share premium of $50,000 (2018: $nil), recorded as a reduction in share capital (Note 7);
- $10,500 (2018: $6,438) of capitalized exploration and evaluation costs and $9,845 (2018: $9,638) of share issue costs, included in amounts payable at July 31, 2019;
- Total consideration of $30,000 from the issuance of 250,000 common shares pursuant to the Agreement at a price of $0.12 per share (Note 5(a)); and
- The fair value of warrants attached to the non flow-through units of $79,748 (Note 7(d)).

No cash was paid for interest or income taxes during the year ended July 31, 2019 and 2018.

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2019		2018
Loss for the year	$	(1,897,364)	$	(467,127)
Expected income tax (recovery)	$	(506,000)	$	(125,000)
Change in statutory, foreign tax, foreign exchange rates		(1,000)		11,000
Permanent differences		6,000		(6,000)
Impact of flow through share		114,000		11,000
Share issue cost		(18,000)		-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses		13,000		16,000
Change in unrecognized deductible temporary differences and other		392,000		93,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

The significant components of the Company's deferred tax assets that have not been included in the statement of financial position are as follows:

		2019		2018
Deferred tax assets (liabilities)				
Exploration and evaluation assets	$	6,312,000	$	6,013,000
Property and equipment		80,000		80,000
Share issue costs		22,000		16,000
Allowable capital losses		208,000		208,000
Non-capital losses available for future period		1,304,000		1,219,000
		7,926,000		7,536,000
Unrecognized deferred tax assets		(7,926,000)		(7,536,000)
Net deferred tax assets	**$**	**-**	**$**	**-**

(Expressed in Canadian dollars)

12. INCOME TAXES (continued)

The significant components of the Company's temporary differences, unused tax credits, and unused tax losses that have not been included in the statement of financial position are as follows:

	2019	Expiry Date Range	2018
Temporary Differences			
Exploration and evaluation assets - Federal	$ 14,400,000	No expiry date	$ 13,291,000
Exploration and evaluation assets - Quebec	20,370,000	No expiry date	20,370,000
Property and equipment	296,000	No expiry date	296,000
Share issue costs	81,000	2039 to 2043	58,000
Allowable capital losses	769,000	No expiry date	769,000
Non-capital losses available for future periods	4,830,000	2030 to 2039	4,516,000

13. COMPARATIVE FIGURES

Certain comparative data have been reclassified to conform with the presentation of the current period. The Company has grouped together certain expenses on the statements of loss and comprehensive loss. There is no net impact on the financial position, net loss, cash flows or loss per share in fiscal 2018 as a result of these reclassifications.