Condensed Interim Financial Statements of

# Vanadian Energy Corp.

Three and six months ended January 31, 2023 and 2022
(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)

| | | **January 31, 2023** | | July 31, 2022 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets | | | | |
| Cash | **$** | **1,685** | $ | 20,130 |
| Amounts receivable | | **3,070** | | 3,500 |
| Prepaid expenses | | **-** | | 2,162 |
| | | **4,755** | | 25,792 |
| Exploration and evaluation assets (Note 3) | | **623,976** | | 623,976 |
| **Total assets** | **$** | **628,731** | $ | 649,768 |
| **Liabilities** | | | | |
| Current liabilities | | | | |
| Amounts payable and accrued liabilities (Note 6) | **$** | **1,102,944** | $ | 1,016,632 |
| Notes payable (Notes 4 and 6) | | **300,000** | | 300,000 |
| Total liabilities | | **1,402,944** | | 1,316,632 |
| **Shareholders' deficiency** | | | | |
| Share capital (Note 5) | | **40,852,853** | | 40,852,853 |
| Reserves | | **7,734,318** | | 7,734,318 |
| Deficit | | **(49,361,384)** | | (49,254,035) |
| Total shareholders' deficiency | | **(774,213)** | | (666,864) |
| **Total liabilities and shareholders' deficiency** | **$** | **628,731** | $ | 649,768 |

Nature of operations and going concern (Note 1)

Approved by the Board of Directors and authorized for issue on April 3, 2023:

"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 Net Loss
(Expressed in Canadian dollars)
(Unaudited)

| | Three months ended January 31, | | Six months ended January 31, | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| **Expenses** | | | | |
| Consulting (Note 6) | **$ 30,000** | $ 30,000 | **$ 60,000** | $ 60,000 |
| Office and administration | **643** | 3,150 | **1,371** | 6,131 |
| Professional fees (Note 6) | **18,204** | 3,325 | **21,626** | 12,367 |
| Regulatory and transfer agent | **9,242** | 6,428 | **15,392** | 11,762 |
| | **(58,089)** | (42,903) | **(98,389)** | (90,260) |
| Finance expense (Note 4) | **(4,537)** | (4,159) | **(9,074)** | (8,318) |
| Finance income | **28** | 7 | **114** | 21 |
| **Net loss** | **(62,598)** | (47,055) | **$ (107,349)** | $ (98,557) |
| **Basic and diluted loss per share** | **$ (0.00)** | $ (0.00) | **$ (0.00)** | $ (0.00) |
| **Weighted average number of common shares outstanding basic and diluted** | **42,261,150** | 42,261,150 | **42,261,150** | 42,261,150 |

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

# Vanadian Energy Corp.

Condensed Interim Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars)
(Unaudited)

| | Share capital | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Shares issued | | Amount | | Reserves | Deficit | | Total shareholders' deficiency |
| **At July 31, 2021** | 42,261,150 | $ | 40,852,853 | $ | 7,734,318 | $(49,067,933) | $ | (480,762) |
| Net loss | - | | - | | - | (98,557) | | (98,557) |
| **At January 31, 2022** | 42,261,150 | | 40,852,853 | | 7,734,318 | (49,166,490) | | (579,319) |
| | | | | | | | | |
| **At July 31, 2022** | 42,261,150 | | 40,852,853 | | 7,734,318 | (49,254,035) | | (666,864) |
| Net loss | - | | - | | - | (107,349) | | (107,349) |
| **At January 31, 2023** | 42,261,150 | $ | 40,852,853 | $ | 7,734,318 | $(49,361,384) | $ | (774,213) |

*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)

| | Six months ended January 31, | |
|---|---|---|
| | **2023** | 2022 |
| Cash provided by (used in): | | |
| **Operating activities** | | |
| Net loss | **$ (107,349)** | $ (98,557) |
| Items not involving cash: | | |
| Finance expense - accrued (Note 4) | **9,074** | 8,318 |
| Changes in non-cash working capital items: | | |
| Amounts receivable | **430** | (3,009) |
| Prepaid expenses | **2,162** | 2,158 |
| Amounts payable and accrued liabilities | **77,238** | 90,516 |
| | **(18,445)** | (574) |
| Change in cash | **(18,445)** | (574) |
| Cash, beginning | **20,130** | 4,212 |
| **Cash, end** | **$ 1,685** | $ 3,638 |

No cash was paid for interest or income taxes during the six months ended January 31, 2023 and 2022.

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

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

As at January 31, 2023, the Company had working capital deficiency of $1,398,189. The Company recorded a net loss of $107,349 during the six months ended January 31, 2023, and had total shareholders' deficiency of $774,213 as at January 31, 2023.

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. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. These factors, among others, could have a significant impact on the Company's operations.

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

## 2. BASIS OF PRESENTATION

*(a) Statement of compliance*

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards 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 April 3, 2023.

## 3. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

### a) Huzyk Creek Vanadium Property

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

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

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

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

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

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

As at January 31, 2023, $501,726 has been spent in exploration expenditures (July 31, 2022: $501,726).

As at January 31, 2023, the Company has not fulfilled the staged payment and exploration expenditures required by December 12, 2020, December 12, 2021, and December 12, 2022 as per the Agreement. The Company has given the Vendors a Force Majeure letter to pause the requirements of the Agreement until COVID-19 issues have been brought under control. The Vendors have acknowledged the Force Majeure letter. As at the date of this report, the Force Majeure letter is still in force and the Agreement is in good standing.

### b) Clearwater Project

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

## 3. EXPLORATION AND EVALUATION ASSETS (Continued)

### c) Pipewrench Lake and Narrows Lake Properties

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

### d) Quebec Properties

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

The following table summarizes the capitalized costs associated with the Company's exploration and evaluation assets as at January 31, 2023 and July 31, 2022:

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

## 4. NOTES PAYABLE

As at January 31, 2023, notes payable of $300,000 (July 31, 2022: $300,000) were outstanding to a director of the Company. The notes accrue interest at 6% per annum and are payable on demand. During the six months ended January 31, 2023, interest on notes payable of $9,074 was accrued (2022: $8,318). As at January 31, 2023, accrued interest on notes payable of $106,749 (July 31, 2022: $97,675) is included in amounts payable and accrued liabilities.

## 5. EQUITY

*(a) Authorized*

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

*(b) Issued and fully paid common shares*

As at January 31, 2023, there were 42,261,150 common shares issued and outstanding.

During the six months ended January 31, 2023 and 2022, there were no share capital transactions.

*(c) Share options*

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

There were no share options granted during the six months ended January 31, 2023 and 2022.

## 5. EQUITY (Continued)

*(c) Share options (Continued)*

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

| | Outstanding | | Weighted average exercise price |
|---|---|---|---|
| Balance, July 31, 2021 and 2022 | 3,470,000 | $ | 0.27 |
| Forfeited | (405,000) | | 0.30 |
| Balance, January 31, 2023 | 3,065,000 | $ | 0.27 |

The following table summarizes information about the share options outstanding and exercisable at January 31, 2023:

| Outstanding and exercisable | Exercise price ($) | Expiry Date | Weighted average remaining contractual life (years) |
|---|---|---|---|
| 562,500 | 0.52 | March 3, 2024 | 1.1 |
| 1,262,500 | 0.36 | September 29, 2026 | 3.7 |
| 1,240,000 | 0.055 | April 1, 2029 | 6.2 |
| 3,065,000 | | | 4.2 |

## 6. RELATED PARTY TRANSACTIONS

During the six months ended January 31, 2023, the Company:

(a) Incurred consulting fees of $60,000 (2022: $60,000) to a company of which a director of the Company is an officer. As at January 31, 2023, $519,000 (July 31, 2022: $456,070) is due to this company and included in amounts payable and accrued liabilities in the statements of financial position.

(b) As at January 31, 2023, $142,954 (July 31, 2022: $142,954) is due to a company of which a director of the Company is an officer and director and included in amounts payable and accrued liabilities in the statements of financial position.

(c) Incurred legal fees included in professional fees of $nil (2022: $5,702) to a company of which a director of the Company is an officer. As at January 31, 2023, $72,384 (July 31, 2022: $72,384) is due to this company and included in amounts payable and accrued liabilities in the statements of financial position.

(d) As at January 31, 2023, notes payable of $300,000 (July 31, 2022: $300,000) and accrued interest of $106,749 (July 31, 2022: $97,675) is due to a director of the Company and included in notes payable and amounts payable and accrued liabilities, respectively, in the statements of financial position (Note 4).

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

There was no key management compensation during the six months ended January 31, 2023 and 2022.

## 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 January 31, 2023, the Company had cash of $1,685 to settle current liabilities of $1,402,944, and had working capital deficiency of $1,398,189. Management has concluded that the Company does not have adequate financial resources to settle obligations as at January 31, 2023, and will require additional funding to continue operations for the next twelve months (Note 1).

*Market Risk*

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

*I. Interest Rate Risk*

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

*II. Commodity Price Risk*

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

*III. Equity Price Risk*

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

## 8. CAPITAL MANAGEMENT

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

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets. Refer to Note 1 for additional details of the Company's ability to continue as a going concern. The Company is not subject to externally imposed capital requirements.