

Vanadiumcorp Resource Inc.

INTERIM CONSOLIDATED FINANCIAL REPORT

NINE MONTHS ENDED JULY 31, 2019 AND 2018

(Unaudited – Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vanadiumcorp Resource Inc.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian Dollars)

	July 31, 2019	October 31, 2018
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	1,044,198	40,201
Receivables (Notes 3 and 11)	150,051	127,040
Short-term investments (Note 4)	23,000	23,000
Prepaid expenses	31,861	25,757
TOTAL CURRENT ASSETS	1,249,110	215,998
EQUIPMENT (Note 5)	20,430	21,856
EXPLORATION AND EVALUATION ASSETS (Note 6)	3,467,946	3,414,913
TOTAL ASSETS	4,737,486	3,652,767
LIABILITIES		
CURRENT LIABILITIES		
Trade payables and accrued liabilities (Notes 7 and 11)	270,727	396,969
Loans payable (Note 8)	–	208,300
Flow-through share premium liability	277,778	–
TOTAL CURRENT LIABILITIES	548,505	605,269
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 9)	30,985,445	29,187,582
WARRANTS	600,816	1,584,154
SHARE-BASED PAYMENTS RESERVE	12,329,588	10,735,762
SUBSCRIPTIONS RECEIVABLE (Note 11)	(151,309)	(14,509)
DEFICIT	(39,575,559)	(38,445,491)
TOTAL SHAREHOLDERS' EQUITY	4,188,981	3,047,498
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,737,486	3,652,767

GOING CONCERN (Note 1)

These consolidated financial statements were authorized for issue by the Board of Directors on September 30, 2019. They are signed on behalf of the Company by:

"Adriaan Bakker"

Adriaan Bakker, Director

"Stephen W. Pearce"

Stephen W. Pearce, Director

Vanadiumcorp Resource Inc.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited – Expressed in Canadian Dollars)

	THREE MONTHS ENDED JULY 31,		NINE MONTHS ENDED JULY 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
ADMINISTRATIVE EXPENSES				
Consulting	9,458	9,495	29,497	28,683
Depreciation	1,629	1,695	4,803	5,084
Directors fees	19,000	15,000	55,000	45,000
Investor relations	2,919	10,031	3,863	83,982
Management fees (Note 11)	15,000	15,000	45,000	45,000
Office	21,675	22,928	53,860	53,178
Professional fees	15,181	5,228	34,163	33,642
Rent	6,641	4,428	19,924	19,924
Research and development	50,429	67,737	183,862	180,821
Salaries and wages	51,464	35,016	147,975	106,361
Share-based payments expense	–	–	779,666	1,364,290
Shareholder communications	4,324	5,717	7,891	5,717
Trade shows	–	20,227	16,027	33,049
Transfer agent and regulatory fees	4,056	1,476	19,883	15,048
Travel and entertainment	11,813	27,236	52,535	53,084
	(213,589)	(241,214)	(1,453,949)	(2,072,863)
OTHER ITEMS				
Payment under Patent Option Agreement	126,536	–	323,881	–
COMPREHENSIVE LOSS FOR THE PERIOD	(87,053)	(241,214)	(1,130,068)	(2,072,863)
BASIC AND DILUTED LOSS PER SHARE	(0.00)	(0.00)	(0.00)	(0.01)
Weighted average number of common shares outstanding	245,957,442	229,718,589	240,424,785	227,029,643

Vanadiumcorp Resource Inc.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Nine Months Ended July 31, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

	Share Capital			Share-based	Subscriptions	Deficit	Total
	Shares	Amount	Warrants	Payments Reserve	Receivable		Shareholders' Equity
BALANCE, OCTOBER 31, 2017	222,918,798	28,863,418	1,629,069	9,278,703	(14,509)	(36,189,495)	3,567,186
Reallocation of fair value on expiry of warrants	–	–	(92,769)	92,769	–	–	–
Exercise of warrants	6,107,878	519,779	(147,761)	–	29,683	–	401,701
Share-based payments	–	–	–	1,364,290	–	–	1,364,290
Net loss for the period	–	–	–	–	–	(2,072,863)	(2,072,863)
BALANCE, JULY 31, 2018	229,026,676	29,383,197	1,388,539	10,735,762	15,174	(38,262,358)	3,260,314
BALANCE, OCTOBER 31, 2018	229,026,676	29,187,582	1,584,154	10,735,762	(14,509)	(38,445,491)	3,047,498
Shares issued for cash	11,111,109	1,000,000	–	–	–	–	1,000,000
Share issuance costs	666,667	(92,337)	–	–	–	–	(92,337)
Flow-through share premium	–	(217,778)	–	–	–	–	(217,778)
Reallocation of fair value on expiry of warrants	–	–	(814,160)	814,160	–	–	–
Exercise of warrants	15,010,476	1,217,480	(278,680)	–	–	–	938,800
Warrant modification	–	(109,502)	109,502	–	–	–	–
Subscriptions received	–	–	–	–	(136,800)	–	(136,800)
Share-based payments	–	–	–	779,666	–	–	779,666
Net loss for the period	–	–	–	–	–	(1,130,068)	(1,130,068)
BALANCE, JULY 31, 2019	255,814,928	30,985,445	600,816	12,329,588	(151,309)	(39,575,559)	4,188,981

Vanadiumcorp Resource Inc.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Expressed in Canadian Dollars)

	THREE MONTHS ENDED JULY 31,		NINE MONTHS ENDED JULY 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
CASH PROVIDED BY (USED FOR)				
OPERATING ACTIVITIES				
Net loss	(87,053)	(241,214)	(1,130,068)	(2,072,863)
Adjustments for non-cash items				
Depreciation	1,629	1,695	4,803	5,084
Share-based payments	–	–	779,666	1,364,290
Net changes in non-cash operating accounts				
Receivables	(5,628)	8,661	(23,011)	(3,243)
Prepaid expenses	(1,200)	65,025	(6,104)	(31,063)
Trade payables and accrued liabilities	(72,756)	102,758	(129,984)	36,298
	(165,008)	(63,075)	(504,698)	(701,497)
INVESTING ACTIVITIES				
Purchase of property and equipment	–	–	(3,377)	–
Promissory notes	135,377	–	–	–
Exploration and evaluation expenditures, net of recoveries	(136,847)	(6,864)	(49,291)	(29,378)
	(1,470)	(6,864)	(52,668)	(29,378)
FINANCING ACTIVITIES				
Shares issued and subscribed, net of issuance costs	898,163	–	1,561,363	401,701
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	731,685	(69,939)	1,003,997	(329,174)
CASH AND CASH EQUIVALENTS, beginning of period				
	312,513	120,620	40,201	379,855
CASH AND CASH EQUIVALENTS, end of period				
	1,044,198	50,681	1,044,198	50,681
NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Exploration and evaluation expenditures (recoveries) included in payables	3,742	(825)	(107,629)	115,498
SUPPLEMENTAL DISCLOSURES:				
Interest paid	–	–	–	–
Income taxes paid	–	–	–	–

Vanadiumcorp Resource Inc.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended July 31, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Vanadiumcorp Resource Inc. (the “Company”) was incorporated on October 23, 1980 under the British Columbia Business Corporations Act and is engaged in the acquisition and exploration of mineral properties in Canada.

The Company’s registered office is Suite 400 – 1505 West 2nd Avenue, Vancouver, British Columbia, V6H 3Y4.

The Company’s mineral property interests have not reached the development stage or commercial production. To continue exploration programs, maintain its mineral property interests and develop future projects beyond the exploration stage, the Company will need additional funding.

These interim consolidated financial statements have been prepared on the assumption that the Company is a going concern which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has incurred significant losses and accumulated a deficit of \$39,575,559 as at July 31, 2019 (October 31, 2018 - \$38,445,491). The ability of the Company to continue as a going concern is dependent on obtaining the financing necessary to continue operations and, ultimately, on attaining profitable operations. Funding for operations is raised primarily through share offerings. No provision has been made in these consolidated financial statements for any adjustments to the carrying value of exploration and evaluation and other assets should the Company not be able to continue as a going concern.

During the nine months ended July 31, 2019, the Company raised funds from the exercise of warrants. Although there is no certainty, management is of the opinion that additional funding for future projects and operations can be raised as needed. If the Company is unsuccessful in obtaining adequate financing in the future due to prolonged economic decline, exploration activities will be postponed until market conditions improve. These circumstances and conditions may cast significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) applicable to the preparation of these financial statements.

The consolidated financial statements were authorized for issue by the Board of Directors on September 30, 2019.

b) Consolidation

These interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Pro Minerals Ltd., Power Vanadium Corporation, Prosperity Minerals Corporation, and Prestige Mining Corporation, all Canadian companies. All subsidiaries are 100% controlled by the Company. Intercompany transactions and balances have been eliminated upon consolidation.

Vanadiumcorp Resource Inc.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended July 31, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION – CONTINUED

c) Basis of measurement, estimates, and significant judgments

The interim consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included.

These interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Elements of these interim consolidated financial statements subject to material estimation uncertainty include:

Valuation of stock options and warrants

In the preparation of these interim consolidated financial statements, management has estimated the fair value of stock options granted and warrants issued in private placements based on the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions including the expected price and volatility of the Company's stock. Changes in these subjective input assumptions can materially affect the fair value estimate of the Company's stock options granted and warrants issued during the year.

Elements of these interim consolidated financial statements subject to significant judgment include:

Significant judgments about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) going concern assessment;
- ii) consideration of exploration and evaluation asset impairment criteria;
- iii) the useful life and recoverability of equipment;
- iv) recovery of amounts receivable; and
- v) deferred income tax asset valuation allowances.

3. RECEIVABLES

	July 31, 2019	October 31, 2018
Sales tax receivable	\$ 75,429	\$ 62,441
Option payment receivable on exploration and evaluation assets	50,000	50,000
Amounts due from related parties (Note 11)	24,622	14,599
	\$ 150,051	\$ 127,040

Vanadiumcorp Resource Inc.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended July 31, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

4. SHORT-TERM INVESTMENTS

	July 31, 2019		October 31, 2018	
	Cost	Fair Value	Cost	Fair Value
	\$	\$	\$	\$
Investments at fair value through profit or loss:				
Guaranteed investment certificate ("GIC") *	23,000	23,000	23,000	23,000
Total short-term investments	23,000	23,000	23,000	23,000

* The GIC is pledged as security for a credit card for Company expenditures.

5. EQUIPMENT

Cost	Computer equipment \$	Office equipment \$	Leasehold improvement costs \$	Website development costs \$	Total \$
Balance, November 1, 2017	27,832	6,372	–	4,000	38,204
Additions	4,644	–	–	–	4,644
Balance, October 31, 2018	32,476	6,372	–	4,000	42,848
Additions	–	–	3,377	–	3,377
Balance, July 31, 2019	32,476	6,372	3,377	4,000	46,225
Accumulated depreciation					
Balance, November 1, 2017	9,639	1,655	–	2,746	14,040
Depreciation	5,633	943	–	376	6,952
Balance, October 31, 2018	15,272	2,598	–	3,122	20,992
Depreciation	3,870	566	169	198	4,803
Balance, July 31, 2019	19,142	3,164	169	3,320	25,795
Carrying amounts					
Balance, October 31, 2018	17,204	3,774	878	878	21,856
Balance, July 31, 2019	13,334	3,208	3,208	680	20,430

6. EXPLORATION AND EVALUATION ASSETS

A summary of changes in the Company's exploration and evaluation assets in Quebec is as follows:

	Iron-T Project \$	Lac Dore Project \$	Other Projects \$	Total \$
Balance, November 1, 2017	1,914,087	1,346,195	–	3,260,282
Exploration costs	10,767	143,864	50,122	204,753
Write-down	–	–	(50,122)	(50,122)
Balance, October 31, 2018	1,924,854	1,490,059	–	3,414,913
Exploration costs	17,917	35,116	–	53,033
Balance, July 31, 2019	1,942,771	1,525,175	–	3,467,946

The Company's mineral properties have either been ground staked, map staked or acquired through option agreements or purchase agreements.

Vanadiumcorp Resource Inc.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended July 31, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS – CONTINUED

a) Iron-T Vanadium Project

As at July 31, 2019, the property covers approximately 8,515 Hectares (“Ha”), located in Isle Dieu, Lozeau, Comporte and Galinee Townships in the province of Quebec and was acquired through a purchase and sale agreement and through staking.

Pursuant to a purchase and sale agreement dated February 1, 2008, as amended February 24, 2009 and August 21, 2009, wherein the Company acquired 100% interest in 17 mining claims situated in central Quebec west of the mining centre of Matagami, in exchange for \$250,000 (paid) and 900,000 common shares (issued).

The vendors will receive a 3% net smelter return (“NSR”) royalty of which the Company may purchase at its discretion, 1½% of the net smelter return royalty for \$500,000. The Company also retains a first right of refusal on the balance of the net smelter return royalty.

b) Lac Dore and Lac Dore North Vanadium Projects

As at July 31, 2019, the Lac Dore property covers approximately 672 Ha, and the Lac Dore North property contains a total of 30 mining titles, covering 519 Ha. Both properties are located in Lemoine and Rinfret Townships in the province of Quebec and were acquired through staking.

c) Chibougamau Copper/Gold Assemblage

As at October 31, 2017, the property covered approximately 5,173 Ha in the Chibougamau region in the Province of Quebec acquired through staking, purchase or option agreements. Pursuant to a purchase agreement dated July 8, 2004, wherein the Company acquired eight mining titles, the Company is committed to issue 50,000 shares upon receipt of the first positive geological report (no report to date). These eight claims are subject to a 2% NSR. The Company has the right to reduce this royalty to 1% by paying the vendor \$500,000.

Pursuant to a purchase agreement dated July 8, 2004, wherein the Company acquired twenty-four mining titles, the Company is committed to issue 50,000 shares upon receipt of the first positive geological report (no report to date). These twenty-four mining titles are subject to a 2% NSR. The Company has the right to reduce this royalty to 1% by paying the vendor \$500,000.

Pursuant to a purchase agreement dated August 25, 2004, wherein the Company acquired thirty-five mining titles, the Company is committed to issue 100,000 common shares upon receipt of a second positive geological report (no report to date) and 100,000 common shares upon receipt of a third positive geological report (no report to date). The claims are subject to a 3% NSR. The Company has the right to reduce this royalty by 1% by paying the vendor \$500,000 and an additional 1% by paying \$500,000.

Pursuant to a purchase agreement dated October 12, 2005, wherein the Company acquired four mineral claims, the Company was committed to pay \$2,200 on or before the second anniversary of the TSX-V approval (paid March 2, 2010) and issue 22,500 common shares on or before the second anniversary of TSX-V approval (issued March 2, 2010). These claims are subject to a 2% NSR. The Company has the right to reduce this royalty to 1% by paying the vendor \$110,000.

Pursuant to a purchase agreement dated October 12, 2005, wherein the Company acquired five mineral claims, the Company was committed to pay \$2,800 on or before the second anniversary of the TSX-V approval (paid March 2, 2010) and issue 28,000 shares on or before the 2nd anniversary of TSX-V approval (issued March 2, 2010).

These claims are subject to a 2% NSR. The Company has the right to reduce this royalty to 1% by paying the optionor \$110,000.

During the year ended October 31, 2016, the Company wrote off \$288,865 in costs associated with this property, as the Company is moving away from copper/gold projects in order to concentrate on its vanadium interests.

Vanadiumcorp Resource Inc.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended July 31, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS – CONTINUED

c) Chibougamau Copper/Gold Assemblage – continued

Pursuant to an agreement dated September 6, 2017 (the “Effective Date”), the Company has granted exclusive right and option to an arm’s length third party, to acquire up to 100% undivided interest in the surface and mining rights and mining claims of the Chibougamau project.

Under the terms of the agreement, the third party is able to acquire an 80% undivided interest (the “First Option”) in certain claims by:

- (i) making payments of an aggregate of \$200,000 to the Company as follows:
 - a. \$50,000 in cash on the Effective Date of the agreement, being September 6, 2017 (paid);
 - b. an additional \$50,000 in cash on or prior to the date that is 12 months from the Effective Date (not paid);
 - c. an additional \$50,000 in cash on or prior to the date that is 24 months from the Effective Date;
 - d. an additional \$50,000 in cash on or prior to the date that is 36 months from the Effective Date; and
- (ii) incurring an aggregate of \$500,000 in expenditures on the Chibougamau project on or before the date that is 36 months from the Effective Date.

Additionally, if the third party has exercised the First Option, they will have the additional exclusive right and option (the “Second Option”), exercisable any time prior to September 6, 2021, to acquire an additional 20% undivided interest in the Cornerback project, for a total interest of 100%, by paying the Company an additional \$50,000 on or before September 6, 2021.

If at any time after the First Option has been exercised, commercial production commenced or announced, whichever occurs first, the third party shall make a one-time payment of \$250,000 to the Company in cash.

Once the third party has exercised the Second Option, they shall grant the Company a 2% net smelter returns royalty on the Chibougamau project, which shall be subject to the right by the third party to repurchase one-half of the royalty (1%) for \$1,000,000 and a right of first refusal on the royalty, regardless of whether the third party has exercised its repurchase right.

During the year ended October 31, 2017, the Company received \$50,000 in option payments recognized in other items in the consolidated statements of comprehensive loss.

The third party also has the option to acquire 100% undivided interest in the surface and mining rights and certain mining claims for a cash payment of \$50,000 on or before September 6, 2021.

d) Other properties

During the year ended October 31, 2018, the Company spent \$50,122 (2017 – \$Nil) in exploration costs on the Cornerback and Point After properties, located in the Province of Quebec, and wrote off these costs as the Company has no immediate plans for exploration for these properties.

7. TRADE PAYABLES AND ACCRUED LIABILITIES

	July 31, 2019	October 31, 2018
Trade payables	\$ 64,517	\$ 225,240
Amounts due to related parties (Note 11)	160,845	115,645
Accrued liabilities	15,683	20,910
Subscriptions refundable	29,682	35,174
	\$ 270,727	\$ 396,969

Vanadiumcorp Resource Inc.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended July 31, 2019 and 2018
(Unaudited – Expressed in Canadian Dollars)

8. LOANS PAYABLE

During the nine months ended July 31, 2019, the Company issued unsecured, non-interest bearing loans of \$Nil (October 31, 2018 – \$208,300). During the nine months ended July 31, 2019, loans of \$208,300 were repaid.

9. SHARE CAPITAL

Authorized share capital consists of an unlimited number of common shares without par value

During the nine months ended July 31, 2019:

During the nine months ended July 31, 2019, the Company issued 11,111,109 flow-through common shares pursuant to a private placement for gross proceeds of \$1,000,000; 15,010,476 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$938,800; and 666,667 as part of a finder's fee in relation to the flow-through shares issued during the period.

During the year ended October 31, 2018:

During the year ended October 31, 2018, the Company issued 6,107,878 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$372,018.

Stock Options

The following table summarizes stock option transactions:

	Number of Options	Weighted Average Exercise Price \$
Outstanding, October 31, 2017	14,480,000	0.10
Granted	11,800,000	0.12
Expired	(10,400,000)	0.10
Cancelled	(3,780,000)	0.10
Outstanding, October 31, 2018	12,100,000	0.12
Granted	11,900,000	0.07
Expired	(300,000)	0.10
Outstanding, July 31, 2019	23,700,000	0.09
Exercisable, July 31, 2019	23,700,000	0.09

The following table summarizes the stock options outstanding at July 31, 2019:

Number of Options Outstanding	Ranges of Exercise Price \$	Expiry Date
11,800,000	0.12	February 26, 2023
11,900,000	0.07	January 21, 2024
23,700,000		

During the nine months ended July 31, 2019, the Company granted a total of 11,900,000 (2018 – 11,800,000) stock options with an aggregate fair value of the vested options determined to be \$779,666 (2018 - \$1,364,290). Using the Black-Scholes option pricing model to estimate the fair value of stock options granted as at the date of grant, the Company determined the weighted average fair value of each option to be \$0.07 (2018 - \$0.12) per share.

Vanadiumcorp Resource Inc.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended July 31, 2019 and 2018
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9. SHARE CAPITAL – CONTINUED

Stock Options - Continued

The fair values of the options were determined using the Black-Scholes option pricing model using the following assumptions:

	Risk-free interest rate	Dividend yield	Volatility factor	Expected option life
July 31, 2019	1.95%	0%	164%	5 years
July 31, 2018	2.08%	0%	185%	5 years

As at July 31, 2019, the weighted average remaining contractual life of the stock options was 4.03 (October 31, 2018 – 4.23) years and the weighted average exercise price was \$0.09 (October 31, 2018 - \$0.12).

Share Purchase Warrants

The following table summarizes share purchase warrant transactions:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, October 31, 2017	56,729,487	0.08
Exercised	(6,107,878)	0.06
Expired	(2,159,578)	0.06
Balance, October 31, 2018	48,462,031	0.08
Exercised	(15,010,476)	0.06
Expired	(15,259,999)	0.10
Balance, July 31, 2019	18,191,556	0.09

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

Number of Warrants Outstanding and Exercisable	Exercise Price \$	Expiry Date
6,430,000	0.05	August 17, 2019 *
11,761,556	0.10	April 8, 2020
18,191,556		

* Subsequent to July 31, 2019, 5,830,000 share purchase warrants expired unexercised.

As at July 31, 2019, the weighted average remaining contractual life of the share purchase warrants was 0.53 (October 31, 2018 – 0.37) years and the weighted average exercise price was \$0.09 (October 31, 2018 – \$0.08).

10. RESERVES

Share-based payments reserve

The share-based payments reserve includes items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amounts are transferred to share capital.

Vanadiumcorp Resource Inc.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited – Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

Transactions with related parties were at the amounts agreed to by the related parties. Related party transactions not otherwise disclosed in these consolidated financial statements were as follows:

- a) During the nine months ended July 31, 2019, the Company paid a salary of \$90,000 (2018 - \$90,000) to the President of the Company.
- b) During the nine months ended July 31, 2019, the Company incurred management fees of \$45,000 (2018 - \$45,000) to the Chief Financial Officer of the Company.
- c) Included in receivables at July 31, 2019 is \$24,622 (October 31, 2018 - \$14,599) owed from directors and officers.
- d) Included in trade payables and accrued liabilities at July 31, 2019 is \$160,845 (October 31, 2018 – \$115,645) owing to directors and officers.
- e) Included in share subscriptions receivable is \$Nil (October 31, 2018 - \$5,500) owed from a director and officer.
- f) During the nine months ended July 31, 2019, the Company incurred directors fees of \$55,000 (2018 - \$45,000).
- g) During the nine months ended July 31, 2019, the Company recorded share-based payments for options granted to directors and officers totaling \$622,422 (2018 - \$909,527).

In the normal course of business, the Company advances and/or reimburses directors and officers for expenses incurred on the Company's behalf. Amounts due to and from related parties are non-interest bearing, unsecured and due on demand.

Key management personnel compensation

Key management includes the Company's executive directors and officers.

	Nine months ended	
	July 31, 2019	July 31, 2018
Short-term employee benefits – management fees, consulting fees and salaries	\$ 135,000	\$ 135,000
Directors fees	55,000	45,000
Share-based payments	622,422	909,527
	\$ 812,422	\$ 1,089,527

12. RESEARCH AND DEVELOPMENT

	Nine months ended	
	July 31, 2019	July 31, 2018
Research and development	\$ 183,862	\$ 180,821

Research and development expenses mostly relate to fees paid to a Quebec-based industrial company, Electrochem Technologies & Materials Inc. (Electrochem). In February 2017, the Company entered into an agreement with Electrochem to collaborate on metallurgical and electrochemical technologies to produce vanadium electrolyte ("VE") directly from Vanadiferous Titaniferous Magnetite concentrate. The Company and Electrochem each have a 50% ownership interest in the new intellectual property developed.

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13. RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is in its cash and cash equivalents and receivables. Cash and term deposits are held with major brokerage houses and major banks in Canada, which are high credit quality financial institutions as determined by rating agencies. At July 31, 2019, the Company's receivables comprise of \$75,429 (October 31, 2018 - \$62,441) due from government agencies, \$50,000 (October 31, 2018 - \$50,000) receivable in relation to an option payment on the Company's exploration and evaluation assets, and \$24,622 (October 31, 2018 - \$14,599) due from related parties. Credit risk is determined to be low.

Currency Risk

The Company's functional currency is the Canadian dollar. There is low foreign exchange risk to the Company as the Company primarily operates within Canada.

Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates and its short-term deposits at prescribed market rates. The fair value of the Company's cash and cash equivalents are not significantly affected by changes in short-term interest rates. The income earned from bank accounts and short-term deposits is subject to movements in interest rates.

Liquidity and Funding Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Management maintains sufficient cash and cash equivalents to satisfy short-term liabilities in highly liquid investments.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

Market Risk

All available-for-sale securities are subject to price and market volatility.

Classification of financial instruments

Financial assets included in the statements of financial position are as follows:

	July 31, 2019	October 31, 2018
Fair value through profit or loss:		
Cash	\$ 1,044,198	\$ 40,201
Short-term investments	23,000	23,000
Loans and receivables:		
Receivables	150,051	127,040
	\$ 1,217,249	\$ 190,241

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13. RISK MANAGEMENT – CONTINUED

Financial liabilities included in the statements of financial position are as follows:

	July 31, 2019	October 31, 2018
Non-derivative financial liabilities:		
Trade payables and other liabilities	\$ 270,727	\$ 396,969
Loans payable	–	208,300
	\$ 270,727	\$ 605,269

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at July 31, 2019 and October 31, 2018:

	As at July 31, 2019		
	Level 1	Level 2	Level 3
Cash	\$ 1,044,198	\$ -	\$ -
Short-term investments	23,000	-	-
	\$ 1,067,198	\$ -	\$ -
	As at October 31, 2018		
	Level 1	Level 2	Level 3
Cash	\$ 40,201	\$ -	\$ -
Short-term investments	23,000	-	-
	\$ 63,201	\$ -	\$ -

14. CAPITAL MANAGEMENT

The Company currently manages its capital structure and makes adjustments to it, based on cash resources expected to be available to the Company, in order to support the planned exploration of mineral property interests. Management has not established a quantitative capital structure, but reviews on a regular basis the capital requirements of the Company relative to the stage of development of the business entity and mineral property interest and market conditions.

The Company currently is dependent on externally provided equity financing to fund its exploration activities. In order to carry out planned exploration and fund administrative costs, the Company will concentrate its capital plans to raise additional amounts as needed through equity placements. Management reviews the capital management approach on an ongoing basis and believes that this approach is reasonable given the current state of financial markets and the exploration industry. In the case of uncertainty over the ability to raise funds in current or future economic conditions, the Company would manage capital by minimizing ongoing expenses.

Other than circumstances arising from the global financial markets, there were no changes in the Company's approach to capital management for the nine months ended July 31, 2019, compared to the year ended October 31, 2018. The Company is not subject to externally imposed capital requirements.

15. CONTINGENCIES

A legal claim against the Company's directors, and numerous other parties, by the former CEO for wrongful dismissal and defamation during the Company's proxy contest in 2013 was commenced but no further action was taken. The action is considered to be without merit and the action is being vigorously defended. The outcome of this legal action is not determinable and an estimate of any contingent loss arising from this action cannot be made.

16. SEGMENTED INFORMATION

The Company operates in one segment – the acquisition, exploration and evaluation of mineral properties. As at July 31, 2019 and October 31, 2018, all the operations and assets were in Canada.

17. SUBSEQUENT EVENTS

Subsequent to July 31, 2019:

- a) 5,830,000 share purchase warrants expired unexercised.
- b) 600,000 common shares were issued pursuant to the exercise of share purchase warrants for gross proceeds of \$30,000.
- c) \$556,117 was received from the Province of Quebec regarding files dating back to 2002 in respect of tax credit refunds.