

Vanadiumcorp Resource Inc.

INTERIM CONSOLIDATED FINANCIAL REPORT

THREE MONTHS ENDED JANUARY 31, 2020 AND 2019

(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)

	January 31, 2020	October 31, 2019
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	574,414	795,004
Receivables (Notes 3 and 11)	251,592	191,630
Short-term investments (Note 4)	23,000	23,000
Prepaid expenses	279,712	122,062
TOTAL CURRENT ASSETS	1,128,718	1,131,696
EQUIPMENT (Note 5)	22,754	24,446
EXPLORATION AND EVALUATION ASSETS (Note 6)	4,997,902	4,696,108
TOTAL ASSETS	6,149,374	5,852,250
LIABILITIES		
CURRENT LIABILITIES		
Trade payables and accrued liabilities (Notes 7 and 11)	305,488	765,281
Flow-through share premium liability	828,240	520,547
TOTAL CURRENT LIABILITIES	1,113,728	1,285,828
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 9)	32,263,629	31,571,006
WARRANTS	549,712	446,336
SHARE-BASED PAYMENTS RESERVE	12,422,315	12,422,315
SUBSCRIPTIONS RECEIVABLE	–	61,491
DEFICIT	(40,220,010)	(39,934,726)
TOTAL SHAREHOLDERS' EQUITY	5,015,646	4,566,422
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,149,374	5,852,250

GOING CONCERN (Note 1)

These consolidated financial statements were authorized for issue by the Board of Directors on March 31, 2020. 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 January 31,	
	2020	2019
	\$	\$
ADMINISTRATIVE EXPENSES		
Consulting	35,216	5,000
Depreciation	1,692	1,544
Directors fees (Note 11)	58,373	18,000
Investor relations	–	779
Management fees (Note 11)	15,000	15,000
Office	46,159	19,734
Professional fees	14,271	11,505
Rent	11,029	6,641
Research and development costs (Note 12)	–	75,000
Salaries and wages	48,383	45,469
Shareholder communications	1,429	2,992
Share-based payments expense (Note 11)	–	779,666
Trade shows	15,477	3,913
Transfer agent and regulatory fees	4,611	7,101
Travel and entertainment	33,644	19,996
	(285,284)	(1,012,340)
OTHER ITEMS		
Payment under Patent Option Agreement (Note 8)	–	197,345
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(285,284)	(814,995)
BASIC AND DILUTED LOSS PER SHARE	(0.00)	(0.00)
Weighted average number of common shares outstanding	279,263,475	231,960,957

Vanadiumcorp Resource Inc.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Three Months Ended January 31, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

	Share Capital			Share-based	Subscriptions		Total
	Shares	Amount	Warrants	Payments	Receivable	Deficit	Shareholders'
				Reserve			Equity
BALANCE, OCTOBER 31, 2018	229,026,676	29,187,582	1,584,154	10,735,762	(14,509)	(38,445,491)	3,047,498
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	–	–	–	–	(20,300)	–	(20,300)
Share-based payments	–	–	–	779,666	–	–	779,666
Net loss for the period	–	–	–	–	–	(814,995)	(814,995)
BALANCE, JANUARY 31, 2019	244,037,152	30,295,560	600,816	12,329,588	(34,809)	(39,260,486)	3,865,669
BALANCE, OCTOBER 31, 2019	268,553,389	31,571,006	446,336	12,422,315	61,491	(39,934,726)	4,566,422
Flow-through shares issued for cash	12,307,731	800,003	–	–	–	–	800,003
Flow-through share premium	–	(307,693)	–	–	–	–	(307,693)
Common shares issued for cash	7,690,000	281,124	103,376	–	–	–	384,500
Share issuance costs	–	(80,810)	–	–	–	–	(80,810)
Subscriptions received	–	–	–	–	(61,491)	–	(61,491)
Net loss for the period	–	–	–	–	–	(285,284)	(285,284)
BALANCE, JANUARY 31, 2020	288,551,120	32,263,630	549,712	12,422,315	–	(40,220,010)	5,015,647

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

	Three Months Ended January 31,	
	2020	2019
	\$	\$
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net loss	(285,284)	(814,995)
Adjustments for non-cash items		
Depreciation	1,692	1,544
Share-based payments	–	779,666
Net changes in non-cash operating accounts		
Receivables	(59,962)	(13,485)
Prepaid expenses	(157,650)	11,720
Trade payables and accrued liabilities	(482,185)	(97,734)
	(983,389)	(133,284)
INVESTING ACTIVITIES		
Promissory notes	–	(131,923)
Exploration and evaluation expenditures	(279,402)	136,442
	(279,402)	4,519
FINANCING ACTIVITIES		
Shares issued and subscribed, net of issuance costs	1,042,201	645,200
	1,042,201	645,200
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(220,590)	516,435
CASH AND CASH EQUIVALENTS, beginning of period	795,004	40,201
CASH AND CASH EQUIVALENTS, end of period	574,414	556,636
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Exploration and evaluation expenditures included in payables	22,392	154,908
SUPPLEMENTAL DISCLOSURES:		
Interest paid	–	–
Interest received	–	(483)
Income taxes paid	–	–

Vanadiumcorp Resource Inc.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Three Months Ended January 31, 2020 and 2019
(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 \$40,220,010 as at January 31, 2020 (October 31, 2019 - \$39,934,726). 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 three months ended January 31, 2020, the Company raised funds through non-brokered private placements. 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 March 31, 2020.

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, and Vanadiumcorp GmbH, a German company. 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
Three Months Ended January 31, 2020 and 2019
(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

	January 31, 2020	October 31, 2019
Sales tax receivable	\$ 177,599	\$ 152,139
Amounts receivable		13,510
Subscriptions receivable	48,012	–
Amounts due from related parties (Note 11)	25,981	25,981
	\$ 251,592	\$ 191,630

Vanadiumcorp Resource Inc.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Three Months Ended January 31, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

4. SHORT-TERM INVESTMENTS

	January 31, 2020		October 31, 2019	
	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

	Computer equipment	Office equipment	Leasehold improvement costs	Website development costs	Total
Cost	\$	\$	\$	\$	\$
Balance, November 1, 2018	32,476	6,372	–	4,000	42,848
Additions	5,865	–	3,377	–	9,242
Balance, October 31, 2019 and January 31, 2020	38,341	6,372	3,377	4,000	52,090
Accumulated depreciation					
Balance, November 1, 2018	15,272	2,598	–	3,122	20,992
Depreciation	5,380	755	253	264	6,652
Balance, October 31, 2019	20,652	3,353	253	3,386	27,644
Depreciation	1,327	151	168	46	1,692
Balance, January 31, 2020	21,979	3,504	421	3,432	29,336
Carrying amounts					
Balance, October 31, 2019	17,689	3,019	3,124	614	24,446
Balance, January 31, 2020	16,362	2,868	2,956	568	22,754

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	Total
	\$	\$	\$
Balance, November 1, 2018	1,924,854	1,490,059	3,414,913
Exploration costs	19,511	1,842,801	1,862,312
Option proceeds	(25,000)	–	(25,000)
Mineral tax credit recovery	–	(556,117)	(556,117)
Balance, October 31, 2019	1,919,365	2,776,743	4,696,108
Exploration costs	–	301,794	301,794
Balance, January 31, 2020	1,919,365	3,078,537	4,997,902

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

During the year ended October 31, 2019, the Company recovered \$556,117 in mining tax credits from the government of Quebec.

6. EXPLORATION AND EVALUATION ASSETS – CONTINUED

a) Iron-T Vanadium Project

As at January 31, 2020, 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.

Pursuant to an agreement dated October 18, 2019 (the "Effective Date"), the Company has granted exclusive right and option to an arm's length third party, to acquire up to 75% undivided interest in the Iron-T Vanadium property (the "Property").

Under the terms of the agreement, the third party is able to acquire a 100% undivided right, title, and interest in and to the Property (the "First Option") by:

- i) making payment in aggregate of \$1,000,000 to the Company (the "First Option Payments") as follows:
 - a) \$25,000 in cash upon signing of the letter of intent (received);
 - b) \$75,000 in cash on the Effective Date of the agreement, being October 18, 2019;
 - c) an additional \$100,000 in cash on or prior to that date that is six months from the Effective Date;
- ii) issuing to the Company, over a period of four years, starting from the Effective Date, an amount of shares of the public entity representing an amount of \$800,000 (the "Compensation Shares"), as follows:
 - a) an amount of shares of the public entity, representing an amount of \$200,000 on the date which is one year from the Effective Date (the "First Anniversary");
 - b) an amount of shares of the public entity, representing an amount of \$200,000 on the date which is two years from the Effective Date (the "Second Anniversary");
 - c) an amount of shares of the public entity, representing an amount of \$200,000 on the date which is three years from the Effective Date (the "Third Anniversary");
 - d) an amount of shares of the public entity, representing an amount of \$200,000 on the date which is one year from the Effective Date (the "Fourth Anniversary");
- iii) incurring an aggregate of \$5,000,000 in expenditures on the Property on or before the date that is 48 months from the Effective Date (the "First Option Expenditures").

Additionally, if the third party has exercised the First Option, they will have the additional exclusive right and option to acquire an additional 10% undivided interest in the Property, for a total interest of 85% (the "Second Option"). To exercise the Second Option, the third party must complete a preliminary economic assessment on the Property within 24 months of the exercise of the First Option.

6. EXPLORATION AND EVALUATION ASSETS – CONTINUED

a) Iron-T Vanadium Project – continued

Additionally, if the third party has exercised the Second Option, they will have the additional exclusive right and option to acquire an additional 15% undivided interest in the Property, for a total interest of 100% (the "Third Option"). To exercise the Third Option, the third party must complete a positive feasibility study within 36 months of the exercise of the Second Option.

b) Lac Dore and Lac Dore North Vanadium Projects

As at January 31, 2020, 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.

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.

Vanadiumcorp Resource Inc.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Three Months Ended January 31, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS – CONTINUED

c) Chibougamau Copper/Gold Assemblage – continued

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.

7. TRADE PAYABLES AND ACCRUED LIABILITIES

	January 31, 2020	October 31, 2019
Trade payables	\$ 93,217	\$ 560,475
Amounts due to related parties (Note 11)	132,000	126,543
Accrued liabilities	40,700	33,200
Subscriptions refundable	29,682	35,174
Payroll liabilities	9,889	9,889
	\$ 305,488	\$ 765,281

8. PATENT OPTION AGREEMENT

On November 23, 2018, the Company signed a Patent Option Agreement (“POA”) for Ultra Power Systems Pty Ltd. (“Ultra”) to purchase an exclusive license. Ultra plans to utilize the Australian license of VanadiumCorp-Electrochem Chemical Process Technology (“VEPT”) to expedite construction of the world’s first dedicated vanadium processing facility.

8. PATENT OPTION AGREEMENT – CONTINUED

Key aspects of the signed POA include the following terms with all financial considerations split evenly between the Company and Electrochem Technologies & Materials Inc.:

- i) USD \$500,000 payment;
- ii) Non-reimbursable down payment received upon signed of the POA;
- iii) 6-month option to acquire the exclusive license of VEPT for the jurisdiction of Australia Territory; and
- iv) Definitive license terms in the POA include minimum annual payment, financing fees, and a gross royalty due upon production, applicable to all vanadium products, ferrous sulfate heptahydrate (copperas), titanium products, and other by-products for a project duration of 25 years.

During the year ended October 31, 2019, the Company received payments totaling \$323,881 (US\$250,000) in relation to the POA. No additional payments were received during the three months ended January 31, 2020.

9. SHARE CAPITAL

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

During the three months ended January 31, 2020:

The Company issued 5,700,000 units were issued for gross proceeds of \$285,000 by way of a non-brokered private placement. Each unit consists of one common share and one share purchase warrant, whereby each share purchase warrants entitles its holder to purchase one additional common share of the Company at an exercise price of \$0.07 for a period of two years from closing.

The Company issued 12,307,731 flow-through common shares were issued for gross proceeds of \$800,003 by way of a non-brokered private placement. The Company paid cash finder's fees of \$64,000 in connection with the private placement.

The Company issued 1,990,000 units were issued for gross proceeds of \$99,500 by way of a non-brokered private placement. Each unit consists of one common share and one share purchase warrant, whereby each share purchase warrants entitles its holder to purchase one additional common share of the Company at an exercise price of \$0.07 for a period of two years from closing.

During the year ended October 31, 2019:

The Company issued 11,111,109 flow-through common shares pursuant to a private placement for gross proceeds of \$1,000,000. The securities issued are subject to a four-month hold period from the date of closing. The Company paid cash commissions of \$24,000 and issued 666,667 finder's shares with a deemed fair value of \$60,000 in compensation related to this financing.

The Company issued 12,138,461 flow-through common shares pursuant to a private placement for gross proceeds of \$789,000. The securities issued are subject to a four-month hold period from the date of closing. The Company paid cash commissions of \$63,120 in compensation related to this financing.

The Company issued 15,610,476 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$968,800.

Vanadiumcorp Resource Inc.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Three Months Ended January 31, 2020 and 2019
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9. SHARE CAPITAL – CONTINUED

Stock Options

The following table summarizes stock option transactions:

	Number of Options	Weighted Average Exercise Price \$
Outstanding, October 31, 2018	12,100,000	0.12
Granted	12,600,000	0.07
Expired	(300,000)	0.10
Outstanding, October 31, 2019 and January 31, 2020	24,400,000	0.09
Exercisable, January 31, 2020	24,400,000	0.09

The following table summarizes the stock options outstanding at January 31, 2020:

Number of Options Outstanding	Ranges of Exercise Price \$	Expiry Date
700,000	0.07	August 12, 2021
11,800,000	0.12	February 26, 2023
11,900,000	0.07	January 21, 2024
24,400,000		

During the three months ended January 31, 2020, the Company granted a total of Nil (2019 – 11,900,000) stock options with an aggregate fair value of the vested options determined to be \$Nil (2019 - \$779,666). 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 \$Nil (2019 - \$0.07) per share.

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
January 31, 2020	–	–	–	–
January 31, 2019	1.95%	0%	164%	5 years

As at January 31, 2020, the weighted average remaining contractual life of the stock options was 3.47 (October 31, 2019 – 3.72) years and the weighted average exercise price was \$0.09 (October 31, 2019 - \$0.09).

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9. SHARE CAPITAL – CONTINUED

Share Purchase Warrants

The following table summarizes share purchase warrant transactions:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, October 31, 2018	50,119,174	0.08
Exercised	(15,610,476)	0.06
Expired	(21,089,999)	0.09
Balance, October 31, 2019	13,418,699	0.10
Issued	7,690,000	0.07
Balance, January 31, 2020	21,108,699	0.09

The following table summarizes the share warrants outstanding and exercisable at January 31, 2020:

Number of Warrants Outstanding and Exercisable	Exercise Price \$	Expiry Date
13,418,699	0.10	April 8, 2020
5,700,000	0.07	November 18, 2021
1,990,000	0.07	January 30, 2022
21,108,699		

As at January 31, 2020, the weighted average remaining contractual life of the share purchase warrants was 0.79 (October 31, 2019 – 0.44) years and the weighted average exercise price was \$0.09 (October 31, 2019 – \$0.10).

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.

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 three months ended January 31, 2020, the Company paid a salary of \$30,000 (2019 - \$30,000) to the President of the Company.
- b) During the three months ended January 31, 2020, the Company incurred management fees of \$15,000 (2019 - \$15,000) to the Chief Financial Officer of the Company.
- c) Included in receivables at January 31, 2020 is \$25,981 (October 31, 2019 - \$24,622) owed from directors and officers.
- d) Included in trade payables and accrued liabilities at January 31, 2020 is \$132,000 (October 31, 2019 – \$126,543) owing to directors and officers.
- e) During the three months ended January 31, 2020, the Company incurred directors fees of \$27,000 (2019 - \$18,000).
- f) During the three months ended January 31, 2020, the Company recorded share-based payments for options granted to directors and officers totaling \$Nil (2019 - \$779,666).

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11. RELATED PARTY TRANSACTIONS – CONTINUED

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.

	Three months ended	
	January 31, 2020	January 31, 2019
Short-term employee benefits – management fees, consulting fees and salaries	\$ 45,000	\$ 45,000
Directors fees	27,000	18,000
Share-based payments	–	779,666
	\$ 72,000	\$ 842,666

12. RESEARCH AND DEVELOPMENT

	Three months ended	
	January 31, 2020	January 31, 2019
Research and development	\$ –	\$ 75,000

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.

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 January 31, 2020, the Company's receivables comprise of \$177,599 (October 31, 2019 - \$152,142) due from government agencies, \$48,012 (October 31, 2019 - \$Nil) in subscriptions receivable, and \$25,981 (October 31, 2019 - \$25,981) 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.

13. RISK MANAGEMENT – CONTINUED

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.

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 three months ended January 31, 2020, compared to the year ended October 31, 2019. 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 January 31, 2020 and October 31, 2019, all the operations and assets were in Canada.