VANADIUM ONE ENERGY CORP.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NINE- MONTH PERIODS ENDED NOVEMBER 30, 2016 AND 2015

UNAUDITED - PREPARED BY MANAGEMENT

EXPRESSED IN CANADIAN DOLLARS

NOTICE TO READER

Under 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 the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed 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 interim condensed consolidated 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.

To the Shareholders of Vanadium One Energy Corp. (the "Company"):

The accompanying financial statements of the Company are the responsibility of management.

The financial statements have been prepared by management in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the date of statement of financial position. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ W. John Priestner	/s/ Jacques Arsenault
President and CEO	Chief Financial Officer

Burlington, ON, Canada

January 30, 2017

CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL POSITION
Unaudited - prepared by management
(In Canadian dollars)

As at,	**November 30, 2016 (unaudited) $**	**February 29, 2016** (audited) $
ASSETS		
Current assets		
Cash and cash equivalents (note 7)	**106,607**	315
Receivables and others (note 8)	**36,234**	4,848
	142,841	5,163
Exploration and evaluation assets (note 9)	**1,102,877**	285,791
	1,245,718	290,954
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	**211,593**	307,552
	211,593	307,552
SHAREHOLDERS' EQUITY		
Capital stock, issued and outstanding (note 11)	**6,879,148**	5,626,403
Contributed surplus	**641,517**	570,120
Accumulated other comprehensive deficit	**(5,674)**	(5,674)
Accumulated deficit	**(6,480,866)**	(6,207,447)
	1,034,125	(16,598)
	1,245,718	290,954

Going Concern (note 2), commitments and contingencies (note 18) and subsequent events (note 19)

Approved on behalf of the Board on January 30, 2017:

/s/ W. John Priestner	/s/ Jacques Arsenault
President and CEO	Chief Financial Officer

Accompanying notes form an integral part of these interim condensed consolidated financial statements

CONSOLIDATED CONDENSED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Unaudited - prepared by management
(In Canadian dollars)

For the period ended November 30,	Three months ended		Nine months ended	
	2016	2015	**2016**	2015
	$	$	$	$
General and administrative expenses	**89,403**	83,607	**135,004**	116,861
Professional fees	**105,999**	2,892	**157,625**	9,892
Share based payment	**71,397**	-	**86,586**	-
Debt settlement (note 13)	**(84,178)**	-	**(105,796)**	-
	182,621	86,499	**273,419**	126,753
Loss and comprehensive loss for the period	**(182,621)**	(86,499)	**(273,419)**	(126,753)
Basic and diluted loss per share	**(0.01)**	(0.00)	**(0.02)**	(0.00)
Weighted average number of common shares outstanding - basic and diluted	**17,630,773**	53,566,133	**17,630,773**	53,566,133

Accompanying notes form an integral part of these interim condensed consolidated financial statements

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
Unaudited - prepared by management
(In Canadian dollars)

For the period ended November 30,	**Nine months ended**	
	2016	2015
	$	$
Operating activities		
Net loss for the period	**(273,419)**	(126,753)
Adjustments for items not involving cash:		
Issuance of shares for debts settlement	**130,000**	-
Share based payment	**86,586**	-
	(56,833)	(126,753)
Changes in non-cash working capital items:		
Interest and sundry receivable	**(31,386)**	(845)
Accounts payable and accrued liabilities	**(245,959)**	120,585
Cash used in operating activities	**(334,178)**	(7,013)
Financing activities		
Issuance of capital stock for cash	**473,306**	-
Cash provided by financing activities	**473,306**	-
Investing activities		
Investment in exploration and evaluation assets	**(32,836)**	-
Cash used in investing activities	**(32,836)**	-
Increase (decrease) in cash	**106,292**	(7,013)
Cash and cash equivalents, beginning of the period	**315**	7,965
Cash , end of the period	**106,607**	952

Accompanying notes form an integral part of these interim condensed consolidated financial statements

CONSOLIDATED CONDENSED STATEMENTS OF SHAREHOLDER'S EQUITY
Unaudited - prepared by management
(In Canadian dollars)

	SHARE CAPITAL		CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE DEFICIT	DEFICIT	TOTAL
	#	$	$	$	$	$
Balance - February 29, 2015	**53,566,133**	**5,626,403**	**570,120**	**(5,674)**	**(6,031,448)**	**159,401**
Loss of the period	-	-	-	-	(40,254)	(40,254)
Balance - August 31, 2015	53,566,133	5,626,403	570,120	(5,674)	(6,071,702)	119,147
Loss of the period	-	-	-	-	(86,499)	(86,499)
Balance - November 30, 2015	**53,566,133**	**5,626,403**	**570,120**	**(5,674)**	**(6,158,201)**	**32,648**
Loss of the period	-	-	-	-	(49,246)	(49,246)
Balance - February 29, 2016	**53,566,133**	**5,626,403**	**570,120**	**(5,674)**	**(6,207,447)**	**(16,598)**
Private placements	72,341,662	542,562	-	-	-	542,562
Share issue costs paid	-	(69,256)	-	-	-	(69,256)
Share issue costs, broker warrants	-	15,189	-	-	-	15,189
Issuance for exploration property	13,400,000	100,500	-	-	-	100,500
Loss of the period	-	-	-	-	(90,798)	(90,798)
Balance - August 31, 2016	139,307,795	6,215,398	570,120	(5,674)	(6,298,245)	481,599
Consolidation 10:1	(125,377,022)	-	-	-	-	-
Debt settlement	650,000	130,000	-	-	-	130,000
Stock options issued	-	-	71,397	-	-	71,397
Issuance for exploration property	3,050,000	533,750	-	-	-	533,750
Loss of the period	-	-	-	-	(182,621)	(182,621)
Balance - November 30, 2016	**17,630,773**	**6,879,148**	**641,517**	**(5,674)**	**(6,480,866)**	**1,034,125**

Accompanying notes form an integral part of these interim condensed consolidated financial statements

1. General information and nature of operations

Vanadium One Energy Corp. ("**Vanadium One**" or the "**Company**") was incorporated on February 27, 2007 pursuant to the *Business Corporations Act* (Ontario) and was classified as engaged in the exploration of its properties for base metals and precious metals in Canada and Mexico. All mineral property interests held are currently in the exploration stage.

The Company listed its common shares on the TSX Venture Exchange (the "Exchange") for trading upon the completion of its initial public offering ("IPO") as disclosed in a prospectus filed with the regulators and dated May 25, 2007. The Company's shares are listed under the symbol VDR on the TSX Venture Exchange.

These interim condensed consolidated financial statements of the Company were authorized for issue in accordance with a resolution of the directors on January 30, 2017.

2. Going concern disclosure

The Company's principal assets are mining claims and deferred exploration costs relating to properties which are not in commercial projects. The Company is in the process of exploring its mining claims and has not yet determined whether or not the properties will contain economically recoverable reserves.

Several adverse conditions and events cast substantial doubt upon the validity of this assumption. Vanadium One is not currently generating any revenue from its operations and for the nine-month period ended November 30, 2016, the Company recorded a net comprehensive loss of $273,419 (November 30, 2015 - $126,753) and an accumulated deficit of $6,480,866 (February 29, 2016 - $6,207,447). Its ability to continue as a going concern is uncertain and is dependent upon its ability to fund its working capital, complete the development of its exploration projects, and eventually to generate positive cash flows from operations. Management plans to explore all alternatives possible, including joint ventures, debt and equity financings, and merger opportunities.

These interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and financial statement classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. Basis of preparation

Statement of Compliance
These Interim Condensed Unaudited Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These Interim Condensed Unaudited Consolidated Financial Statements should be read in conjunction with the Company's most recently issued Annual Report which includes information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies were presented in Note 3 of the consolidated financial statements for the years ended February 29, 2016 and February 28, 2015, and have been consistently applied in the preparation of these interim condensed consolidated financial statements. These Interim Condensed Unaudited Consolidated Financial Statements have been prepared on a historical cost basis except for certain financial assets which are recorded at fair value. In addition, these Interim Condensed Unaudited Consolidated Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of Consolidation
The interim condensed consolidated financial statements of the Company include the accounts of its wholly-owned subsidiary Vendome Minas, S.A. de C.V. ("**VDR Mexico**"). The interim condensed consolidated financial statements accounts of VDR Mexico from the date that it commenced its operations, which was January 1, 2011.

Functional and presentation currency
These interim condensed consolidated financial statements are presented in Canadian dollars, which is Company's functional currency.

4. Summary of significant accounting policies

See annual consolidated financial statements for the years ended February 29, 2016 and February 28, 2015 for a list of accounting policies used by the Company.

5. Summary of accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions. The estimates and judgments that, in management's opinion, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are disclosed in the annual audited consolidated financial statements.

See annual consolidated financial statements for the years ended February 29, 2016 and February 28, 2015 for a list of accounting estimates and judgements considered significant by management.

6. Accounting pronouncements

Accounting standard issued for adoption in future periods

The following standard has been issued but is not yet effective. The Company is assessing the impact of this new standard, but does not expect it to have a significant impact on the consolidated financial statements.

- IFRS 9 Financial Instruments. The IASB has postponed indefinitely the mandatory adoption of IFRS 9 Financial Instruments, which addresses classification and measurement of financial instruments and replaces the multiple category and measurement models in IAS 39 Financial Instruments - Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss (FVTPL). IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at FVTPL or at fair value through other comprehensive income. The Company has not assessed the impact of the standard nor determined whether it will adopt the standard early.

7. Cash and cash equivalents

Cash and cash equivalents were as follows:

	November 30, 2016	February 29, 2016
	$	$
Cash Canadian banks	51,506	315
Cash Canadian banks - In Trust	100,000	-
Cash foreign banks	(44,899)	-
	106,607	**315**

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8. Receivables and other

Receivables and other are sales tax receivable of $36,234 as at November 30, 2016 (February 29, 2016 - $4,848).

9. Exploration and evaluation assets

The following is a summary of the Company's investment in exploration properties:

	Ivanhoe Ontario $	**San Miguel Mexico $**	**Clinton B.C $**	**Mont. Sorcier Quebec $**	**Total $**
Balance, March 1, 2016	285,790	1	-	-	285,791
Acquisition costs	-	-	100,500	683,750	784,250
Exploration costs	-	-	17,436	15,400	32,836
Balance, November 30, 2016	**285,790**	**1**	**117,936**	**699,150**	**1,102,877**
Balance March 1, 2015	285,790	1	-	-	285,791
Acquisition costs	-	-	-	-	-
Exploration costs	-	-	-	-	-
Balance, February 29, 2016	**285,790**	**1**	**-**	**-**	**285,791**

(i) Ivanhoe Lake Property, Ontario

On July 30, 2012 the Company completed the acquisition of a 100% interest in the Ivanhoe Lake property (the "Property") located in the Borden Lake Gold District, Ontario, Canada. The vendors retain a 3% net smelter royalty on the property. The Company was granted the right to purchase 50% of the net smelter royalty at any time for a payment of $3,000,000 to the vendors. On September 5th, 2014 the Company acquired additional mining claims contiguous to its Ivanhoe Lake Property. The additional claims are located directly adjacent to the western boundary of the original Ivanhoe Lake claims and double the size of the footprint in the region. The claims were acquired from the vendors of our original claims pursuant to an amendment to the existing agreement. Vanadium One paid $6,000 in cash to the vendors and amended the existing agreement to include the claims under the same terms and conditions as in the original agreement.

(ii) San Miguel Property, Mexico

In July 2011, the Company agreed to acquire the San Miguel property ("**San Miguel Property**") from Santa Claws Minas., De C.V. The San Miguel Property is located within the southern portion of the Sierra Madre del Sur precious metal belt in the State of Guerrero, Mexico. The San Miguel Property is approximately 2,000 hectares in size and is surrounded by the 14,722 hectare La Diana Property. The Company paid $25,000 and issued 2,500,000 common shares of the Company to Santa Claws Minas S.A., de C.V. and therefore has acquired the property rights. During the prior year, with the loss of the La Diana and San Javier properties, and due to the fact that the Company is in arrears on property tax payments on this property, management felt it was prudent to write off these claims in their entirety. The Company has written down the value of the Property to a nominal amount of $1.

(iii) Clinton Manganese Property, Near Clinton, British Colombia

In July 2016, the Company agreed to acquire a 100% interest in the Clinton Manganese property ("**Clinton Property**") located near Clinton in British Columbia, Canada. The agreement called for a payment of $20,000 and the issuance of 12,000,000 common shares at $0.0075. In addition, a finder's fees of 1,400,000 common shares at $0.0075 were issued in relation of the acquisition.

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(iv) Mont Sorcier, Vanadium Project, Chibougamau, Quebec

In November 2016, the Company agreed to acquire a 100% interest in the Mont Sorcier Vanadium property ("**Sorcier Property**") located near Chibougamau in Quebec, Canada. The agreement called for a payment of $150,000 and the issuance of 2,750,000 post-consolidation common shares at $0.175. The Company has agreed to undertake a minimum of $1 million in exploration expenditures on the property within in the first 24 months following signature of the agreement. Chibougamau Independent Mines will retain a 1% Gross Metal Royalty ("GMR") on all mineral production from the property. In order to facilitate the transaction, Globex Mining Enterprises Inc. (GMX-TSX, G1M- Frankfurt, Tradegate), which held a 3% GMR on a number of claims, has reduced its royalty to 1% GMR but it has been extended to the recently enlarged claim group. In addition, 300,000 post-consolidation common shares at $0.175 were issued as a finders' fee.

10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities were comprised of the following balances:

	November 30, 2016	February 29, 2016
	$	$
Accounts payable	20,378	34,699
Due on Mont Sorcier property acquisition	150,000	-
Accrued liabilities	41,215	251,092
	211,593	**285,791**

The Company has negotiated debt settlement agreements with various related parties and creditors. The outstanding debts with creditors were extinguished through reduction of current debt from approximately $187,779 to $130,000 and the issuance of shares on a post-consolidation basis. The company has agreed to settle the reduced amount of the debt in exchange for the issuance of an aggregate of 650,000 post-consolidated common shares. The debt settlement was based on a deemed price of $0.20 per share on a post-consolidated basis. Included in the accounts payable and accrued liabilities is $150,000 called for in the agreement for the acquisition of the Mont Sorcier property (see Note 9 iv). Accounts payable and accrued liabilities includes an amount of $Nil as at November 30, 2016 (February 29, 2016 - $196,079) due to related parties (see Note 13).

11. Shareholders' Equity

(i) Share capital

Authorized and issued: the Company is authorized to issue an unlimited number of common shares. The issued and outstanding common shares are as follows:

	November 30, 2016	**November 30, 2015**
Shares issued and fully paid:		
Beginning of the year	53,566,133	53,566,133
Share issued	72,341,662	-
Issued for mining claims	13,400,000	-
Consolidation 10:1	(125,377,022)	-
Debt settlement (post-consolidation)	650,000	-
Issued for mining claims (post-consolidation)	3,050,000	-
Shares issued and fully paid end of the period	**17,630,773**	**53,566,133**
For each class of share capital:		
The number of shares authorized		Unlimited
The number of shares issued and fully paid		17,630,773

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The number of shares issued but not fully paid	Nil
Par value per share, or that the shares have no par value	no par value

(a) On August 3, 2016 Vanadium One announced the closing of a private placement in the gross amount of $542,562. A total of 59,008,331 Units of the Company were issued at a price of $0.0075 per unit for gross proceeds of $442,562.48, and 13,333,331 “flow-through” shares at a price of $0.0075 per share for gross proceeds of $99,999.98. Each Unit consists of one common share in the capital of the Company and one half of one common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at an exercise price of $0.01 for a period of 3 years from the closing date of the private placement.

The Company closed its first tranche of the private placement on July 27, 2016 of which the Company issued 21,089,999 Units for gross proceeds of $158,174.99 (the "First Tranche"). The Company closed its final tranche of the private placement on August 2, 2016 of which the Company issued 37,918,322 Units for gross proceeds of $284,387.49 and 13,333,331 "flow-through" shares for gross proceeds of $99,999.98 (the "Final Tranche").

Finder’s fees consisting of $54,256.25 in cash and 7,234,166 broker warrants ("Broker Warrants") were paid to the finders in accordance with policies of the TSX-V. Each Broker Warrant is convertible into one broker warrant unit (a "BW Unit") at a price of $0.0075 per BW Unit for a period of two years from the date of issuance. Each BW Unit consists of one Share (a "BW Share") of the Company and one-half Warrant of the Company (each whole warrant, a "BW Warrant"). Each BW Warrant will entitle the holder to purchase one Share (a "BW Warrant Share") of the Company for a period of 3 years following the date of issuance of the BW Warrants at a price of $0.01 per BW Warrant Share.

The net proceeds of $488,306 from the sale of the private placement will be used to finance the Company's working capital requirements.

(b) On July 25, 2016 Vanadium One announced the agreement to acquire 100% interest in the Clinton Manganese property (“**Clinton Property**”) located near Clinton in British Columbia, Canada. The agreement called for a payment of $20,000 and the issuance of 12,000,000 common shares at $0.0075. In addition, finder’s fees of 1,400,000 common shares at $0.0075 were issued in relation to the acquisition (see note 9 (iii)).

(c) On September 28, 2016 Vanadium One announced the consolidation of its common shares on the basis of one (1) new post-consolidation common share for every ten (10) pre-consolidation common shares. As a result of the consolidation, the Company's outstanding 139,307,795 common shares were reduced to 13,930,773 common shares. No fractional shares were issued. Any fractions of a share were rounded down to the nearest whole number of common shares. The Company's name and trading symbol remained unchanged. The consolidation was approved by the shareholders of the Company on September 6, 2016 and accepted by the TSX Venture Exchange on September 26, 2016.

(d) On November 8, 2016 Vanadium One announced that the TSX Venture Exchange has accepted the filing documentation relating to the Company’s agreement to earn 100% interest, from Chibougamau Independent Mines Inc. (TSX-V: CBG) (STUT: CLL) (OTC: CMAUF), in the Mont Sorcier Vanadium, Iron, Titanium Project in Roy Township, Quebec, 18 km east of the Town of Chibougamau. The parties entered into an agreement whereby the Company will pay Chibougamau Independent Mines a single cash payment of $150,000 and issue to Chibougamau Independent Mines 2,750,000 common shares of the Company. The Company agreed to a minimum of $1 million in exploration expenditures to be undertaken in the first 24 months following the signature of the agreement. Chibougamau Independent Mines will retain a 1% Gross Metal Royalty (“GMR”) on all mineral production from the property. In order to facilitate the deal, Globex Mining Enterprises Inc. (GMX-TSX, G1M- Frankfurt, Tradegate), which held a 3% GMR on a number of claims, has reduced its royalty to 1% GMR but it has been extended to the recently enlarged claim group. In addition, finder’s fees of 300,000 common shares of the Company were issued in relation to the acquisition.

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(ii) Stock Options

The Company's Stock Option Plan ("the "**Plan**") provides for the issuance of a maximum of 10% of the issued and outstanding common shares at an exercise price equal or greater than the market price of the Company's common shares on the date of the grant to directors, officers, employees and consultants to the Company. The option period for options granted under the Plan is for a maximum period of 5 years. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option. The stock options activity is summarized below:

	November 30, 2016		**November 30, 2015**	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance at beginning of period	1,150,000	0.23	3,550,000	0.22
Issued during the period	1,050,000	0.20	-	-
Expired during the period	(1,150,000)	(0.23)	(850,000)	0.25
Balance at end of period	**1,050,000**	**0.20**	**2,700,000**	**0.21**

In September 2016, the Company announced that 1,050,000 incentive stock options to various Employees, Directors and a Consultant were granted. The options are exercisable at $0.20 per option, on a post-consolidation basis, for a period of 3 years from the date of grant and have no vesting conditions. The options are being issued under the terms of the Company's Stock Option Plan which was approved by shareholders at the Company's Annual General and Special Meeting on September 6, 2016.

The fair value of the 1,050,000 stock options at the issue date was $71,397, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: a 36 months expected average life; share price of $0.20; 50% expected volatility; risk free interest rate of 0.50%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants. As at September 30, 2016 stock option issued and outstanding are as follows:

Options granted and exercisable	**Weighted Average Exercise Price ($)**	**Expiry dates**
1,050,000	0.20	September 2019
1,050,000	**0.20**	

(iii) Warrants

The following is a summary of warrants outstanding:

	November 30, 2016		**November 30, 2015**	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance at beginning of period	980,000	0.1000	6,145,166	0.1200
Issued during the period	29,504,166	0.0100	-	-
Issued during the period	7,234,166	0.0075	-	-
Expired during the period	(980,000)	(0.1000)	(5,165,166)	-
Consolidation 10:1 (*)	(33,064,499)	-	-	-
Balance at end of period	**3,673,833**	**0.0950**	**980,000**	**0.1200**

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(*) See Note 11 (i) (c) on the consolidation of the common shares on the basis of one (1) new post-consolidation common share for every ten (10) pre-consolidation common shares.

The fair value of the warrants was based on the Black-Scholes option-pricing model. The following assumptions were used to value them:

Number of warrants	**29,504,166**	**7,234,166**
Weighted average exercise price	$ 0.0100	$ 0.0075
Weighted average expected volatility	50%	50%
Weighted average expected warrant life	3 years	2 years
Weighted average expected dividend yield	N/A	N/A
Weighted average risk-free interest rate	0.5%	0.5%

As at November 30, 2016, the outstanding post-consolidation share purchase warrants are as follows:

exercise price	Number outstanding and exercisable	Weighted average remaining contractual life (years)	Expiry
0.1000	1,054,500	2.7	July 2019
0.1000	1,895,917	2.8	August 2019
0.0750	723,417	1.7	July 2018
0.0951	**3,673,833**	**2.4**	

12. Loan payable

During the first quarter period, pursuant to an unsecured promissory note, the Company received a loan in the amount of $35,000. The loan was to be used by the Company for working capital purposes. The note was guaranteed by the Company's president. The total amount was repaid in the second quarter ended August 31, 2016.

13. Related Party Transactions

The Company's related parties include its subsidiaries, key management and their close family members, and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. In additions to share issuances, transactions with related parties were as follows:

For the three months ended,	**November 30, 2016 $**	**November 30, 2015 $**
Expense reimbursement to directors	-	1,500
Expense reimbursement to a company owned by a director	740	-
Consulting fees paid to directors	-	62,500
Management fees	15,000	12,000
	15,740	**76,000**

For the six months ended,	**November 30, 2016 $**	**November 30, 2015 $**
Expense reimbursement to directors	3,139	3,000

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Expense reimbursement to a company owned by a director	3,360	-
Consulting fees paid to directors	-	62,500
Management fees	39,000	36,000
	45,499	**101,500**

Amounts due from and to the related parties, are a result of transactions with entities controlled by shareholders, officers or directors of the Company. These amounts are non-interest bearing, unsecured and not subject to specific terms of repayment unless stated.

The Company has negotiated debt settlement agreements with all related parties and creditors. The outstanding debts with creditors were totally extinguished through reduction of current debt from approximately $187,779 to $130,000 and the issuance of shares on a post-consolidation basis. The company has agreed to settle the reduced amount of the debt in exchange for the issuance of an aggregate of 650,000 post-consolidated common shares. The debt settlement was based on a deemed price of $0.20 per share on a post-consolidated basis. The Company accounted a gain on settlement of debt from related parties of $79,958 (accrued liabilities) during the quarter.

Amounts payable to related parties included in the accounts payable and accrued liabilities were as follows:

	November 30, 2016 **$**	**February 29, 2016** **$**
Management fees due to directors/officers	-	66,000
Consulting fees due to directors	-	72,621
Expense reimbursement due to a company owned by a director	-	44,458
Advances from shareholders, non-interest bearing	-	13,000
	-	**196,079**

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. This amount includes amounts paid to the CEO and former CFO of the Company.

14. Segmented Information

The Company conducts its business in two geographic segments being Canada and Mexico and one business segment being exploration for mineral resource properties. At November 30, 2016 and 2015, the Company's mineral property interests were situated in Canada and Mexico. The following table summarizes total assets, liabilities and net losses by geographic location:

	November 30, 2016 **$**	**November 30, 2015** $	**February 29, 2016** $
Canada	1,245,717	290,117	290,953
Mexico	1	1	1
Total assets	**1,245,718**	**290,118**	**290,954**
Canada	(211,593)	(257,470)	(307,552)
Mexico	-	-	-
Total liabilities	**(211,593)**	**(257,470)**	**(307,552)**
Canada	(273,419)	(126,753)	(175,999)
Mexico	-	-	-
Net loss	**(273,419)**	**(126,753)**	**(175,999)**

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15. Capital Management and Liquidity

The Company considers its capital structure to consist of its cash, common shares, stock options and warrants. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. 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 new debt, acquire or dispose of assets or adjust the amount of cash.

The Company and its subsidiary are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSX-V") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months. As of November 30, 2016, the Company may not be totally compliant with the policies of the TSX-V. The impact of this violation is not known and is ultimately dependent on the discretion of the TSX-V. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the periods ended November 30, 2016, and 2015. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements. The Company's capital for the reporting periods is summarized as follows:

	November 30, 2016	**November 30, 2015**	**February 29, 2016**
	$	$	$
Cash	106,607	952	315
Common shares	6,879,148	5,626,403	5,626,403
Contributed Surplus	641,517	570,120	570,120
Deficit	(6,480,866)	(6,158,201)	(6,207,447)
	1,146,406	**39,274**	**(10,609)**

16. Financial Instruments

Financial Instruments details can be summarized as follows:

	Level of Fair Value Measurement	**Balance as at,**		
		November 30, 2016	**November 30, 2015**	**February 29, 2016**
		$	**$**	**$**
Loans and receivables				
Cash and cash equivalents	Level 1	106,607	952	315
Receivables and others	Level 2	36,234	3,375	4,848
		142,841	**4,327**	**5,163**
Liabilities measured at amortized cost				
Accounts payable and accruals	Level 1	211,593	257,470	307,552
		211,593	**257,470**	**307,552**

Fair Value of Non-Derivative Financial Instruments

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with the same risk, principal and remaining maturity. The fair value of interest bearing financial assets and liabilities is determined by discounting the contractual principal and interest payments at estimated current market interest rates for the instrument. Current market rates are determined by reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk.

The Company values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. Level 3 fair values are based on a number of valuation techniques other than observable market data. There are no level 3 values currently recorded on the balance sheet of the Company.

17. Financial Risk Management

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and interest rate risk.

(i) **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is not exposed to credit risk due to the nature of the collectible accounts. At November 30, 2016 and 2015, the Company does not have any allowance for doubtful accounts. Management actively monitors the Company’s exposure to credit risk under its financial instruments, including with respect to amounts receivable. The Company considers the risk of loss for its amounts receivable to be remote and significantly mitigated due to the financial strength of the party from whom the receivables are due - the Canadian government for harmonized sales tax (“HST”) refunds receivable.

(ii) **Liquidity risk**

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities. Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations at their maturity. In addition to having a working capital deficiency The Company’s approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. All of the Company’s financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company’s ability to continue operations and fund its business is dependent on management’s ability to secure additional financing. It is anticipated that the Company will continue to rely on equity financing to meet its ongoing working capital requirements. The Company has a significant working capital deficiency at period end and therefore liquidity risk is considered high.

(iii) **Market risk**

Market risk is the risk that changes in market price, such as foreign exchange rates, commodity prices, and interest rates will affect the Company’s net income or the value of financial instruments. These risks are generally outside the control of the Company. The objectives of the Company are to mitigate market risk exposure within acceptable limits, while maximizing returns. The Company has no significant exposure to market risk.

(iv) **Interest rate sensitivity**

The Company has no significant exposure at November 30, 2016 and 2015 to interest rate risk through its financial instruments.

***(v)* Foreign Exchange Risk**

The Company is exposed to foreign currency fluctuations as the Company's fully owned subsidiary operates in MXN pesos. The translation effects of changes in exchange rates in the Consolidated Statement of Financial Position were net translation gain of $Nil (2015 - $Nil) are recorded within Accumulated Other Comprehensive Income in Shareholders' Equity. Management believes that foreign exchange risk is not significant as at November 30, 2016 and 2015.

18. Commitments and contingencies

From time to time, the Company may be exposed to claims and legal actions in the normal course of business, some of which may be initiated by the Company. As at November 30, 2016 the Company's management is not aware of any commitments and/or contingencies.

19. Subsequent events

- On December 16, 2016 The Company announced it has completed an initial tranche of a non-brokered private placement financing. Pursuant to the financing, the Company issued 2,004,936 "flow-through" shares at a price of $0.15 per share for gross proceeds of $300,740.40. The Company proposes to close a second tranche of the financing in January 2017, which will consist of up to 4,000,000 units at a price of $0.15 per unit for maximum proceeds of $600,000. Each unit will consist of one common share in the capital of the Company and one half of one common share purchase warrant. Each full warrant will entitle its holder to purchase one additional common share at an exercise price of $0.25 for a period of 18 months from the closing date of the private placement. There can be no assurance that the Offering will be completed, whether in whole or in part. All securities issued in connection with the Financing are subject to a four-month hold period from the date of issuance in accordance with applicable securities laws. The Company anticipates that the proceeds of the financing will be used for exploration and working capital requirements. First Republic Capital Corporation acted as the lead finder for the financing. A cash fee was paid to finders representing 8% of the gross proceeds raised in the financing. Additionally, finders received that number of compensation warrants totaling 8% of the number of FT Shares sold pursuant to the financing. The Compensation Warrants are exercisable at a price of $0.15 per shares for a period of 18 months after the closing of the financing. First Republic was paid a corporate finance fee representing 2% of the gross proceeds raised in the financing and that number of Compensation Warrants equaling 2% of the number of FT Shares sold in the financing.

- On December 16, 2016, the Company announced that 100,000 incentive stock options were granted to the Corporate Secretary of the Company. The options are exercisable at $0.20 per option for a period of 3 years from the date of grant and have no vesting conditions. The options are being issued under the terms of the Company's Stock Option Plans which were approved by shareholders at the Company's Annual General and Special Meeting on September 6, 2016.

- On January 9, 2017, the Company announced that 750,000 incentive stock options were granted to Directors, Officers and Consultants of the Company. The options are exercisable at $0.12 per option for a period of 3 years from the date of grant and have no vesting conditions. The options are being issued under the terms of the Company's Stock Option Plans which were approved by shareholders at the Company's Annual General and Special Meeting on September 6, 2016.

- On January 16, 2017, Vanadium One announced that the Company has filed Articles of Amendment effecting its name change to Vanadium One Energy Corp. The Company expects that the shares will commence trading on the TSX Venture Exchange under the new name and ticker symbol "VONE" upon the opening of the markets on Monday, January 16, 2017.