
VANADIUM ONE IRON CORP.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED NOVEMBER 30, 2020 AND 2019

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 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 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.

Vanadium One Iron Corp.

For the period ended November 30,	Three months ended		Nine months ended	
	2020	2019	2020	2019
	\$	\$	\$	\$
General and administrative expenses	52,220	20,911	62,213	152,168
Professional and consulting fees	9,832	17,100	49,550	139,735
Management fees (note 13)	210,232	51,000	222,232	212,000
Write-down on mineral property (note 10)	-	-	-	1
Foreign exchange loss	-	-	158	-
Depreciation	3,220	2,412	4,830	4,830
Share-based payments	-	-	-	95,782
	275,504	91,423	338,983	604,516
Deferred income tax recovery	(238,529)	(31,838)	(268,453)	(31,838)
Loss and comprehensive loss for the period	(36,975)	(59,585)	(70,530)	(572,678)
Basic and diluted loss per share	(0.001)	(0.001)	(0.001)	(0.011)
Weighted average number of common shares outstanding - basic and diluted	75,910,636	53,699,375	57,142,022	52,098,889

Accompanying notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS
(In Canadian dollars)

For the period ended,	November 30, 2020	November 30, 2019
	\$	\$
Operating activities		
Net loss for the period	(70,530)	(572,678)
<i>Adjustments for items not involving cash:</i>		
Write-down on mineral property	-	1
Depreciation	4,830	4,830
Share-based payments	-	95,782
	<u>(65,700)</u>	<u>(472,065)</u>
<i>Changes in non-cash working capital items:</i>		
Receivables and other	(37,662)	103,923
Accounts payable and accrued liabilities	(892)	185,762
Flow-through share premium	(268,453)	(31,838)
Cash used in operating activities	<u>(372,707)</u>	<u>(214,218)</u>
Financing activities		
Issuance of common shares for cash (net)	1,519,301	706,321.00
Exercise of warrants for cash	27,758	-
Cash provided by financing activities	<u>1,547,059</u>	<u>706,321</u>
Investing activities		
Expenditures in exploration and evaluation assets	(639,005)	(279,494)
Cash used in investing activities	<u>(639,005)</u>	<u>(279,494)</u>
Increase (decrease) in cash	535,347	212,609
Cash and cash equivalents, beginning of the period	256,446	180,467
Cash, end of the period	<u>791,793</u>	<u>393,076</u>
Cash and cash equivalents	207,076	393,076
Restricted cash	584,717	-
Cash, end of the period	<u>791,793</u>	<u>393,076</u>

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Vanadium One Iron Corp.

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

(In Canadian dollars)

	SHARE CAPITAL		SHARES TO BE	RESERVES	ACCUMULATED OTHER	DEFICIT	TOTAL	
	#	\$	ISSUED	\$	COMPREHENSIVE DEFICIT	\$	\$	
Balance - February 28, 2019	51,316,042	9,037,854	-	2,051,096		(5,674)	(8,170,600)	2,912,676
Private placement	9,750,000	585,000	26,236	193,282	-	-	-	804,518
Share issue costs	-	(2,068)	-	(347)	-	-	-	(2,415)
Flow-through share premium	-	-	-	-	-	-	-	-
Stock options issued	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	(572,678)	(572,678)
Balance - November 30, 2019	61,066,042	9,620,786	26,236	2,244,031		(5,674)	(8,743,278)	3,142,101
Private placement	4,060,715	338,645	(26,236)	(55,175)	-	-	-	257,234
Share issue costs	-	(12,339)	-	(2,054)	-	-	-	(14,393)
Flow-through share premium	-	(95,000)	-	-	-	-	-	(95,000)
Stock options issued	-	-	-	215,715	-	-	-	215,715
Loss for the period	-	-	-	-	5,674	-	(417,141)	(411,467)
Balance - February 29, 2020	65,126,757	9,852,092	-	2,402,517		-	(9,160,419)	3,094,190
Private placement	10,986,571	1,539,000	-	317,700	-	-	324,576	2,181,276
Share issue costs	-	(331,489)	-	(345,265)	-	-	-	(676,754)
Flow-through share premium	-	(480,000)	-	-	-	-	-	(480,000)
Warrants exercised	-	42,537	-	-	-	-	-	42,537
Stock options expired	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	(70,530)	(70,530)
Balance - November 30, 2020	76,113,328	10,622,140	-	2,374,952		-	(8,906,373)	4,090,719

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Vanadium One Iron Corp.
Notes to the Financial Statements
For the Nine Months Ended November 30, 2020 and 2019 and Year Ended February 29, 2020
(Expressed in Canadian dollars)

1. General information and nature of operations

Vanadium One Iron 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. All mineral property interests held are currently in the exploration stage.

The Company listed its common shares on the TSX Venture 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 VONE on the TSX Venture Exchange.

These interim financial statements of the Company were authorized for issue in accordance with a resolution of the directors on January 26, 2021.

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. In December 2019, a novel strain of the Coronavirus emerged in China. It has now spread to many other countries and infections have been reported globally. The extent to which the Coronavirus impacts the Company’s business, including its operations, the market for its securities, and the ability to access financing will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Vanadium One is not currently generating any revenue from its operations and for the nine months ended November 30, 2020, the Company recorded a net comprehensive loss of \$70,530 (November 30, 2019 - \$572,678) and an accumulated deficit of \$8,906,373 (February 29, 2020 - \$9,160,419). 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. Even if the Company has been successful in the past in doing so, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to the Company. These matters represent a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern.

These interim 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 Unaudited Condensed Interim 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 Unaudited Condensed Interim 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 4 of the financial statements for the years ended February 29, 2020 and February 28, 2019 and have been consistently applied in the preparation of these interim financial statements.

These Interim Unaudited Financial Statements have been prepared on a historical cost basis except for certain financial assets which are recorded at fair value. In addition, these Unaudited Condensed Interim Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

The functional and presentation currency of Vanadium One Iron Corp. is the Canadian dollar.

In the preparation of these financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the year. Actual results could differ from these estimates.

4. Summary of significant accounting policies

See annual financial statements for the years ended February 29, 2020 and February 28, 2019 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 financial statements.

See annual financial statements for the years ended February 29, 2020 and February 29, 2019 for a list of accounting estimates and judgements considered significant by management.

6. Accounting pronouncements

Adoption of new and amended IFRS pronouncements

The following standard has been issued by the IASB or the IFRIC that is mandatory for accounting periods commencing after March 1, 2020. The Company is assessing the impact of this new standard but does not expect it to have a significant impact on the financial statements.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after March 1, 2020. Earlier adoption is permitted.

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7. Cash and cash equivalents

Cash and cash equivalents were as follows:

	November 30, 2020	February 29, 2020
	\$	\$
Cash Canadian Banks	207,076	140,159
Restricted Cash Canadian banks - Flow-Through	584,717	116,287
	791,793	256,446

8. Receivables and other

Receivables and other at November 30, 2020 consists of sales tax receivable of \$60,951 (February 29, 2020 - \$28,171) and prepaid expenses of \$10,995 (February 29, 2020 - \$6,113).

9. Fixed assets

	November 30, 2020	February 29, 2020
	\$	\$
Cost Automobile		
Opening balance	19,320	19,320
Additions	-	-
Closing balance	19,320	19,320
Accumulated Depreciation		
Opening balance	11,270	4,830
Depreciation for the period	4,830	6,440
Closing balance	16,100	11,270
Net book value	3,220	8,050

10. 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 - February 28, 2019	1	-	169,867	2,694,999	2,864,867
Exploration costs	-	-	-	428,505	428,505
Write down of mineral property	(1)	-	(169,867)	-	(169,868)
Balance - February 29, 2020	-	-	-	3,123,504	3,123,504
Exploration costs	-	-	-	597,551	597,551
Balance - November 30, 2020	-	-	-	3,721,055	3,721,055

(i) **Ivanhoe Lake Property, Ontario:** The mineral leases for the Ivanhoe Lake Property were not renewed in March 2019 and all mineral leases related to Ivanhoe Lake have been discarded. Ivanhoe was a greenfield exploration property with possible gold as the target. The Company is focused on Iron and Vanadium and determined that the Ivanhoe profile did not fit with management's vision of the Company.

(ii) **Clinton Manganese Property, British Columbia:** 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 Company is focused on Iron and Vanadium and determined that the Clinton profile did not fit with management's vision of the Company. The Company has written down the value of the Clinton Property to \$Nil.

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(iii) **Mont Sorcier, Iron Ore and Vanadium Project, Quebec:** In October 2016, the Company agreed to acquire a 100% interest in the Mont Sorcier Iron Ore and Vanadium property ("Mont Sorcier") located near Chibougamau in Quebec, Canada. The Company paid \$150,000 in cash and issued 2,750,000 common shares at \$0.175. In order to earn its interest, the Company undertook a minimum of \$1 million in exploration expenditures on the property within in the first 24 months following signature of the agreement. The Vendor, Chibougamau Independent Mines, will retain a 2% Gross Metal Royalty ("GMR") on all mineral production from the property. In order to facilitate the deal, Globex Mining Enterprises Inc. (GMX-TSX), 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, a finder's fee of 300,000 post-consolidation common shares of the Company at \$0.175 was issued in relation to the acquisition. During fiscal year ended February 28, 2019 the Company spent the required funds and earned a 100% interest in the claims subject to the 1%, plus 2%, GMR.

11. Accounts payable and accrued liabilities

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

	November 30, 2020	February 29, 2020
	\$	\$
Accounts payable	101,735	166,165
Accrued liabilities	135,559	113,476
	237,295	279,641

Accounts payable and accrued liabilities includes an amount of \$145,571 as at November 30, 2020 (November 30, 2019 - \$73,374) due to related parties (see Note 13).

12. 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, 2020	February 29, 2020
Shares issued and fully paid:		
Beginning of the year	65,126,757	51,316,042
Private placements	10,590,000	13,810,715
Stock options exercised	-	-
Warrants exercised	396,571	-
Shares issued and fully paid end of the period	76,113,328	65,126,757
For each class of share capital:		
The number of shares authorized		Unlimited
The number of shares issued and fully paid		76,113,328
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 November 9, 2019, Vanadium One announced it had completed the first tranche of a non-brokered private placement financing. Pursuant to the financing, the Company issued 9,750,000 common share units at a price of \$0.07 per unit for gross proceeds of \$682,500. Each unit will consist of one common share in the capital of the Company and one-half common share purchase warrant. Each full warrant will entitle its holder to purchase one additional common share at an exercise price of \$0.11 for a period of 24 months following the closing date of the private placement. A cash fee of \$2,430 was incurred as unit issuance costs.

(b) On December 10, 2019, Vanadium One announced it had completed the second tranche of its non-brokered private placement financing. Pursuant to the financing, the Company issued a total of 2,160,715 common share units at a price of \$0.07 per unit for gross proceeds of \$151,250. Each Unit is comprised of one common share plus one-half warrant. Each full warrant entitles its holder to purchase one additional common share at an exercise price of \$0.11 for a period of 24 months following the closing date of the private placement. A cash fee of \$6,078 was incurred as unit issuance costs.

In addition, the Company issued 1,900,000 units of Charity Flow-Through Units ("CFT Unit") at a price of \$0.12 per CFT Unit for gross proceeds of \$228,000. Each CFT Unit is comprised of one common share plus one-half warrant. Each full warrant

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entitles its holder to purchase one additional common share at an exercise price of \$0.11 for a period of 24 months from the closing date of the private placement. A cash fee of \$8,299 was incurred as unit issuance costs.

The Company intends to use the gross proceeds of the offering to fund costs to continue exploration and development of the preliminary economic assessment of the Company's Mont Sorcier Iron and Vanadium Property and for general administration purposes.

The Company recognized a premium on the issuance of Flow-through shares in the year 2019 in the amount of \$95,000 and set up a corresponding liability for this amount. As funds have been expended in the year this liability has been reversed and offset against deferred income tax. At year end the balance of the liability was \$48,453.

- (c) There were no warrants or options exercised into common shares during the year ended February 29, 2020.
- (d) On August 14, 2020, Vanadium One announced it had completed the first tranche of the hard dollar unit segment of its non-brokered private placement financing. Pursuant to the financing, the Company issued a total of 4,590,000 common share units at a price of \$0.10 per unit for gross proceeds of \$459,000. Each Unit is comprised of one common share plus one warrant. Each full warrant entitles its holder to purchase one additional common share at an exercise price of \$0.15 for a period of 24 months following the closing date of the private placement. A cash fee of \$5,910 was incurred as unit issuance costs.

In addition, the Company issued 6,000,000 units of Flow-Through Common Share Units ("FT Unit") at a price of \$0.18 per FT Unit for gross proceeds of \$1,080,000. Each FT Unit is comprised of one common share plus one warrant. Each full warrant entitles its holder to purchase one additional common share at an exercise price of \$0.15 for a period of 24 months from the closing date of the private placement. A cash fee of \$13,789 was incurred as unit issuance costs.

The Company recognized a premium on the issuance of Flow-through shares in the year 2020 in the amount of \$480,000 and set up a corresponding liability for this amount. As funds have been expended in the year this liability has been reversed and offset against deferred income tax. At November 30, 2020 the balance of the liability was \$260,000.

- (e) On October 14, 2020, a total of 396,571 broker warrants with an exercise price of \$0.07 were exercised into 396,571 common shares for gross proceeds of \$27,760. Also, a total of 9,714,784 investor warrants with an exercise price of \$0.14 expired unexercised on October 17, 2020.

(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 to 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. All 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 March 18, 2020. 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, 2020			February 29, 2020		
	Number of options	No. of exercisable common shares	Weighted average exercise price	Number of options	No. of exercisable common shares	Weighted average exercise price
Balance at beginning of year	6,100,000	6,100,000	\$0.13	3,650,000	3,650,000	\$0.16
Granted during the period	-	-	-	4,100,000	4,100,000	\$0.12
Expired during the period	(550,000)	(550,000)	\$0.14	(1,650,000)	(1,650,000)	\$0.17
Balance at end of year	5,550,000	5,550,000	\$0.13	6,100,000	6,100,000	\$0.13

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

Grant date	<u>October 23, 2018</u>	<u>March 27, 2019</u>	<u>March 27, 2019</u>	<u>December 10, 2019</u>	<u>January 24, 2020</u>
Number of options granted	1,450,000	1,100,000	250,000	2,450,000	300,000
Fair value (\$) / option	0.074	0.108	0.078	0.029	0.021
Fair value (\$)	107,480	119,321	19,460	70,737	6,197
Share price (\$)	0.150	0.125	0.125	0.055	0.055
Exercise price (\$)	0.150	0.150	0.150	0.100	0.100
Expected volatility	144%	178%	132%	128%	123%
Expected warrant life	3 years	3 years	2 years	2 years	2 years
Expected dividend yield	N/A	N/A	N/A	N/A	N/A
Risk-free interest rate	0.50%	1.47%	1.47%	1.68%	1.53%

As at November 30, 2020 stock options issued and outstanding are as follows:

Exercise Price (\$)	Number outstanding and exercisable	Weighted average remaining contractual life (years)	Expiry
\$0.15	1,450,000	0.90	October 23, 2021
\$0.15	1,100,000	1.32	March 27, 2022
\$0.15	250,000	0.32	March 27, 2021
\$0.10	2,450,000	1.03	December 10, 2021
\$0.10	300,000	1.15	January 24, 2022
\$0.13	5,550,000	1.03	

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(iii) Warrants

The warrants activity is summarized below:

	November 30, 2020			February 29, 2020		
	Number of warrants	No. of exercisable common shares	Weighted average exercise price	Number of warrants	No. of exercisable common shares	Weighted average exercise price
Balance at beginning of the year	18,363,284	17,413,284	\$0.12	12,470,533	12,470,533	\$0.13
Warrants issued	10,590,000	10,590,000	\$0.15	7,855,358	6,905,358	\$0.11
Warrants exercised	(396,571)	(396,571)	\$0.07	-	-	-
Warrants expired	(9,714,784)	(9,714,784)	\$0.14	(1,962,607)	(1,962,607)	\$0.11
Balance at end of the year	18,841,929	17,891,929	\$0.13	18,363,284	17,413,284	\$0.12

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

Grant date	August 14, 2020	August 14, 2020	October 17, 2018	November 8, 2019	December 6, 2019	December 6, 2019
Number of full warrants granted	6,000,000	4,590,000	396,571	4,875,000	1,080,358	950,000
Fair value (\$)	0.03	0.03	0.04	0.02	0.02	0.01
Exercise price (\$)	0.15	0.15	0.07	0.11	0.11	0.11
Expected volatility	130%	130%	144%	125%	123%	123%
Expected warrant life	2 years	2 years	2 years	2 years	2 years	2 years
Expected dividend yield	N/A	N/A	N/A	N/A	N/A	N/A
Risk-free interest rate	0.25%	0.25%	0.50%	1.60%	1.67%	1.67%

As at November 30, 2020, the outstanding share purchase warrants are as follows:

Exercise price	Number outstanding and exercisable	Weighted average remaining contractual life (years)	Expiry
\$0.07	396,571	1.88	October 17, 2022
\$0.11	4,875,000	0.94	November 8, 2021
\$0.11	1,080,358	1.02	December 6, 2021
\$0.11	950,000	1.02	December 6, 2021
\$0.15	4,590,000	1.68	August 4, 2022
\$0.15	6,000,000	1.68	August 4, 2022
\$0.13	17,891,929	1.41	

13. Related Party Transactions

The Company's related parties include its 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 addition to share issuances, transactions with related parties were as follows:

Transactions during the nine month period ended,	November 30, 2020	November 30, 2019
	\$	\$
Management fees to a company controlled by an officer	119,000	222,277
Management fees to officers	82,500	-
Consulting fees to a company controlled by an officer	-	13,560
Management fees to companies controlled by Directors	-	60,297
Expenses reimbursable to a company controlled by an officer	-	25,379
Expenses reimbursable to a company controlled by a Director	-	24,833
Expenses reimbursable to an officer	13,207	34,749
Share based payments to officers and directors	-	95,782
Geological fees and expenses to a director or officer, charged to mineral properties	63,212	42,247
	277,919	519,124

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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.

Certain officers and directors of the Company participated in the financing closed on August 14, 2020 purchasing in aggregate 1,780,000 units.

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

Outstanding balances owing to related parties as at,	November 30, 2020	November 30, 2019
	\$	\$
Management fees payable to officers	122,500	34,749
Expenses reimbursable to an officer	-	2,233
Expenses reimbursable to a company controlled by a Director	-	2,667
Management fees payable to companies controlled by Directors	5,650	-
Consulting fees payable to a company controlled by an officer	-	27,120
Amounts payable to a director or officer for geological fees and expenses	13,918	6,605
	142,068	73,374

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. These amounts include amounts paid or accrued to the Chairman, CEO, COO and CFO of the Company.

Paid to Key Management Personnel	November 30, 2020	November 30, 2019
	\$	\$
Management fees	201,500	296,134
Share-based payments	-	95,782

14. Capital Management and Liquidity

The Company considers its capital structure to consist of its equity, comprised of common shares, reserves (stock options and warrants), and accumulated deficit. 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 is 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, 2020, 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 nine months ended November 30, 2020 and year ended February 29, 2020. The Company is not subject to externally imposed capital requirements. The Company's capital for the reporting periods is summarized as follows:

	November 30, 2020	February 29, 2020
	\$	\$
Common shares	10,622,140	9,852,092
Reserves	2,374,952	2,402,517
Deficit	(8,906,373)	(9,160,419)
	4,090,719	3,094,190

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15. Financial Instruments

Financial Instruments details can be summarized as follows:

	Level of Fair Value Measurement	Balance as at	
		November 30, 2020	February 29, 2020
		\$	\$
Financial assets measured at amortized cost			
Cash and cash equivalents	Level 1	791,793	256,446
Receivables and other	Level 2	71,946	34,284
		863,739	290,730
Financial liabilities measured at amortized cost			
Accounts payable and accrued liabilities	Level 1	237,295	279,641
		237,295	279,641

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.

16. 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, 2020 and February 29, 2020, 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 and the Quebec government for Quebec sales tax (QST) 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.

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(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, 2020 and February 29, 2020 to interest rate risk through its financial instruments.

17. 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.

On January 9, 2019, the Company fulfilled its \$1,000,000 financial commitment for exploration expenditures to Chibougamau Independent Mines Inc. (CIM) in accordance with the "Option to Purchase Agreement" dated September 29, 2016 and amended on October 14, 2016. As a result, Vanadium One Iron Corp. acquired title to 100% of all 37 claims of the Mont Sorcier Iron Ore and Vanadium Project.

As at November 30, 2020 the Company's management is not aware of any other commitments and/or contingencies.

18. Segment information

The Company operates in one business segment being iron ore exploration in Canada. As the Company is focused on exploration, the Board monitors the Company based on actual versus budgeted exploration expenditure incurred by project. The internal reporting framework is the most relevant to assist the Board with making decisions regarding this Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

19. Subsequent events

In connection with the appointment of Mr. Hubert Vallee as Vice President of Project Development on January 15, 2021, the Company announced that the Board of Directors had approved the granting of stock options to Mr. Vallee to acquire an aggregate of 200,000 common shares of the Company, exercisable at C\$0.19 per common share, for a period of 2 years from January 15, 2021.

In January 2020, a total of 250,000 warrants exercisable at \$0.11 each were exercised into 250,000 common shares of the Company for gross proceeds of \$27,500.