VANADIUM ONE IRON CORP.

FINANCIAL STATEMENTS

FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

EXPRESSED IN CANADIAN DOLLARS

Wasserman
Ramsay

Chartered Professional Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Vanadium One Iron Corp.:

Opinion
We have audited the financial statements of Vanadium One Iron Corp. and its subsidiary (the "Company"), which comprise the statements of financial position as at February 28, 2021 and February 29, 2020, and the statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2021 and February 29, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion
We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 2 in the financial statements, which indicates that for the year ended February 28, 2021 the Company incurred losses of $396,037 and had an accumulated deficit of $9,556,454 at year end. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information
Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Kevin Ramsay.

Wasserman Ramsay

Markham, Ontario
June 23, 2021

Chartered Professional Accountants
Licensed Public Accountants

STATEMENTS OF FINANCIAL POSITION
(In Canadian dollars)

As at,	February 28, 2021 $	February 29, 2020 $
ASSETS		
Current assets		
Cash and cash equivalents (note 7)	**281,880**	140,159
Restricted cash (note 7)	**474,361**	116,287
Receivables and other (note 8)	**153,162**	34,284
	909,403	290,730
Fixed assets (note 9)	**1,610**	8,050
Exploration and evaluation assets (note 10)	**3,859,574**	3,123,504
	4,770,587	3,422,284
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	**403,659**	279,641
Flow-through share premium	**211,000**	48,453
	614,659	328,094
SHAREHOLDERS' EQUITY		
Capital stock, issued and outstanding (note 12)	**10,873,975**	9,852,092
Reserves	**2,838,408**	2,402,517
Accumulated deficit	**(9,556,455)**	(9,160,419)
	4,155,928	3,094,190
	4,770,587	3,422,284

Going Concern (Note 2), commitments and contingencies (Note 18) and subsequent events (Note 20)

Approved on behalf of the Board on June 23, 2021:

/s/ Cliff Hale-Sanders
President and CEO

/s/ Alonso Sotomayor
Chief Financial Officer

Accompanying notes form an integral part of these financial statements

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(In Canadian dollars)

For the years ended February 28,	**Year ended 2021**	**2020**
	$	$
General and administrative expenses	**179,950**	251,832
Professional and consulting fees	**52,708**	125,254
Management fees (note 13)	**294,232**	293,421
Write-down on mineral property (note 10)	**-**	169,868
Foreign exchange loss	**159**	5,674
Depreciation	**6,440**	6,440
Share-based payments	**180,000**	215,715
	713,489	1,068,204
Deferred income tax recovery (note 14)	**(317,453)**	(78,385)
Loss and comprehensive loss for the period	**(396,036)**	(989,819)
Basic and diluted loss per share	**(0.006)**	(0.018)
Weighted average number of common shares outstanding - basic and diluted	**70,997,530**	55,280,181

Accompanying notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS
(In Canadian dollars)

For the years ended,	February 28, 2021 $	February 29, 2020 $
Operating activities		
Net loss for the period	**(396,036)**	(989,819)
Adjustments for items not involving cash:		
Write-down on mineral property	**-**	169,868
Foreign exchange loss	**-**	5,674
Depreciation	**6,440**	6,440
Share-based payments	**180,000**	215,715
	(209,596)	(592,122)
Changes in non-cash working capital items:		
Receivables and other	**(118,878)**	110,391
Accounts payable and accrued liabilities	**246,497**	67,213
Flow-through share premium	**(317,453)**	16,615
Cash used in operating activities	**(399,430)**	(397,903)
Financing activities		
Issuance of common shares for cash (net)	**1,519,301**	949,944
Exercise of options for cash	**30,000**	-
Exercise of warrants for cash	**208,473**	-
Cash provided by financing activities	**1,757,774**	949,944
Investing activities		
Expenditures in exploration and evaluation assets	**(858,549)**	(476,062)
Cash used in investing activities	**(858,549)**	(476,062)
Increase (decrease) in cash	**499,795**	75,979
Cash and cash equivalents, beginning of the period	**256,446**	180,467
Cash, end of the period	**756,241**	256,446
Cash and cash equivalents	**281,880**	140,159
Restricted cash	**474,361**	116,287
Cash, end of the period	**756,241**	256,446

Accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(In Canadian dollars)

	SHARE CAPITAL		SHARES TO BE ISSUED	RESERVES	ACCUMULATED OTHER COMPREHENSIVE DEFICIT	DEFICIT	TOTAL
	#	$	$	$	$	$	$
Balance - February 28, 2019	**51,316,042**	**9,037,854**	**-**	**2,051,096**	**(5,674)**	**(8,170,600)**	**2,912,676**
Private placement	13,810,715	923,645	-	138,107	-	-	1,061,752
Share issue costs	-	(14,407)	-	(2,401)	-	-	(16,808)
Flow-through share premium	-	(95,000)	-	-	-	-	(95,000)
Stock options issued	-	-	-	215,715	-	-	215,715
Loss for the period	-	-	-	-	5,674	(989,819)	(984,145)
Balance - February 29, 2020	**65,126,757**	**9,852,092**	**-**	**2,402,517**	**-**	**(9,160,419)**	**3,094,190**
Private placement	10,590,000	1,539,000	-	311,790	-	-	1,850,790
Share issue costs	-	(331,489)	-	-	-	-	(331,489)
Flow-through share premium	-	(480,000)	-	-	-	-	(480,000)
Warrants exercised	2,039,429	255,710	-	(47,237)	-	-	208,473
Stock options issued	-	-	-	180,000	-	-	180,000
Stock options exercised	300,000	38,662	-	(8,662)	-	-	30,000
Loss for the period	-	-	-	-	-	(396,036)	(396,036)
Balance - February 28, 2021	**78,056,186**	**10,873,975**	**-**	**2,838,408**	**-**	**(9,556,455)**	**4,155,928**

Accompanying notes form an integral part of these financial statements

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 financial statements of the Company were authorized for issue in accordance with a resolution of the directors on June 23, 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.

Vanadium One is not currently generating any revenue from its operations and for the year ended February 28, 2021, the Company recorded a net comprehensive loss of $396,036 (February 29, 2020 - $989,819) and an accumulated deficit of $9,556,455 (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 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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively "IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved for issuance by the Board of Directors on June 23, 2021.

(b) 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.

(c) Impact of COVID-19 Pandemic

The Company continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and financial reporting. During the year ended February 28, 2021, the Company has taken a number of measures to safeguard the health of its employees and their local communities while continuing to operate safely and responsibly. Incremental costs resulting from COVID-19 across all mine sites include community support, the acquisition of additional personal protective equipment, higher transportation costs, and overtime costs resulting from lower headcount levels on site to accommodate social distancing. As the pandemic continues to progress and evolve, it is difficult to predict the full extent and duration of resulting operational and economic impacts for the Company, which are expected to impact a number of reporting periods. This uncertainty impacts judgements made by the Company.

4. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash and cash equivalents with initial maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

(b) Impairment of financial assets

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

(c) Foreign currency translation

The Canadian dollar is the functional and reporting currency of the Company. All monetary assets and liabilities are translated at the rate of exchange at the statement of financial position date and non-monetary assets and liabilities are translated at historical exchange rates, unless such items are carried at market, in which case they are translated at the exchange rates in effect on the statement of financial position date. Income and expenses are translated at the rates approximating those at the transaction dates. Gains and losses arising from translation of foreign currency monetary assets and liabilities are recognized in the statement of loss.

(d) Exploration and evaluation assets

The Company capitalizes all costs related to investments in mineral property in which it holds a legal interest on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries, and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statement of comprehensive loss to the extent that they are not expected to be recovered. Exploration expenditure relates to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.
From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

The Company has determined that all of its mineral property interests are currently exploration stage properties.

(e) Income taxes and deferred taxes

The income tax expense or benefit for the period consists of two components, current and deferred. Income tax expense or benefit is recognized in the Statement of Comprehensive Loss except to the extent it relates to a business combination or items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date in each of the jurisdictions and includes any adjustments for taxes payable or recovery in respect of prior periods.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. To the extent that the Company does not consider it to be probable that taxable profits will be available against which deductible temporary differences can be utilized, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

(f) Warrants

The Company measures the fair value of warrants issued using the Black-Scholes option pricing model. The fair value of each warrant is estimated based on their respective issuance dates taking into account volatility, expected life, the dividend rate, and the risk-free interest rate. The fair value of warrants issued to agents in conjunction with an offering is charged to share issue costs with an offsetting amount recorded to Contributed Surplus.

The fair value of warrants exercised is recorded as share capital, and the fair value of any expired warrants is transferred to Contributed Surplus.

(g) Earnings Per Share

Earnings per share is calculated using the weighted average number of shares outstanding during the period. The treasury stock method of calculating diluted earnings per share is used, which assumes that all outstanding stock options granted with an exercise price below the average market value are exercised during the period. The difference between the number of shares assumed and the number of shares assumed purchased is then included in the denominator of the diluted earnings per share computation.

(h) Financial Instruments

(i) Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortized cost. The Company determines the classification of financial assets at initial recognition.

Financial assets at Fair-value through profit or loss
Financial instruments classified as fair value through profit and loss are reported at fair value at each reporting date, and any change in fair value is recognized in the statement of operations in the period during which the change occurs. Realized and unrealized gains or losses from assets held at FVTPL are included in losses in the period in which they arise.

Financial assets at Fair-value through other comprehensive income
Financial assets carried at FVTOCI are initially recorded at fair value plus transaction costs with all subsequent changes in fair value recognized in other comprehensive income (loss). For investments in equity instruments that are not held for trading, the Company can make an irrevocable election (on an instrument-by-instrument basis) at initial recognition to classify them as FVTOCI. On the disposal of the investment, the cumulative change in fair value remains in other comprehensive income (loss) and is not recycled to profit or loss.

Financial assets at amortized cost
Financial assets are classified at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. The Company's accounts receivable are recorded at amortized cost as they meet the required criteria. A provision is recorded based on the expected credit losses for the financial asset and reflects changes in the expected credit losses at each reporting period.

(ii) Financial liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL (such as derivatives) or the Company has elected to measure at FVTPL. The Company's financial liabilities include trade and other payables which are classified at amortized cost.

(iii) Impairment

IFRS 9 requires an 'expected credit loss' model to be applied which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition.

(iv) Fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

• Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

• Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are

observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

• Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's investment held for sale is classified as Level 1 and cash classified as Level 2. Both investment and cash are recorded at fair value on the statement of financial position. Other than that, none of the Company's financial instruments is recorded at fair value on the statement of financial position. The fair values of financial instruments approximate their carrying values due to their short term to maturity.

(i) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(j) Flow-through Shares

The Company may, from time to time, issue flow-through common shares to finance its resource exploration activities in Canada. Canadian income tax law permits the Company to renounce to the flow-through shareholders the income tax attributes of resource exploration costs financed by such shares. Flow-through common shares are recognized in equity based on the quoted price of the existing shares on the date of the issue. The difference between the amounts recognized in common shares and the amount the investor pays for the shares is recognized as a liability which is reversed into earnings as eligible expenditures are incurred.

The deferred tax impact is recorded prospectively upon renunciation of the related tax benefits, provided it is expected the Company will incur the required eligible expenditures.

When flow-through expenditures are renounced, a portion of the deferred income tax assets that were not previously recognized, are recognized as a recovery of deferred income taxes in net income.

(k) Share-based Payments

Stock options issued by the Company are accounted for in accordance with the fair value-based method. The fair value of options issued to directors, officers, employees and consultants to the Company is charged to earnings over the vesting period of each tranche (graded vesting) with the offsetting amount recorded to Contributed Surplus.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The historical forfeiture rate is also factored into the calculations. When options are exercised, the amount received, together with the amount previously recorded in contributed surplus are added to capital stock.
Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

When options are exercised, the amount received, together with the amount previously recorded in Contributed Surplus, are added to Capital Stock.

(l) Impairment of non-financial assets (excluding inventories, investment properties and deferred taxes)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("**CGUs**").

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income.

(m) Segment reporting

In accordance with IFRS 8, Operating Segments, it is mandatory for the Company to present and disclose segmental information based on the internal reports that are regularly reviewed by the Board of Directors in order to assess each segment's performance. The Company primarily operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts.

(n) Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in Note 5.

(o) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions as at February 28, 2021 and February 29, 2020.

(p) Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has no material restoration, rehabilitation and environmental costs as at February 28, 2021 and February 29, 2020.

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 discussed below.

(a) Fair Value of Financial Instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

(b) Impairment of non-financial assets

Exploration and evaluation properties are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration property may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company measures, presents and discloses any resulting impairment loss in accordance with IFRS.

Impairment is assessed by management using key impairment indicators of IFRS 6 - *Exploration for and evaluation of mineral resources*, such assessment is subject to uncertainty.

(c) Share-based payment transactions

The Company measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

(d) Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(Expressed in Canadian dollars)

(e) Restoration, rehabilitation and environmental obligations

Management's assumption of no material restoration, rehabilitation and environmental obligations is based on facts and circumstances that existed during the period. These facts and circumstances may be open to interpretation.

(f) Carrying value of Exploration and Evaluation Properties

The carrying amount and recoverability of exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

6. Accounting pronouncements

Standards and amendments issued but not yet effective or adopted

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")

IAS 1 was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on March 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37")

IAS 37 was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract –i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract –e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on March 1, 2022.

7. Cash and cash equivalents

Cash and cash equivalents were as follows:

	February 28, 2021	**February 29, 2020**
	$	$
Cash Canadian Banks	281,880	140,159
Restricted Cash Canadian banks - Flow-Through	474,361	116,287
	756,241	**256,446**

8. Receivables and other

Receivables and other at February 28, 2021 consists of sales tax receivable of $61,860 (February 29, 2020 - $28,171) and prepaid expenses of $91,302 (February 29, 2020 - $6,113).

(Expressed in Canadian dollars)

9. Fixed assets

	February 28, 2021	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	6,440	6,440
Closing balance	**17,710**	**11,270**
Net book value	**1,610**	**8,050**

10. Exploration and evaluation assets

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

	Ivanhoe Ontario	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			736,070	736,070
Balance - February 28, 2021	**-**	**-**	**3,859,574**	**3,859,574**

(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. On February 29, 2020, the Company wrote down the remaining value of the Ivanhoe Lake Property to $Nil

(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. On February 29, 2020, the Company wrote down the remaining value of the Clinton Property to $Nil.

(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.

(Expressed in Canadian dollars)

11. Accounts payable and accrued liabilities

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

	February 28, 2021	February 29, 2020
	$	$
Accounts payable	175,749	166,165
Accrued liabilities	227,910	113,476
	403,659	**279,641**

Accounts payable and accrued liabilities includes an amount of $190,094, as at February 28, 2021 (February 29, 2020 - $55,717) 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:

	February 28, 2021	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	300,000	-
Warrants exercised	2,039,429	-
Shares issued and fully paid end of the period	**78,056,186**	**65,126,757**
For each class of share capital:		
The number of shares authorized		Unlimited
The number of shares issued and fully paid		78,056,186
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 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 consists of one common share in the capital of the Company and one-half common share purchase 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 $2,430 was incurred as unit issuance costs.

(b) On December 10, 2019, Vanadium One 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 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 February 28, 2021 year end the balance of this liability was $Nil.

(Expressed in Canadian dollars)

(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 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 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. As at February 28, 2021 the balance of this liability was $211,000.

(e) During the year ended February 28, 2021, a total of 396,571 broker units with an exercise price of $0.07 were exercised into 396,571 broker warrants and 396,571 common shares for gross proceeds of $27,760. Also, a total of 1,642,858 warrants with an exercise price of $0.11 were exercised into 1,642,858 common shares for gross proceeds of $180,714. Finally, 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:

	February 28, 2021			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	2,000,000	2,000,000	$0.17	4,100,000	4,100,000	$0.12
Exercised during the period	(300,000)	(300,000)	$0.10	-	-	$0.00
Expired during the period	(550,000)	(550,000)	$0.14	(1,650,000)	(1,650,000)	$0.17
Cancelled	(450,000)	(450,000)	$0.15	-	-	-
Balance at end of year	**6,800,000**	**6,800,000**	**$0.12**	**6,100,000**	**6,100,000**	**$0.13**

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

Grant date	February 2, 2021	January 15, 2021	June 23, 2020	January 24, 2020	December 10, 2019	March 27, 2019	March 27, 2019	October 23, 2018
Number of options granted	**1,400,000**	**200,000**	**400,000**	**300,000**	**2,450,000**	**1,100,000**	**250,000**	**1,450,000**
Fair value ($) / option	**0.100**	**0.120**	**0.040**	**0.021**	**0.029**	**0.108**	**0.078**	**0.074**
Fair value ($)	**140,000**	**24,000**	**16,000**	**6,197**	**70,737**	**119,321**	**19,460**	**107,480**
Share price ($)	0.180	0.200	0.075	0.055	0.055	0.125	0.125	0.150
Exercise price ($)	0.190	0.190	0.100	0.100	0.100	0.150	0.150	0.150
Expected volatility	116%	114%	130%	123%	128%	178%	132%	144%
Expected warrant life	2 years	2 years	2 years	2 years	2 years	3 years	2 years	3 years
Expected dividend yield	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Risk-free interest rate	0.15%	0.15%	0.27%	1.53%	1.68%	1.47%	1.47%	0.50%

(Expressed in Canadian dollars)

As at February 28, 2021 stock options issued and outstanding are as follows:

Exercise Price ($)	Number outstanding and exercisable	Weighted average remaining contractual life (years)	Expiry
$0.15	1,350,000	0.65	October 23, 2021
$0.15	750,000	1.07	March 27, 2022
$0.15	250,000	0.07	March 27, 2021
$0.10	2,150,000	0.78	December 10, 2021
$0.10	300,000	0.90	January 24, 2022
$0.10	400,000	1.32	June 23, 2022
$0.10	200,000	1.88	January 15, 2023
$0.10	1,400,000	1.93	February 2, 2023
$0.12	**6,800,000**	**1.07**	

Warrants

The warrants activity is summarized below:

	February 28, 2021			**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	17,413,284	17,413,284	$0.12	12,470,533	12,470,533	$0.13
Warrants issued	10,590,000	10,590,000	$0.15	6,905,358	6,905,358	$0.11
Warrants exercised	(2,039,429)	(2,039,429)	$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	**16,249,071**	**16,249,071**	**$0.14**	**17,413,284**	**17,413,284**	**$0.12**

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

Grant date	October 17, 2021	August 14, 2020	August 14, 2020	December 6, 2019	December 6, 2019	November 8, 2019
Number of full warrants granted	**396,571**	**6,000,000**	**4,590,000**	**1,080,358**	**950,000**	**4,875,000**
Fair value ($)	**0.04**	**0.03**	**0.03**	**0.02**	**0.01**	**0.02**
Exercise price ($)	0.07	0.15	0.15	0.11	0.11	0.11
Expected volatility	144%	130%	130%	123%	123%	125%
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	0.50%	0.25%	0.25%	1.67%	1.67%	1.60%

As at February 28, 2021, 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	1.63	October 17, 2022
$0.11	3,525,000	0.69	November 8, 2021
$0.11	937,500	0.77	December 6, 2021
$0.11	800,000	0.77	December 6, 2021
$0.15	4,590,000	1.46	August 14, 2022
$0.15	6,000,000	1.46	August 14, 2022
$0.14	**16,249,071**	**1.22**	

(Expressed in Canadian dollars)

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 year,	**February 28, 2021**	**February 29, 2020**
	$	$
Management fees to a company controlled by an officer	147,752	377,751
Management fees to officers	155,000	-
Consulting fees to a company controlled by an officer	-	18,645
Management fees to companies controlled by a director	5,650	60,297
Expenses reimbursable to a company controlled by an officer	3,503	25,379
Expenses reimbursable to an officer	15,139	62,546
Expenses reimbursable to a director	-	24,833
Share based payments to officers and directors	135,000	146,740
Geological fees and expenses to a director or officer, charged to mineral properties	89,641	54,204
	551,685	**770,395**

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,	**February 28, 2021**	**February 29, 2020**
	$	$
Management fees payable to officers	183,000	24,000
Expenses reimbursable to an officer	-	17,224
Expenses reimbursable to a company controlled by a Director	-	2,667
Consulting fees payable to a company controlled by an officer	-	2,858
Amounts payable to a director or officer for geological fees and expenses	7,094	8,968
	190,094	**55,717**

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	**February 28, 2021**	**February 29, 2020**
	$	$
Management fees	294,232	456,693
Share-based payments	135,000	146,740

(Expressed in Canadian dollars)

14. Income taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined Federal and Provincial statutory tax rate of 26.5% (2020 – 26.5%) to the net loss for the year for reasons noted below:

	February 28, 2021	February 29, 2020
	$	$
Net loss before tax	(713,489)	(1,068,204)
Income tax recovery based on statutory rate	(189,000)	(283,000)
Non-cash compensation	48,000	57,000
Non-deductible items	1,800	600
Exploration expenditures	-	45,000
Share issue costs	(17,000)	(16,000)
	(156,200)	**(196,400)**
Valuation allowance	(161,253)	118,015
Provision per financial statements	**(317,453)**	**(78,385)**

The Company has incurred tax losses of approximately $3,548,000 (2020 - $5,149,000) which may be used to reduce future taxable income. The potential benefit of these losses has not been recognized in these financial statements and will expire, if unused, in the fiscal years ended February 28 as follows:

	Amount
2029	31,000
2030	52,000
2031	253,000
2032	787,000
2033	665,000
2034	258,000
2035	198,000
2036	176,000
2037	435,000
2038	935,000
2039	740,000
2040	735,000
2041	590,000
	5,855,000

The components of deferred income tax asset (liability) are as noted as follows:

	February 28, 2021	February 29, 2020
	$	$
Non-capital losses and share issue costs	1,575,000	1,400,000
Mineral properties and other	(75,000)	205,000
	1,500,000	1,605,000
Valuation allowance	(1,500,000)	(1,605,000)
	-	-

In addition to the above tax losses the Company has incurred Canadian Development Expenditures, Canadian Exploration Expenditures and Foreign Exploration and Development Expenditures in the amount of $3,892,000 (2020 - $3,892,000) which may be used to reduce future taxable income. The potential benefit of these expenditures has not been recognized in these financial statements and can be carried-forward without expiry.

(Expressed in Canadian dollars)

15. 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 February 28, 2021, the Company did not believe it was in violation of such requirements. 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 year ended February 28, 2021 and 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:

16. Financial Instruments

Financial Instruments details can be summarized as follows:

		Balance as at	
	Level of Fair Value Measurement	February 28, 2021 $	February 29, 2020 $
Financial assets measured at amortized cost			
Cash and cash equivalents	Level 1	756,241	256,446
Receivables and other	Level 2	61,860	34,284
		818,101	**290,730**
Financial liabilities measured at amortized cost			
Accounts payable and accrued liabilities	Level 1	403,659	279,641
		403,659	**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.

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.

(a) 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 February 28, 2021 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.

(b) 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.

(c) 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.

(d) Interest rate sensitivity

The Company has no significant exposure at February 28, 2021 and February 29, 2020 to interest rate risk through its financial instruments.

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.

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 February, 2021 the Company's management is not aware of any other commitments and/or contingencies.

19. 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.

20. Subsequent events

Flow through share private placement

On May 27, 2021, the Company completed a non-brokered private placement of an aggregate of 4,705,880 flow-through units at a price of $0.425 per unit for gross proceeds of approximately $2.0 million. Each unit is comprised of one flow-through share and one-half common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional common share at an exercise price of $0.425 for a period of 2 years from the date hereof. The securities issued pursuant to the private placement will be subject to a four (4) month plus one (1) day statutory hold period from the date of issuance, expiring on September 28, 2021, in accordance with applicable securities laws. A cash commission of $120,000 equating to 6% of the aggregate gross proceeds and 282,352 finder warrants are payable as Finder fees. For further details please see Vanadium One Iron Corp's press release dated May 27, 2021.

Non-convertible debenture private placement

On May 31, 2021, the Company closed a $3.9 million non-brokered private placement of non-convertible debentures to accelerate the development of its Mont Sorcier project. Pursuant to the private placement, the Company issued 3,900 debenture units (each, a "Unit") at a price of $1,000 per Unit for an aggregate principal of $3,900,000. Each Unit consists of $1,000 principal amount of 10% secured debentures ("Debentures") and 2,380 non-transferable common share purchase warrants ("Debenture Warrants"), for an aggregate total of 9,282,000 Debenture Warrants. Each Debenture Warrant entitles the holder to acquire one common share of the Company ("Common Share") at an exercise price of $0.42 per Common Share for a period of 36 months. The Debentures bear interest at a rate of 10.0% per annum and will mature 18 months from the date of issuance.

The Company has also paid an arm's-length finder a cash fee of $273,000 and issued to the finder 925,424 nontransferable common share purchase warrants (each a "Finder Warrant"). Each Finder Warrant will entitle the holder to acquire one Common Share at a price of $0.295 per Common Share for a period of 36 months.

Exercise of warrants and options

Subsequent to February 28, 2021, a total of 1,036,571 warrants with exercise prices ranging from $0.11 and $0.15 each, were exercised into 1,036,571 common shares for aggregate gross proceeds of $127,467. Also, a total of 900,000 options with exercise prices ranging from $0.10 to $0.15 each, were exercised into 900,000 common shares for aggregate gross proceeds of $117,983.