



MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2018 AND 2017

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the three and nine months ended August 31, 2018 has been prepared as of October 29, 2018. It should be read in conjunction with the condensed interim consolidated financial statement of First Vanadium Corp. (the "Company") for the three and nine months ended August 31, 2018 as well as the audited annual consolidated financial statements for the year ended November 30, 2017 and the accompanying MD&A for the year then ended.

The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

General

First Vanadium Corp (formerly Cornerstone Metals Inc.) ("the Company" or "First Vanadium") was incorporated on June 23, 2006 under the *Business Corporations Act* (British Columbia). The Company is engaged primarily in the business of evaluating, acquiring, exploring, and if warranted, developing natural resource properties. On September 20, 2018, the Company changed its name from Cornerstone Metals Inc. to First Vanadium Corp. The Company has not realized any revenues from commercial operations to date. The Company is listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "FVAN", 1PY on Frankfurt, and the OTCQX under the symbol CCCC.

Recent Highlights

On October 10, 2018 the Company announced results from the first 6 of 69 reverse circulation drill holes from its Phase 2 drilling from its Carlin Vanadium project. The objectives of this drill program were to infill and expand the Carlin Vanadium deposit. The first 6 reverse circulation drill holes were focused within the South Zone to infill the drill pattern in an area of 120m by 160m. All holes hit mineralization as expected and where expected. The table below provides the highlights of these first 6 holes.

Drillhole ID	From (m)	To (m)	Length (m)	From (ft)	To (ft)	Length (ft)	V2O5 (%)
RCC18-01	7.62	18.29	10.67	25	60	35	0.414
RCC18-02	21.34	57.91	36.58	70	190	120	1.020
RCC18-03	0.00	21.34	21.34	0	70	70	0.651
RCC18-03	38.10	50.29	12.19	125	165	40	0.428
RCC18-04	82.30	118.87	36.58	270	390	120	0.720
RCC18-05	0.00	18.29	18.29	0	60	60	0.635
RCC18-05	28.96	68.58	41.15	95	225	135	1.070
RCC18-06	0.00	51.82	51.82	0	170	170	0.626

In addition, hole RCC18-02 was a twinned hole of a previous Union Carbide rotary hole R-95 to compare and further verify old data. The First Vanadium hole returned 26% better V2O5 grade than the Union Carbide hole.

On May 29, 2018 the Company announced preliminary results of metallurgical test work being conducted on its Carlin Vanadium Project in Nevada. The initial pressure leaching tests achieved vanadium extraction levels of between 80.2% and 83.6%. Further, on June 20, 2018 the Company announced additional preliminary results of metallurgical test work which achieved vanadium extraction levels of 95.5% through a roast/leach/pressure oxidation approach. Ongoing test work will continue to optimize various parameters with the aim of developing a conceptual flowsheet.



The Company completed a diamond drill program from mid-December 2017 to mid-February 2018 of 20 vertical holes in 1,630m of drilling to infill and twin the Union Carbide drilling in order to verify the older data and deposit. The Company announced the results of this diamond drilling program in 3 press releases dated February 28, April 4, and April 17, 2018. The new holes supported the neighbouring historic holes with zone continuity in width and grade where expected, The Company’s confirmation drill program:

- Confirmed and improved the confidence of the geological model of the deposit
- Confirmed and improved continuity of grade and thickness of the high-grade near surface vanadium unit
- Provided samples from across the full span of the deposit for metallurgical test work, which has been initiated through Sherritt Technologies.

Mineral Properties

Paul Cowley, P.Geo, Chief Executive Officer of the Company, is the Qualified Person as defined in National Instrument 43-101 responsible for the review of technical information disseminated to the public by the Company, including any technical information in this MD&A.

Carlin Vanadium Project

On August 3, 2017, the Company executed a Letter of Intent with Americas Gold Exploration Inc. (“AGEI”).

On September 22, 2017 the Company signed an assignment agreement with AGEI. Pursuant to the assignment agreement, AGEI assigned to the Company all of AGEI’s interest in an option agreement between AGEI and Golden Predator US Holding Corp. (“GPUS”) dated June 14, 2017 as amended September 12, 2017. The option agreement grants to First Vanadium the option to acquire a 100% interest in the Carlin Vanadium Project (the “Property”).

The total consideration applicable to First Vanadium’s acquisition of the Property under both the assignment agreement and the option agreement, is set out below on a yearly basis:

	Cash	Common shares	Exploration or Other Work Commitments
Year 1	US\$50,000 to AGEI (paid) US\$25,000 to GPUS (paid)	1,000,000 shares to AGEI (issued)	US\$50,000 expenditures on Property (completed)
Year 2	US\$50,000 to GPUS	1,000,000 shares to AGEI (issued)	US\$125,000 expenditures on Property (completed)
Year 3	--	--	US\$225,000 expenditures on Property (completed)
Year 4	US\$1,910,000 to GPUS ⁽¹⁾	--	US\$250,000 expenditures on Property ⁽²⁾ First Vanadium to complete a PEA
Ongoing	US\$250,000/year to AGEI commencing after PEA published (as advance royalty payment or advancement against royalty buy-back payment)	--	US\$250,000 expenditures on Property in Year 5 ⁽²⁾ US\$122,000 expenditures on the Property in Year 6 ⁽¹⁾



Notes:

(1) Total cash payments aggregating US\$2M may be paid to GPUS at any time after Year 3, the payment of which will complete the option exercise requirements, at which time First Vanadium would then be deemed to have exercised the option and to have acquired a 100% interest in the Property (and any requirements to incur further expenditures would then terminate).

(2) If aggregate cash payments of US\$2M (see Note 1 above) have not been paid prior to such date.

At such time as First Vanadium has exercised the option in full and acquired a 100% interest in the Property, a 1.5% NSR will be granted to AGEI under the assignment agreement and a 2% NSR will be granted to GPUS under the option agreement. The AGEI 1.5% NSR may be purchased by the Company at any time for US\$1,000,000 per 0.5% NSR. The GPUS 2% NSR may be purchased by the Company at the time of the option exercise for US\$4 million.

The Company has filed on SEDAR a Technical Report on the Property entitled *NI 43-101 Technical Report on the Carlin Vanadium Project, Carlin, Nevada dated October 26, 2017* (the “Technical Report”) authored by Bart Stryhas, PhD, CPG and John Cooper, P.E. of SRK Consulting (US) Inc. (“SRK”).

The Carlin Vanadium Project has one of the largest richest known primary vanadium deposits in North America. (USGS Professional Paper 1802 Critical Mineral Resources of the United States—Economic and Environmental Geology and Prospects for Future Supply dated December 18, 2017). The Carlin Vanadium Project is located in Elko County 10km by road (6 miles) from the town of Carlin, Nevada, and is comprised of 72 contiguous unpatented mineral claims totaling 461 hectares (1,140 acres). The Carlin Vanadium deposit was discovered by Union Carbide Corp. (UCC) in the 1960’s, which completed 127 rotary drill holes in 11,133m (36,525 feet) of drilling, defining the deposit. The average drill hole spacing was 60m (200ft) apart within the more densely drilled areas. Drilling indicates a relatively flat, near surface zone of high-grade vanadium mineralized zone approximately 35m (115 feet) thick, over 1,860m (6,100ft) in length in the north-south direction and up to 760m (2,500ft) in the east-west direction. The high-grade vanadium mineralized unit is locally exposed on surface where it cuts topography but mostly is found at shallow depths, <50m from surface.

The Technical Report is re-issued from the original report that was completed for Energy Metal Corp. (EMC) in April 2010, however the 2010 mineral resource estimate has been declared a historic resource in the current Technical Report and will remain a historic resource until such time as First Vanadium has it updated with current metal pricing and costs. The Company is not treating the historic mineral resource estimate as current and as such they should not be relied upon.

In the Technical Report, SRK recommended a two-stage development plan with the Phase 1 program consisting of infill diamond drilling with 18 wide spaced holes totaling 1,317m (4,320’) and metallurgical testwork will serve to confirm the mineralized intervals and grades reported from the historic rotary drilling.

Technical disclosure regarding the Technical Report has been reviewed and approved by Dr. Bart Stryhas, PhD, CPG., and Mr. John Cooper, P.E. both Qualified Persons as defined by National Instrument 43-101.

The Company completed a diamond drill program from mid-December 2017 to mid-February 2018 of 20 vertical holes in 1,630m of drilling to infill and twin the Union Carbide drilling in order to verify the older data and deposit. The Company announced the results of this diamond drilling program in 3 press releases dated February 28, April 4, and April 17, 2018. The new holes supported the neighbouring historic holes with zone continuity in width and grade where expected of the high-grade vanadium unit, The drilling also provided new silver and zinc values not previously documented. The Company’s confirmation drill program:

- Confirmed and improved the confidence of the geological model of the deposit
- Confirmed and improved continuity of grade and thickness of the high-grade near surface vanadium unit



- Provided samples from across the full span of the deposit for metallurgical test work, which has been initiated through Sherritt Technologies

On October 2, 2018 the Company announced that it has completed the Phase 2 drilling program on its Carlin Vanadium Project. A total of 69 holes were completed in the Phase 2 Reverse Circulation drilling program, far exceeding the planned 40-hole program.

On October 10, 2018 the Company announced results from the first 6 of 69 reverse circulation drill holes from its Phase 2 drilling from its Carlin Vanadium project. The objectives of this drill program were to infill and expand the Carlin Vanadium deposit. The first 6 reverse circulation drill holes were focused within the South Zone to infill the drill pattern in an area of 120m by 160m. All holes hit mineralization as expected and where expected. The table below provides the highlights of these first 6 holes.

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West Jerome, Arizona

The West Jerome property, near Jerome, Arizona, consists of approximately five square kilometers of claims on the west side of Freeport McMoran patented lands. The property, in a Volcanogenic Massive Sulfide camp, is a high grade, massive sulfide target located 2.4km south of the past-producing United Verde (32 million tons grading 4.4% copper, 1.5 oz/t silver and 0.04 oz/t gold). The West Jerome property has attractive untested TEM geophysical targets. First Vanadium has a 100% interest in the West Jerome property, subject to a 1.5% NSR to one party and a 0.5% NSR to another party.



Summary of Quarterly Results

The following is selected financial data for the last eight quarters ending with the most recently completed quarter, being the three months ended August 31, 2018.

	THREE MONTHS ENDED			
	August 31, 2018 (\$)	May 31, 2018 (\$)	February 28, 2018 (\$)	November 30, 2017 (\$)
Total Revenue	Nil	Nil	Nil	Nil
Acquisition and exploration costs	247,801	188,199	548,560	521,808
Net loss	(456,911)	(983,938)	(242,267)	(475,671)
Net loss per share ⁽¹⁾	(0.02)	(0.04)	(0.01)	(0.05)

	THREE MONTHS ENDED			
	August 31, 2017 (\$)	May 31, 2017 (\$)	February 28, 2017 (\$)	November 30, 2016 (\$)
Total Revenue	Nil	Nil	Nil	Nil
Acquisition and exploration costs	19,496	Nil	Nil	Nil
Net loss	(51,859)	(38,014)	(28,700)	(53,424)
Net loss per share ⁽¹⁾	(0.00)	(0.00)	(0.00)	(0.00)

⁽¹⁾ The basic and fully diluted calculations result in the same value due to the anti-dilutive effect of outstanding stock options and warrants for all quarters.

During the quarter-ended August 31, 2018, May 31, 2018 and November 30, 2017 the Company recorded a share based compensation charge of \$159,654, \$650,891 and \$257,844, respectively.

Results of Operations

Three months ended August 31, 2018

The Company recorded a net loss of \$456,911 (\$0.02 per share) for the three months ended August 31, 2018 compared to a net loss of \$51,859 (\$0.00 per share) for the three months ended August 31, 2017.

	2018 (\$)	2017 (\$)
General and administrative expenses	297,257	51,859
Stock based compensation	159,654	-
Net loss for the period	456,911	51,859

The increase in net loss during the three months ended August 31, 2018 is the result of the Company's overall increased activity since signing the assignment agreement for the Carlin Vanadium property.

Nine months ended August 31, 2018

The Company recorded a net loss of \$1,683,116 (\$0.06 per share) for the nine months ended August 31, 2018 compared to a net loss of \$118,573 (\$0.00 per share) for the nine months ended August 31, 2017.

	2018 (\$)	2017 (\$)
General and administrative expenses	842,590	118,573
Stock based compensation	840,526	-
Net loss for the period	1,683,116	118,573

The increase in net loss during the nine months ended August 31, 2018 is the result of stock based compensation and the Company's overall increased activity since signing the assignment agreement for the Carlin Vanadium property.



Financing Activities

On March 27, 2018, the Company closed a private placement of 10,000,000 units at \$0.30 per unit for gross proceeds of \$3,000,000. Each unit is comprised of one share and one half warrant. Each full warrant will be exercisable into one common share for a period of two years at an exercise price of \$0.45 per share. The warrants are subject to an acceleration clause should the common shares trade at a price of \$0.70 or greater for 10 consecutive trading days.

During the nine months ended August 31, 2018, a total of 590,000 options with a weighted average exercise price of \$0.15 per share were exercised for gross proceeds of \$90,000, and a total of 4,199,784 warrants with a weighted average exercise price of \$0.27 per share were exercised for gross proceeds of \$1,135,533

Liquidity and Capital Resources

The Company’s operations consumed \$1,120,050 of cash during the nine months ended August 31, 2018 (August 31, 2017 – \$128,246) before non-cash working capital items. The cash requirement was funded from the cash balance as at November 30, 2017, the proceeds from the options and warrants exercised, and the proceeds from the private placement.

The Company’s aggregate operating, investing, and financing activities during the nine months ended August 31, 2018 resulted in an increase in its cash balance from \$784,583 at November 30, 2017 to \$2,158,891 at August 31, 2018. The Company had working capital at August 31, 2018 of \$3,042,714 (November 30, 2017 –\$743,482). The Company has no long-term indebtedness.

None of the Company’s mineral properties have been put into commercial production and, as such, the Company has no operating revenues or cash flows. The Company’s capital resources are largely determined by the strength of the junior resource capital markets and by the status of the Company’s projects in relation to these markets and the Company’s ability to compete for investor support of its projects. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the future.

Capital Expenditures

During the nine months ended August 31, 2018, the Company incurred \$984,560 of mineral property exploration expenditures. The increase is due to deferred exploration incurred on the Carlin Vanadium property. Refer to Schedule 1 within the condensed interim consolidated financial statements.

Transactions with Related Parties

The Company’s related parties consist of the Company’s directors, officers and companies associated with them including the following:

- Buena Tierra Development Ltd., a company owned by Paul Cowley, the President, Chief Executive Officer and a director of the Company
- International Mine Builders Inc., a company owned by Fred Sveinson, a director of the Company

Compensation paid or payable to the directors, the Chief Executive Officer and the Chief Financial Officer for services provided during the three and nine months ended August 31, 2018 and 2017 was as follows:

	Three months ended		August months ended	
	August 31		August 31	
	2018	2017	2018	2017
	\$	\$	\$	\$
Accounting fees	6,842	840	17,373	4,320
Consulting fees ⁽¹⁾	58,100	14,400	155,600	36,800
Directors fees	16,409	-	24,078	-
Share based compensation	159,654	-	517,000	-

⁽¹⁾ The charge includes consulting fees paid to Buena Tierra Development Ltd. and International Mine Builders Inc.



The Company incurred additional expenditures charged by related parties during the three and nine months ended August 31, 2018 and 2017 was as follows:

	Three months ended		Nine months ended	
	August 31		August 31	
	2018	2017	2018	2017
	\$	\$	\$	\$
Consulting fees ⁽¹⁾	1,320	-	5,880	-

As at August 31, 2018, accounts payable and accrued liabilities include an amount of \$68,938 (November 30, 2017 – \$17,850) due to officers of the Company and/or companies controlled by officers of the Company.

Financial Instruments

The Company’s financial instruments consist of cash, other receivables, marketable securities, and accounts payable and accrued liabilities. Cash and other receivables are designated as loans and receivables, which are measured at amortized cost. Marketable securities are designated as available-for-sale, which are measured at fair value through other comprehensive income or loss. Accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

Off-balance Sheet Arrangements

The Company has not entered into any material off-balance sheet arrangements.

Outstanding Share Data

The following table discloses the Company's share capital structure as at the date of this MD&A.

Authorized share capital: Unlimited number of Common Shares

Issued and outstanding common shares: 37,193,915

Fully diluted common shares:

Type of Security	Number	Exercise Price	Expiry Date
Stock options	350,000	\$0.10	October 12, 2021
Stock options	495,000	\$0.30	October 25, 2022
Stock options	200,000	\$0.31	November 9, 2022
Stock options	10,000	\$0.30	January 22, 2023
Stock options	1,225,000	\$0.56	April 6, 2023
Stock options	175,000	\$0.98	June 12, 2023
Stock options	150,000	\$1.11	July 30, 2023
Stock options	175,000	\$1.43	October 23, 2023
Share purchase warrants	4,085,000	\$0.24	October 18, 2020
Share purchase warrants	3,778,500	\$0.45	March 27, 2020
Fully Diluted	47,837,415		

Disclosure Controls and Procedures

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer’s Annual and Interim Filings) (“NI 52-109”), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with



respect to the financial information contained in the condensed interim consolidated financial statements for the nine months ended August 31, 2018 and this accompanying MD&A (together, the “Interim Filings”).

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim and Annual Filings on SEDAR at www.sedar.com.

Additional Disclosure for Venture Issuers without Significant Revenue

The Company provides disclosure related to capitalized or expensed exploration and development costs in the notes to the financial statements and disclosure related to general and administration expenses in the statements of operations and comprehensive loss. The Company has no expensed research and development costs nor deferred development costs.

Forward-Looking Statements

This MD&A contains forward-looking statements. All statements, other than statements of historical fact, constitute “forward-looking statements” and include any information that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including the Company’s strategy, plans or future financial or operating performance and other statements that express management’s expectations or estimates of future performance.

Forward-looking statements are generally identifiable by the use of the words “may”, “will”, “should”, “continue”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “plan” or “project” or the negative of these words or other variations on these words or comparable terminology. All such forward-looking information and statements are based on certain assumptions and analyses made by the Company’s management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed, implied by or projected in the forward-looking information or statements. Important factors that could cause actual results to differ from these forward-looking statements include but are not limited to: risks related to the exploration and potential development of the Company’s projects, risks related to international operations, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of precious and base metals, as well as those factors discussed in the sections relating to risk factors of the Company set out in this MD&A.

There can be no assurance that any forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader should not place any undue reliance on forward-looking information or statements. Except as required by law, the Company does not intend to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events.

Other Information

Additional information related to the Company is available on SEDAR at www.sedar.com and on the Company’s website, www.cornerstonemetals.ca.