

Condensed Interim Consolidated Financial Statements of

First Vanadium Corp. (formerly Cornerstone Metals Inc.)

For the three and nine months ended August 31, 2018 and 2017

(Unaudited - Expressed in Canadian dollars)

FIRST VANADIUM CORP.

NOTICE OF NO AUDITOR REVIEW

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

First Vanadium Corp. (formerly Cornerstone Metals Inc.)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	August 31, 2018	November 30, 2017
		\$	\$
ASSETS			
Current			
Cash		2,943,474	784,583
GST and other receivables		16,636	3,566
Marketable securities		1,530	1,530
Prepaid expenses		350,389	35,196
		3,312,029	824,875
Reclamation bonds	5	24,086	23,893
Mineral properties	5	1,615,990	631,430
		4,952,105	1,480,198
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	245,729	81,393
SHAREHOLDERS' EQUITY			
Share capital	6	10,977,322	7,393,636
Contributed surplus	6	3,339,309	1,932,308
Accumulated other comprehensive loss		(680)	(680)
Deficit		(9,609,575)	(7,926,459)
		4,706,376	1,398,805
		4,952,105	1,480,198

Subsequent events (Note 6)

Approved on behalf of the Board:

"Fred Sveinson"

Director – Fred Sveinson

"Paul S. Cowley"

Director – Paul S. Cowley

First Vanadium Corp. (formerly Cornerstone Metals Inc.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and nine months ended August 31, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended		Nine months ended	
		August 31		August 31	
		2018	2017	2018	2017
		\$	\$	\$	\$
Audit, accounting and legal	7	41,008	10,996	112,294	27,436
Consulting fees	7	120,422	28,400	328,523	59,035
Directors fees	7	16,409	-	24,078	-
Foreign exchange loss		8,447	4,349	14,601	2,755
Investor relations and marketing		82,718	-	252,791	-
Office expenses		3,748	1,129	39,884	2,362
Stock based compensation	7	159,654	-	840,526	3,001
Transfer agent and filing fees		18,414	3,313	51,312	18,406
Travel and accommodation		6,091	3,672	19,107	5,578
Net loss for the period		(456,911)	(51,859)	(1,683,116)	(118,573)
Other comprehensive income					
Unrealized gain on marketable securities		-	(255)	-	(510)
Comprehensive loss for the period		(456,911)	(52,114)	(1,683,116)	(119,083)
Basic and diluted loss per common share		(0.02)	(0.00)	(0.06)	(0.00)
Weighted average number of common shares outstanding		33,343,290	11,452,847	27,851,147	11,451,410

The accompanying notes are an integral part of these condensed interim consolidated financial statements

First Vanadium Corp. (formerly Cornerstone Metals Inc.)
Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended August 31, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

	2018	2017
	\$	\$
Cash flows provided by (used in):		
Operating activities		
Net loss for the period	(1,683,116)	(118,573)
Share-based compensation	840,526	3,001
	(842,590)	(115,572)
Net changes in non-cash working capital items:		
GST and other receivables	(13,070)	(1,457)
Prepaid expenses	(315,193)	(19,058)
Accounts payable and accrued liabilities	29,850	7,841
	(1,141,003)	(128,246)
Investing activity		
Mineral property deferred exploration expenditures	(850,268)	(19,496)
Financing activities		
Proceeds from private placement	3,000,000	-
Proceeds from exercise of options	90,000	-
Proceeds from exercise of warrants	1,135,523	1,125
Share issuance costs	(75,362)	-
	4,150,161	1,125
Increase (decrease) in cash during the period	2,158,891	(146,617)
Cash, beginning of period	784,583	160,156
Cash, end of period	2,943,474	13,539

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First Vanadium Corp. (formerly Cornerstone Metals Inc.)
Condensed Consolidated Interim Statements of Changes in Equity
For the nine months ended August 31, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

	Common shares	Share Capital	Contributed surplus	Deficit	AOCI	Total
	number	\$	\$	\$	\$	\$
Balance – November 30, 2016	11,441,597	6,389,039	1,154,464	(7,332,215)	(850)	210,438
Shares issued for:						
cash pursuant to exercise of warrants	11,250	1,125	-	-	-	1,125
Share-based compensation	-	-	3,001	-	-	3,001
Net loss and comprehensive loss	-	-	-	(118,573)	(510)	(119,083)
Balance – August 30, 2017	11,452,847	6,390,164	1,157,465	(7,450,788)	(1,360)	95,481
Shares issued for:						
cash pursuant to private placement	7,857,284	580,020	520,000	-	-	1,100,020
Shares issued for mineral property	1,000,000	410,000	-	-	-	410,000
Shares issued for consulting	100,000	41,000	-	-	-	41,000
Share issuance costs – cash	-	(27,548)	-	-	-	(27,548)
Share-based compensation	-	-	254,843	-	-	254,843
Net loss and comprehensive loss	-	-	-	(475,671)	680	(474,991)
Balance – November 30, 2017	20,410,131	7,393,636	1,932,308	(7,926,459)	(680)	1,398,805
Shares issued for:						
cash pursuant to private placement	10,000,000	2,025,000	975,000	-	-	3,000,000
cash pursuant to exercise of warrants	4,199,784	1,491,715	(356,192)	-	-	1,135,523
cash pursuant to exercise of options	590,000	142,333	(52,333)	-	-	90,000
Share issuance costs – cash	-	(75,362)	-	-	-	(75,362)
Share-based compensation	-	-	840,526	-	-	840,526
Net loss and comprehensive loss	-	-	-	(1,683,116)	-	(1,683,116)
Balance – August 31, 2018	35,199,915	10,977,322	3,339,309	(9,609,575)	(680)	4,706,376

The accompanying notes are an integral part of these condensed interim consolidated financial statements

First Vanadium Corp. (formerly Cornerstone Metals Inc.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2018 and 2017
(Unaudited- Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

First Vanadium Corp. (formerly Cornerstone Metals Inc.) (“the Company” or “First Vanadium”) is in the business of the acquisition, exploration and evaluation of mineral properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. On September 20, 2018, the Company changed its name from Cornerstone Metals Inc. to First Vanadium Corp. The Company has an interest in a property located in Arizona, USA. The Company’s corporate head office is located at Suite 880 – 580 Hornby Street, Vancouver, British Columbia, Canada.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended November 30, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended November 30, 2017.

These condensed interim consolidated financial statements were approved by the board of directors on October 29, 2018.

Basis of presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as available for sale, which are stated at their fair value.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new or revised standards have been issued but are not yet effective. The Company has initially assessed that there will be no material reporting changes as a result of adopting these new or revised standards.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on financial liabilities and derecognition of financial instruments. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 – Leases and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company uses the same accounting estimates and judgements as in the annual consolidated financial statements for the year ended November 30, 2017.

First Vanadium Corp. (formerly Cornerstone Metals Inc.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2018 and 2017
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5. MINERAL PROPERTIES – Schedule 1

Carlin Vanadium Property

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 <i>(paid)</i> US\$25,000 to GPUS <i>(paid)</i>	1,000,000 shares to AGEI <i>(issued at a value of \$410,000)</i>	US\$50,000 expenditures on Property <i>(completed)</i>
Year 2	US\$50,000 to GPUS	1,000,000 shares to AGEI <i>(subsequently issued)</i>	US\$125,000 expenditures on Property <i>(completed)</i>
Year 3	-	-	US\$225,000 expenditures on Property <i>(completed)</i>
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.

A finder’s fee of US\$5,000 and 100,000 common shares (valued at \$41,000) of the Company was also paid and issued in relation to this transaction. Subsequent to August 31, 2018 the Company issued 100,000 common shares as an additional finder’s fee.

The Company has paid US\$11,556 into a reclamation bond for the Carlin Vanadium Property.

First Vanadium Corp. (formerly Cornerstone Metals Inc.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2018 and 2017
(Unaudited- Expressed in Canadian dollars)

West Jerome, USA

On August 22, 2013, the Company acquired all of the issued and outstanding shares of CO USA. The acquisition included an undivided 100% interest in West Jerome located in Arizona. The property is subject to a 1.5% NSR to one party and a 0.5% NSR to another party.

Other

As at August 31, 2018, the Company holds a total of \$9,000 (November 30, 2017 - \$9,000) in reclamation bonds related to its previously held Spences Bridge prospect.

6. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value

b) Financing:

On March 27, 2018 the Company closed a private placement of 10,000,000 units at a price of \$0.30 per unit for gross proceeds of \$3,000,000. Each unit consists of one common share and one half share purchase warrant, each warrant entitling the holder to purchase one common share at \$0.45 for two years from closing date. 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. The value of \$680,872 attributed to the warrants was estimated using the Black-Scholes pricing model with the following assumptions: share price - \$0.42; exercise price - \$0.45; risk-free rate – 1.00%; expected life – 2.0 years; expected volatility – 145%; and expected dividends – nil. Additionally, in connection with the private placement, the Company incurred \$75,346 in cash share issuance costs.

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 an exercise price of \$0.27 per share were exercised for gross proceeds of \$1,135,533.

c) Options:

The balance of options outstanding and related information for the nine months ended August 30, 2018 is as follows:

	Options Outstanding	Weighted Average Exercise Price Per Share	Weighted Average Life (Years)
Balance, November 30, 2016	935,000	\$0.12	3.79
Granted	895,000	\$0.30	
Expired	(185,000)	\$0.24	
Balance, November 30, 2017	1,645,000	\$0.21	4.43
Exercised	(590,000)	\$0.15	
Expired	(120,000)	\$0.25	
Granted	1,620,000	\$0.57	
Balance, August 31, 2018	2,555,000	\$0.45	4.28

First Vanadium Corp. (formerly Cornerstone Metals Inc.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2018 and 2017
(Unaudited- Expressed in Canadian dollars)

As at August 31, 2018, the Company had the following options outstanding:

Expiry Date	Exercise Price	Remaining life (Years)	Options outstanding and exercisable
October 11, 2021	\$0.10	3.37	350,000
October 25, 2022	\$0.30	4.41	570,000
November 9, 2022	\$0.31	4.45	200,000
January 22, 2023	\$0.30	4.65	10,000
April 6, 2018	\$0.56	4.85	1,250,000
June 12, 2023	\$0.98	4.78	175,000
			2,555,000

Subsequent to August 31, 2018 a total of 100,000 options were exercised at a weighted average exercise price of \$0.37.

d) Warrants:

The balance of warrants outstanding and related information for the nine months ended August 31, 2018 is as follows:

	Warrants Outstanding	Weighted Average Exercise Price (per share)	Weighted Average Life (years)
Balance, November 30, 2016	3,237,500	\$0.10	0.35
Issued	7,857,284	\$0.24	
Exercised	(11,250)	\$0.10	
Expired	(3,226,250)	\$0.10	
Balance, November 30, 2017	7,857,284	\$0.24	2.64
Issued	5,000,000	\$0.45	
Exercised	(4,199,784)	\$0.27	
Balance, August 31, 2018	8,657,500	\$0.35	1.85

As at August 31, 2018, the Company had the following warrants outstanding:

Expiry Date	Exercise Price	Remaining life (Years)	warrants outstanding
March 27, 2020	\$0.45	1.57	4,392,500
October 18, 2020	\$0.24	2.13	4,265,000
			8,657,500

Subsequent to August 31, 2018 a total of 794,000 warrants were exercised at a weighted average exercise price of \$0.40.

First Vanadium Corp. (formerly Cornerstone Metals Inc.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2018 and 2017
(Unaudited- Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS

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 31		Nine months ended August 31	
	2018	2017	2018	2017
	\$	\$	\$	\$
Accounting fees	6,842	840	17,373	4,320
Consulting fees	58,100	14,400	155,600	36,800
Directors fees	16,409	-	24,078	-
Share based compensation	159,654	-	517,000	-
	241,005	15,240	714,050	41,120

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 August 31		Nine months ended August 31	
	2018	2017	2018	2017
	\$	\$	\$	\$
Consulting fees	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.

8. SEGMENTED INFORMATION

The Company has identified its operating segments based on the internal reports that are reviewed and used by the chief executive officer and the executive management in assessing performance and in determining the allocation of resources. The Company considers the business from a geographic perspective and assesses the performance of the operating segments based on measures such as net property and equipment as well as operational results.

Operating Segment

The Company's operations are limited to a single industry segment, being the acquisition, exploration and development of mineral properties.

Geographic Segments

As at August 31, 2018, the Company's operations and assets are located in Canada and the USA. By geographic areas, the Company's losses for the three and nine months ended August 31, 2018 and 2017 are as follows:

	Three months ended August 31		Nine months ended August 31	
	2018	2017	2018	2017
	\$	\$	\$	\$
Canada	454,031	51,834	1,657,147	116,978
USA	2,880	25	25,969	1,595
	456,911	51,859	1,683,116	118,573

First Vanadium Corp. (formerly Cornerstone Metals Inc.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended August 31, 2018 and 2017
(Unaudited- Expressed in Canadian dollars)

By geographic areas, the Company's non-current assets as at August 31, 2018 and November 30, 2017 are as follows:

	August 31, 2018	November 30, 2017
Canada	\$ 9,000	\$ 9,000
USA	1,631,076	646,323
	<hr/> 1,640,076	<hr/> 655,323

9. COMMITMENTS

In addition to any commitments pursuant to mineral properties (Note 5), the Company is committed to payments for the next 12 months of \$374,800 under various corporate consulting agreements.

First Vanadium Corp. (formerly Cornerstone Metals Inc.)
SCHEDULE 1
Consolidated Schedule of Mineral Properties
For the nine months ended August 31, 2018 and 2017
(Unaudited- Expressed in Canadian dollars)

	West Jerome	Carlin Vanadium	Total
	\$	\$	\$
Balance as at November 30, 2017	109,622	521,808	631,430
Acquisition expenditures	-	32,183	32,183
Deferred Exploration Expenditures			
Assaying	-	35,940	35,940
Licenses, permits and fees	-	15,793	15,793
Consulting	-	232,880	232,880
Drilling	-	599,740	599,740
Surveying	-	35,895	35,895
Travel	-	32,129	32,129
		984,560	984,560
Balance as at August 31, 2018	109,622	1,506,368	1,615,990