



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2019

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, 2019 has been prepared as of October 30, 2019. 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, 2019 as well as the audited annual consolidated financial statements for the year ended November 30, 2018 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 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 FVANF.

Recent Highlights

On October 7, 2019, the Company announced that it had engaged Wood Canada Limited (Wood) to prepare a National Instrument 43-101 Preliminary Economic Assessment (PEA) for the Carlin Vanadium Project. The PEA is anticipated to be completed during Q1 2020.

The Company closed a non-brokered private placement of 3,437,500 units at \$0.40 per unit for total gross proceeds of \$1,375,000. Each unit consists of one common share and one purchase warrant. Each purchase warrant is exercisable into one common share for a period of three years at an exercise price of \$0.65 per share.

On April 10, 2019, the Company announced it had filed on SEDAR a Technical Report supporting the mineral resource estimate announced February 27, 2019.

On April 4, 2019, the Company announced results of 9 variability composite samples from the Carlin Vanadium deposit, of oxidized and unoxidized material with low, average and high grades. The extraction rates of vanadium were consistently high, between 92% and 98%.

On March 19, 2019, the Company announced that it more than doubled the size of its Carlin Vanadium Property from 1,331 acres to 3,177 acres. The Company staked and filed with the Bureau of Land Management (BLM) 1,846 acres of unpatented lode claims over Federal lands adjacent to and proximal to the original core claims. The new claims provide the Company with a larger working area around the Carlin Vanadium deposit.

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

The Carlin Vanadium Project has the largest highest-grade primary vanadium resource in North America. The Carlin Vanadium Project is located in Elko County 10km by road (6 miles) from the town of Carlin, Nevada, and is comprised



of 182 unpatented mineral claims and 80 acres of fee simple land (through a mineral lease agreement) totaling 1,285 hectares (3,177 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. The Company completed two drill campaigns in 2018, totaling 89 diamond and reverse circulation drill holes in 6,255m (20,521 ft) that confirmed historical drilling, infilled and expanded the deposit. Results of these drilling programs were applied to the current Mineral Resource Estimate.

Drilling indicates a relatively flat, near surface zone of high-grade vanadium mineralized zone approximately 35m (115 feet) thick, over 1,800m (6,000ft) in length in the north-south direction and up to 600m (2,000ft) 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.

Mineral Resource

Table 1. Carlin Vanadium Mineral Resource Statement at 0.3% V2O5 Cut-off grade (CoG) (Effective January 31, 2019)

Classification	CoG (% V ₂ O ₅)	Grade (% V ₂ O ₅)	Tons (in millions)	V ₂ O ₅ lb (in millions)
Indicated	0.3	0.615	24.64	303
Inferred	0.3	0.520	7.19	75

1. Mineral Resources are not Mineral Reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability. There has been insufficient exploration to define the Inferred Resources tabulated above as an Indicated or Measured Mineral Resource. There is no guarantee that any part of the mineral resources discussed herein will be converted into a mineral reserve in the future.
2. The Mineral Resources in this estimate were calculated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
3. The mineral resources listed in Table 1 are confined within a Whittle Pit Shell with a 45° pit slope and a strip ratio of 2.6:1 waste to ore including all categories. The following parameters were used to construct the Whittle pit shell and to derive the mineral resource cut-off grade of 0.3% V2O5: Metal prices: US\$12.50/lb V2O5 flake, Mining: US\$2.50/t, Processing: US\$52.50/t, G&A: US\$1.50/t, Product Transport: \$2.00/t, Process Recovery: 85%.
4. Contained pounds may not add due to rounding.

This is the first time Indicated mineral resources have been established for the deposit, justified by the Company's two drill campaigns totaling 89 holes which verified historic drilling, twinned 6 historic holes either replicating or demonstrating improved grade, and in-filled to tighten the previous drill pattern.

The Carlin Vanadium deposit mineral resource was estimated by Dr. Bart Stryhas of SRK Consulting (U.S.), Inc. based on 216 rotary, reverse circulation and diamond drill holes completed by Union Carbide in the late 1960s and First Vanadium in 2018. The grade estimation utilizes an Inverse Distance Squared algorithm and is confined by a 0.2% V2O5 grade shell. The raw sample data was capped at 2.5% V2O5 prior to being composited to 10ft lengths. A dynamic sample search orientation was employed which follows the trends of the mineralized horizons.

The 0.3% V2O5 cut-off grade was chosen for resource reporting based on the reasonable potential for economic extraction under a conceptual open pit mining and milling scenario using US\$2.50/t mining cost, US\$52.50/t milling cost, US\$1.50/t admin cost, US\$2.00/t product transport cost, 85% recovery, and a US\$12.50/lb V2O5 value. The results of the resource estimation provided a CIM classified Indicated and Inferred Mineral Resource.



Access and Mineral Lease Agreement

The Company has gained mineral rights to an additional 200m strike length of the Carlin Vanadium deposit through an Access and Mineral Lease Agreement to approximately 80 acres of private (fee simple) land immediately adjacent to the Carlin Vanadium property (referred to as the “Cole Creek Property”). Six vertical holes drilled by Union Carbide in the 1960’s on this adjacent ground demonstrated a southern continuance of the Carlin Vanadium deposit with thicknesses ranging from 10.67m to 28.96m (average 18.54m; 60.8ft) and grades ranging from 0.37% to 0.82% V2O5 (average 0.57% V2O5).

Pursuant to the terms of the Access and Mineral Lease Agreement, the Company has paid the lessor US\$50,000 on signing, and is required to pay an additional US\$20,000 annually for the lease of all minerals beneath the surface of, within or that may be produced from the Cole Creek Property. In the event the Company commences mining operations on the Cole Creek Property, the annual payments will be replaced with a 5% NSR royalty in favour of the lessor. Pursuant to the terms of the lease, the Company is also required to incur at least US\$100,000 expenditures on the property within 36 months, or to remedy any shortfall by making a cash payment to the lessor in the amount of such shortfall. The term of the lease is for an initial five-year period which may be extended, at the Company’s option, for additional five-year periods provided the Company remains in good standing under the agreement. The Company has the right to terminate the lease portion of the agreement without terminating the road access portion of the agreement.

Carlin Vanadium Property Option

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 for the Company’s fiscal years ended November 30 as indicated:

	Cash	Common shares	Exploration Commitment
2017	US\$50,000 to AGEI <i>(paid)</i>	1,000,000 shares to AGEI <i>(issued at a value of \$410,000)</i>	
2018	US\$25,000 to GPUS <i>(paid)</i>	1,000,000 shares to AGEI <i>(issued at a value of \$1,620,000)</i>	US\$50,000 expenditures on Property <i>(completed)</i>
2019	US\$50,000 to GPUS <i>(paid)</i>		US\$125,000 expenditures on Property <i>(completed)</i>
2020	-	-	US\$225,000 expenditures on Property <i>(completed)</i>
2021	-	-	US\$250,000 expenditures on Property <i>(completed)</i>
2022	US\$1,910,000 to GPUS ⁽¹⁾		US\$372,000 expenditures on Property <i>(completed)</i>

Notes:

⁽¹⁾ The remaining cash payment of US\$1.91M may be paid to GPUS at any time before June 14, 2022, 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).



At such time as First Vanadium has exercised the option in full and acquired a 100% interest in the Property, a 1.5% NSR was to be granted to AGEI under the assignment agreement and a 2% NSR will be granted to GPUS under the option agreement. On November 23, 2018, the Company purchased the 1.5% NSR and adopted certain amendments to the assignment agreement for 1,300,000 common shares (valued at \$1,222,000). The common shares were issued on December 5, 2018. The GPUS 2% NSR may be purchased by the Company at the time of the option exercise for US\$4 million.

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.

During the year ended November 30, 2018 an impairment write down of \$130,083, was taken in relation to the West Jerome property as the Company has no plans for the property in the near future. During the three months ended August 31, 2019 the Company paid \$22,390 in permitting fees to keep the West Jerome property in good standing. These costs have been expensed as exploration costs on the Statement of Loss and Comprehensive Loss.

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, 2019.

	THREE MONTHS ENDED			
	August 31, 2019 (\$)	May 31, 2019 (\$)	February 28, 2019 (\$)	November 30, 2018 (\$)
Total Revenue	Nil	Nil	Nil	Nil
Acquisition and exploration costs	218,730	369,768	531,904	3,587,439
Net loss	(358,867)	(631,924)	(357,034)	(1,552,279)
Net loss per share ⁽¹⁾	(0.01)	(0.02)	(0.01)	(0.05)

	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)

⁽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 February 28, 2019, November 30, 2018, August 31, 2018, May 31, 2018, February 28, 2018 and November 30, 2017 the Company recorded a share based compensation charge of \$50,871, \$767,799, \$159,654, 650,691, \$30,181 and \$257,844, respectively. During the quarter ended November 30, 2018 the Company took an impairment charge on the West Jerome Property of \$130,083 and accrued a bonus to Management of \$160,795.



Results of Operations

Three months ended August 31, 2019

The Company recorded a net loss of \$358,867 (\$0.01 per share) for the three months ended August 31, 2019 compared to a net loss of \$456,911 (\$0.02 per share) for the three months ended August 31, 2018.

	2019	2018
	(\$)	(\$)
General and administrative expenses	358,867	297,257
Stock based compensation	-	159,654
Net loss for the period	358,867	456,911

The increase of general and administrative expenses during the three months ended August 31, 2019 is the result of the Company's increased consulting fees due to the increased activity of the Carlin Vanadium property, a permitting payment for the West Jerome property offset by a decrease in audit, accounting and legal fees as the Company completed an audit of its six months ended May 31, 2018 financial statements in the prior year.

Nine months ended August 31, 2019

The Company recorded a net loss of \$1,347,826 (\$0.04 per share) for the nine months ended August 31, 2019 compared to a net loss of \$1,683,116 (\$0.06 per share) for the nine months ended August 31, 2018.

	2019	2018
	(\$)	(\$)
General and administrative expenses	1,095,632	842,590
Stock based compensation	252,194	840,526
Net loss for the period	1,347,826	1,683,116

The increase of general and administrative expenses during the nine months ended August 31, 2019 is the result of the Company's increased consulting fees due to the increased activity of the Carlin Vanadium property including a bonus milestone earned by management and directors during the period and a permitting payment for the West Jerome property offset by a decrease in audit, accounting and legal fees as the Company completed an audit of its six months ended May 31, 2018 financial statements in the prior year.

Financing Activities

During the nine months ended August 31, 2019, the Company closed a non-brokered private placement of 3,437,500 units at \$0.40 per unit for total gross proceeds of \$1,375,000. Each unit consists of one common share and one purchase warrant. Each purchase warrant is exercisable into one common share for a period of three years at an exercise price of \$0.65 per share.

During the nine months ended August 31, 2019, a total of 212,500 warrants with an exercise price of \$0.45 per share were exercised for gross proceeds of \$95,625.

Liquidity and Capital Resources

The Company's operations consumed \$1,092,341 during the nine months ended August, 2019 (August 31, 2018 – \$842,590) before non-cash working capital items. The cash requirement was funded mainly from the cash balance as at November 30, 2018.

The Company's aggregate operating, investing, and financing activities during the nine months ended August 31, 2019 resulted in a decrease in its cash balance from \$2,389,327 at November 30, 2018 to \$1,661,113 at August 31, 2019. The Company had working capital at August 31, 2019 of \$1,395,110 (November 30, 2018 – \$2,164,122). 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, 2019, the Company incurred \$153,752 of acquisition costs and \$966,650 of mineral property exploration expenditures 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, 2019 and 2018 was as follows:

	Three months ended August 31		Nine months ended August 31	
	2019	2018	2019	2018
	\$	\$	\$	\$
Accounting fees	8,070	6,842	26,302	17,373
Consulting fees ⁽¹⁾	92,250	58,100	326,020	155,600
Directors fees	-	16,409	24,792	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, 2019 and 2018 as follows:

	Three months ended August 31		Nine month ended August 31	
	2019	2018	2019	2018
	\$	\$	\$	\$
Consulting fees	8,020	1,320	19,280	5,880

As at May 31, 2019, accounts payable and accrued liabilities include an amount of \$255,571 (November 30, 2018 – \$221,654) due to officers of the Company and/or companies controlled by officers of the Company. Included in the accounts payable above, is \$220,165 related to bonus payments earned by officers and directors of the Company. The payments are being deferred.

Financial Instruments

The Company's financial instruments consist of cash, other receivables and accounts payable and accrued liabilities. Cash and other receivables are designated as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

As at August 31, 2019, the Company believes that the carrying values of cash, other receivables, and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.



Off-balance Sheet Arrangements

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

Change in Accounting Policy

Effective December 1, 2018, the Company retrospectively changed its accounting policy for depreciation of equipment from a declining balance method to a straight-line method. The change in accounting policy did not result in changes to the Company’s financial statements. The following is the Company’s new accounting policy for equipment:

Equipment

Equipment is carried at cost less accumulated depreciation and any recognized impairment loss, net of reversals. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Furniture and equipment	5 years
Computer hardware	3 years
Computer software	1 year
Vehicles	5 years

New Accounting Standards

i) Standards issued but not yet effective

IFRS 16 Leases

In January 2016, the IASB published a new standard, IFRS 16, Leases. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Under the new standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses). The standard is effective for annual periods beginning after January 1, 2019 and interim periods thereafter.

ii) Standards adopted during the current year

IFRS 9 Financial Instruments

This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective for the Company on January 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company’s financial statements.

The Company completed a detailed assessment of its financial assets and liabilities as at December 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification IAS 39	New classification IFRS 9
Cash and cash equivalents	Loans & receivables	Amortized cost
Accounts receivable	Loans & receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost

The Company did not restate prior periods as there was no impact at the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on December 1, 2018.



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: 42,415,915

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
Stock options	200,000	\$1.40	October 30, 2023
Stock options	75,000	\$0.75	January 18, 2024
Stock options	410,000	\$0.60	March 18, 2024
Share purchase warrants	4,075,000	\$0.24	October 18, 2020
Share purchase warrants	3,304,000	\$0.45	March 27, 2020
Share purchase warrants	2,125,500	\$0.65	June 6, 2022
Share purchase warrants	1,312,000	\$0.65	July 3, 2022
Fully Diluted	56,697,415		

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 three and nine months ended August 31, 2019 and this accompanying MD&A (together, the "Annual 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.firstvanadium.com.