

LARGO PHYSICAL VANADIUM CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended September 30, 2022

and

For the period from date of incorporation, January 20, 2022 to September 30, 2022

BACKGROUND

This Management's Discussion and Analysis ("**MD&A**") of the operating performance and financial condition of Largo Physical Vanadium Corp. ("**we**", "**us**", "**our**", or the "**Company**") for the three months ended September 30, 2022 and period from date of incorporation, January 20, 2022 to September 30, 2022, dated November 25, 2022, should be read in conjunction with the Company's audited financial statements for the period from incorporation on January 20, 2022 to July 31, 2022 and the unaudited interim financial statements for the period from incorporation to September 30, 2022 ("**financial statements**") and related notes thereto, which have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. As this is the Company's first year of operations, no comparative period information is included in this MD&A. This MD&A was approved by the Board of Directors on November 25, 2022.

All dollar figures included herein and in the following MD&A are quoted in Canadian dollars.

FORWARD LOOKING INFORMATION AND GOING CONCERN

This MD&A contains forward-looking information and future oriented financial information within the meaning of applicable Canadian securities laws ("**forward-looking information**"). All information other than statements of current and historical fact contained in this MD&A is forward-looking information and reflect management's expectations regarding the prospects, results of operations, performance and business of the Company based on information currently available to us. Forward-looking information is provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements use forward-looking words, such as "anticipate", "continue", "could", "expect", "may", "will", "intend", "estimate", "plan", "believe" or other similar words but the absence of these words does not mean that a statement is not forward-looking.

Forward-looking information in this MD&A includes, but is not limited to, information relating to the Company's future financial and business operations outlook as set in the section entitled "Outlook" herein, statements regarding the Company's business, future development, future financial position, our strategy and investment policies, demand for supply, and the prices, of vanadium, the competitiveness of vanadium redox flow battery products ("**VRFBs**") in the long-duration energy storage ("**LDES**") market, the expected payment of storage fees under the safekeeping agreement (the "**Safekeeping Agreement**") between the Company and Largo Inc. ("**Largo**"), the adoption of new use cases for vanadium, our intention to effect certain corporate changes, the impact of trading patterns on our share price, the impact of regulators' actions and decisions on our business, the demand for our business and services, and general business and economic conditions. In developing the forward-looking information in this MD&A, we have applied several material assumptions, as set out herein, including those under the section "Outlook" and those related to general business and economic conditions.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Although the Company has attempted to identify important factors, in the section entitled "Risk Factors", that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

KEY PERFORMANCE INDICATORS (NON-IFRS MEASURES)

This MD&A refers to certain non-IFRS measures, which are used to provide investors with supplemental measures of the Company's operating performance and highlight trends that may not otherwise be apparent when relying solely on IFRS measures. The Company also believes that providing such information to securities analysts, investors and other interested parties who frequently use non-IFRS measures in the evaluation of issuers will allow them to better compare the Company's performance against others in its industry. Management also uses non-IFRS measures to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts. These non-IFRS measures have been defined below:

"Cash operating costs" is calculated for the applicable period as total expenses per the unaudited statement of comprehensive income (loss) less non-cash listing fees, gain (loss) on revaluation of vanadium, and net of foreign exchange gains (losses).

"Net asset value per share" is the ratio of net asset value over the actual number of Company's common shares outstanding at the relevant period date.

"Net asset value" is equal to total assets, less total liabilities (or total equity) on the unaudited statement of financial position.

"Net asset value per kg of vanadium" is equal to total net asset value divided by total vanadium on hand (includes vanadium as well as prepaid assets).

"Management expense ratio" is calculated based on total expenses (including applicable Canadian taxes and excluding commissions) for the stated period and is expressed as an annualized percentage of average net asset value during the period.

COMPANY OVERVIEW

The Company was incorporated on January 20, 2022 under the *Business Corporations Act* (British Columbia). The Company was formed by Largo and Term Oil Inc. ("**Term Oil**") with the aim of creating a publicly traded investment vehicle that would invest in and hold substantially all of its assets in vanadium in physical form. The Company aims to provide a secure, convenient and exchange-traded investment alternative for investors interested in direct investment exposure to physical vanadium and not to speculate with regard to short-term changes in vanadium prices.

The Company is listed on the TSX Venture Exchange ("**TSX-V**") under the symbol "**VAND**".

SIGNIFICANT EVENTS AND TRANSACTIONS

Column Capital Corp. ("**Column**") was a Capital Pool Company as defined in the TSX-V Policy 2.4, with an objective to identify and acquire either operating assets or a business, subject to regulatory approval, that meet the criteria of a qualifying transaction as defined by the TSX-V ("**Qualifying Transaction**"). On April 14, 2022, Column and its wholly-owned subsidiary, 1356909 B.C. Ltd., entered into a definitive agreement (the "**Agreement**") with Largo Physical Vanadium Corp. ("**LPV PrivateCo**"), a corporation formed under the laws of the province of British Columbia, pursuant to which, Column would acquire all the shares outstanding in LPV PrivateCo and the post-acquisition entity would continue the business of LPV PrivateCo which aims to hold substantially all of its assets in physical vanadium, providing its shareholders with an exchange-traded alternative for holding physical vanadium.

On September 13, 2022, Column filed a filing statement in respect of the Qualifying Transaction ("**Filing Statement**").

On September 15, 2022, Column completed the Qualifying Transaction which included i) a consolidation of its common shares on a 7.547 to 1 basis and a change of its name to “Largo Physical Vanadium Corp.”, and ii) the amalgamation of LPV with 1356909 B.C. Ltd. Followed by the amalgamation of such amalgamated entity with Column to form the Company (collectively the “Amalgamation”).

While Column was the legal acquirer of LPV PrivateCo, LPV PrivateCo was identified as the acquirer for accounting purposes. The Qualifying Transaction is outside the scope of IFRS 3, *Business Combinations* (“IFRS 3”) as Column does not meet the definition of a business in line with the guidance within IFRS 3. As such, the Amalgamation is accounted for as an equity-settled share-based payment transaction in accordance with IFRS 2, *Share-based Payments*. The Company is considered to be a continuation of LPV PrivateCo with the net identifiable assets of Column deemed to have been acquired by LPV PrivateCo in exchange for shares. Under IFRS 2, the transaction is measured at the fair value of the shares deemed to have been issued by LPV PrivateCo in order for the ownership interest in the combined entity to be the same as if the transaction had taken the legal form of LPV PrivateCo acquiring 100% of Column. Any difference in the fair value of the shares deemed to have been issued by LPV and the fair value of Column’s net identifiable assets represents a service received by LPV PrivateCo (being the publicly listed status being achieved), recorded through profit and loss. The fair value of the shares deemed to have been issued is based on the estimated fair value at the acquisition date, using management’s best estimates of the fair value using the data available at the acquisition date. The financial statements and this MD&A reflect the ongoing operations of the Company.

Details of the Amalgamation are summarized as follows:

Net assets acquired		
Cash	\$	149,132
Accounts payable and accrued liabilities		<u>(15,480)</u>
		133,652
Fair value of common shares deemed to have been issued by LPV PrivateCo		914,270
Excess of fair value over net assets acquired	\$	<u>780,618</u>

The Company incurred legal and other costs of \$889,611 in connection with the Qualifying Transaction. These costs are included in the listing fees expense within the Interim Statement of Comprehensive Loss.

2022 HIGHLIGHTS

- On March 2, 2022, the Company (then LPV PrivateCo) issued 316,600 common shares at a price of \$2.00 per share for gross proceeds of \$632,900. Of the common shares issued, 158,300 were issued to Largo.
- On April 14, 2022, the Company (then LPV PrivateCo) closed a brokered private placement through the issuance of 15,110,000 subscription receipts (“**Subscription Receipts**”) at a price of \$2.00 per Subscription Receipt for a gross amount of \$30,220,000. The gross funds, net of \$638,034 in certain legal expenses and fees payable to agents associated with the private placement (“**Escrowed Amount**”), were held in escrow with Computershare Trust Company of Canada (“**Subscription Receipt Agent**”), to be released to the Company upon the closing of the Qualifying Transaction. Each Subscription Receipt was exchangeable, at no additional consideration, for a common share of the Company upon the satisfaction of certain escrow release conditions precedent to the Qualifying Transaction. Concurrently with the closing of the

Qualifying Transaction, the Company issued 15,110,000 common shares to the holders of Subscription Receipts and the Subscription Receipt Agent released the Escrowed Amount, plus \$200,345 in the form of interest earned on the Escrowed Amount for the period ended September 30, 2022. Costs related to the private placement have been recorded against the gross receipts, as share issuance costs.

- Concurrently with the closing of the Qualifying Transaction, on September 15, 2022, the Company issued 890,000 common shares in exchange for in-kind contribution of 140,000 kilograms (140 metric ton or (“MT”)) of physical vanadium from Largo. The value attributed to the shares was measured in reference to the fair value of the goods received at \$6,163,454.
- In connection with the Amalgamation, 457,135 common shares were issued in exchange for 3,450,000 common shares of Column (using the exchange ratio of 7.547:1.000). Additionally, immediately prior to the closing of the Amalgamation, holders of Column’s 225,000 options and 100,000 warrants exercised their rights to convert these options and warrants into common shares, which were exchanged for 43,064 (post-consolidation) shares, resulting in a total issuance of 500,199 shares with regards to the Qualifying Transaction.

Statement of Net and Comprehensive Loss

	Three months ended September 30, 2022	January 20, 2022, to September 30, 2022
Income		
Interest income	\$ 200,345	\$ 200,345
Expenses		
Bank charges	595	1,375
Professional fees	305,114	494,587
Listing fees	1,079,151	1,670,229
Management fees	24,446	24,446
General and administrative	8,499	19,070
Total expenses	1,417,805	2,209,707
Net loss	\$ (1,217,460)	\$ (2,009,362)
Other income and expense		
Foreign exchange gain	262,894	270,791
Gain on revaluation of vanadium	618,671	618,671
Total other income and expense	881,565	889,462
Income tax expense	209,542	209,542
Net and comprehensive loss	\$ (545,437)	\$ (1,329,442)

SELECTED FINANCIAL INFORMATION

Statement of Financial Position

<u>As at</u>	<u>July 31, 2022</u>	<u>September 30, 2022</u>
Total assets	\$ 30,773,040	\$ 37,238,969
Total liabilities	31,033,191	1,275,821
Total shareholders' equity	(260,151)	35,963,148

Results of operations:

Three months ended September 30, 2022:

The Company's net and comprehensive loss for three months ended September 30, 2022 was \$545,437, with basic and diluted loss per share of \$0.18/share. Key operational highlights for the three-month period are as follows:

- The Company incurred listing fees expense of \$1,079,151, of which \$780,618 relate to the non-cash exchange of common shares with regards to the Amalgamation.
- The Company incurred certain legal, accounting and other professional fees of \$305,114 for the three months ended September 30, 2022
- The Company incurred management fees of \$24,446 related to the Safekeeping Agreement for vanadium between the Company and Largo.
- The Company recorded an unrealized gain of \$618,671 on the revaluation of 140 MT of vanadium held as at September 30, 2022.
- The Company recorded an unrealized foreign exchange gain of \$262,894 in relation to transactions in currencies other than the Company's functional currency.
- The Company recognized a deferred income tax expense of \$209,542.

From the date of incorporation, January 20, 2022 to September 30, 2022:

The Company's net and comprehensive loss for the period ended September 30, 2022 was \$1,329,442, with basic and diluted loss per share of \$1.07/share. Key operational highlights for the period are as follows:

- The Company incurred listing fees expense of \$1,670,229, of which \$780,618 relate to the non-cash exchange of common shares with regards to the Amalgamation.
- The Company incurred certain legal, accounting and other professional fees of \$494,587 for the period ended September 30, 2022.
- The Company incurred management fees of \$24,446 related to the Safekeeping Agreement between the Company and Largo.
- The Company recorded an unrealized gain of \$618,671 on the revaluation of 140 MT of vanadium held as at September 30, 2022.
- The Company recognized an unrealized foreign exchange gain of \$270,791 in relation to transactions in currencies other than the Company's functional currency.
- The Company recognized a deferred income tax expense of \$209,542.

Statement of Cash Flows

January 20, 2022, to September 30, 2022

Cash flows used in operating activities	\$(744,666)
Cash flows from investing activities	\$149,132
Cash flows from financing activities	\$30,214,866

At September 30, 2022, the Company had \$29,637,075 in cash and cash equivalents. Cash equivalents include \$2,000,000 in GICs maturing on a 90-day term, with an interest rate of 4.3% per annum.

Operating Activities:

Cash flows used in operating activities were a result of the net and comprehensive loss of \$1,329,442 for the period ended September 30, 2022, with the following adjustments:

- Non-cash adjustments of \$780,618 for the excess of the fair value over net assets acquired in the Amalgamation, \$618,671 relating to the unrealized gain on the change in fair value of vanadium held, \$264,475 for unrealized foreign exchange gain, and \$209,542 for deferred tax expense incurred in the period.
- Change in the Company's working capital balance resulted in a positive cash flow of \$744,666

Investing Activities:

On September 15, 2022, the Company acquired cash of \$149,132 as part of the closing of the Amalgamation.

Financing Activities:

Cash flows from the Company's financing activities for the period ended September 30, 2022 were as a result of the following transactions:

- On March 2, 2022, the Company received gross proceeds of \$632,900 for the issuance of 316,600 common shares to Largo and Term Oil.
- On September 15, 2022, the Company received gross proceeds of \$30,220,000 from the issuance of 15,110,000 common shares to the holders of Subscription Receipts. Refer to Notes 1 and 5 of the financial statements for details regarding the Qualifying Transaction.
- The Company incurred share issue costs of \$638,034 with regards to the Qualifying Transaction.

Quarterly financial information

Period	Income	Net and comprehensive income (loss)	Basic earnings (loss) per share	Diluted earnings (loss) per share	Total assets	Non-current liabilities
Q3 2022	\$200,345	\$(545,437)	\$(0.18)	\$(0.18)	\$37,238,969	\$-
Q2 2022	\$-	\$(784,005)	\$(3.32)	\$(3.32)	\$30,746,221	\$-
Q1 2022 ¹	\$-	\$(27,279)	\$-	\$-	\$605,621	\$-

¹ Q1 2022 is for the period from January 20, 2022, to March 31, 2022.

- For the three months and period ended September 30, 2022, the Company had an unrealized gain on physical vanadium of \$618,671 or 10.04% over the weighted average cost of vanadium held as at September 30, 2022.
- For the three months and period ended September 30, 2022, the Company had no realized gain (loss) on physical vanadium.
- Revenues for the three months and period ended September 30, 2022, relate to interest income earned on the Escrowed Amount in relation to the private placement completed concurrently with the Qualifying Transaction.
- The Company pays safekeeper fees, technical advisory fees, legal and accounting fees, management fees, general and administrative fees, filing and listing fees payable to applicable securities regulatory authorities and the TSX-V. During the three months and period ended September 30, 2022, the Company incurred expenses of \$1,417,805 and \$2,209,707, respectively. This included \$24,446 in management fees payable to Largo, and \$nil in transaction and/or technical advisory fees. Further, \$780,618 of the listing fees relate to the non-cash exchange of common shares with regards to the Amalgamation.
- The Company held 140MT of physical vanadium as at September 30, 2022. As at September 30, 2022, the spot price of physical vanadium was US\$45.19 per kg or \$61.94 per kg compared to the weighted average cost of US\$33.35 per kg or \$44.99 per kg. The Company returned 8.93% compared to the return on spot price of vanadium of 35.49% for the period ended September 30, 2022.
- The Company's common shares closed at \$2.00 per share on the TSX-V on September 30, 2022. For the quarter ended September 30, 2022, the average daily volume was 47,088 shares per day.
- The Company's cash operating costs for the three months and period ended September 30, 2022 were \$637,187 and \$1,429,089, respectively and amounted to approximately 1.76% and 3.95%, respectively, of the average net assets. Cash operating costs is a non-IFRS measure and is calculated for the applicable period as total expenses per the unaudited statement of comprehensive income (loss) less non-cash listing fees, gain (loss) on revaluation of vanadium, and net of foreign exchange gains (losses).

Ratios and Supplemental Data

Net assets per share:

		January 20, 2022 to September 30, 2022
Net assets per share, beginning of period	\$	-
Increase (decrease) from operations: ¹		
Total income		0.16
Total expenses		(1.78)
Foreign exchange (gain) loss		0.09
Unrealized gain (loss) on vanadium		0.50
Total increase (decrease) from operations	\$	(1.03)
Net assets per share, end of period ^{2, 3}	\$	2.15

1 Increase (decrease) from operations is based on the weighted average number of shares outstanding over the applicable period.

2 Net assets per share is a non-IFRS measure and is calculated as the ratio of net asset value over the actual number of Company's common shares outstanding at the relevant period date.

3 This table is not intended to be a reconciliation from the beginning to ending net assets per share.

Physical vanadium:

	Volume (MT)	Amount (\$)
Opening balance as at January 20, 2022	-	-
Purchases during the period	140	6,163,454
Change in fair value	-	865,402
Ending balance as at September 30, 2022	140	\$7,028,856

- On September 29, 2022, the Company paid \$447,155 in advance for the purchase of 20 MT of vanadium. As at September 30th, the Company had not taken legal title of this vanadium, and as such the advance payment has been recorded in prepaid assets.
- During the period ended September 30, 2022, the Company entered into contractual agreements to purchase 220MT of vanadium with a total fixed cost of \$6,193,721, which are expected to be executed within the next twelve months.

Other ratios and supplemental data:

		September 30, 2022
Total net asset value ¹	\$	35,963,148
Number of common shares outstanding		16,816,799
Management expense ratio ²		1.52%
Net asset value per share	\$	2.15
Net asset value per kg of vanadium ³	\$	258.376
Closing share price - TSX-V	\$	2.00

1 Net asset value is a non-IFRS measure and is equal to total assets, less total liabilities on the unaudited statement of financial position.

2 Management expense ratio is a non-IFRS measure and is calculated based on total expenses (including applicable Canadian taxes and excluding commissions) for the stated period and is expressed as an annualized percentage of average net asset value during the period.

3 Net asset value per kg of vanadium is a non-IFRS measure and is calculated as total net asset value divided by the amount of vanadium on hand (includes vanadium as well as prepaid inventory).

LIQUIDITY

As at September 30, 2022, the Company's operations have been financed from the issuance of shares, which in the period from incorporation on January 20, 2022 to September 30, 2022 consisted of the issuance of shares as summarized below:

	Number	Amount (\$)
Issuance of shares	316,600	632,900
Private placement	15,110,000	29,581,966
Issuance of shares for in-kind contribution	890,000	6,163,454
Shares issued in Qualifying Transaction	500,199	914,270
Total	16,816,799	\$37,292,590

Sources and uses of funds

As at September 30, 2022, the Company had cash of \$29,637,075, which it expects to use to fund operating costs and the purchase of physical vanadium in accordance with the Company's business plan. It is intended that, after accounting for the costs of the Qualifying Transaction and amounts required to fund operating costs, the Company will expend substantially all funds raised on the purchase of physical vanadium. Pursuant to the Company's investment policy, 90% of the total net assets of the Company will be held in physical vanadium, provided however that in circumstances where the Company's Board believes that it is in the best interests of LPV, LPV may sell some or all of its holdings in physical vanadium, which circumstances may include where insufficient cash is available to fund operating costs.

The following table sets forth the funds anticipated to be spent in the 18 months commencing immediately after the completion of the Amalgamation in accordance with the Filing Statement, as well as the funds expended for the year to date:

	Estimated amount per the Filing Statement	January 20, 2022 to September 30, 2022	Variance
Total available funds ¹	\$ 29,598,491	\$ 29,143,834	\$ (454,657)
General and administrative expenses ²	2,300,000	1,429,089	(870,911)
Purchases of vanadium ³	27,098,451	447,156	(26,651,295)
Total funds used	\$ 29,398,451	\$ 1,876,245	\$ (27,522,206)

¹ Total available funds as at September 30, 2022 calculated as the difference between the Company's total current assets and current liabilities.

² General and administrative expenses for the period ended September 30, 2022 excludes the non-cash listing fees of \$780,618 related to the LPV Acquisition. Further, one-time legal and accounting fees related to the LPV Acquisition of \$816,741 have been included above.

³ Excludes purchase of 140MT of physical vanadium in-kind through the issuance of 890,000 common shares of the Company.

Additionally, the Company has committed to the purchase of 220MT of vanadium for a total fixed cost of US\$4,632,145 (\$6,193,721). Based on current projections, the Company's working capital available for funding operations is expected to meet its expenses for a minimum of 18 months after the completion of the Qualifying Transaction.

CAPITAL MANAGEMENT

The Company defines its managed capital as shareholders' equity, including common shares, and accumulated net and comprehensive loss. As at September 30, 2022, total managed capital was \$35,963,148.

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. Management continuously assesses its working capital needs to assess whether it will be able to meet its investment objectives. As at September 30, 2022, management believes that the Company has sufficient resources to fund its investment objectives for the next 18 months.

The Company manages its capital structure under supervision of its board of directors. The Company makes adjustments to its capital structure based on changes in economic conditions and the Company's planned requirements. The Company has the ability to adjust its capital structure by issuing new equity or debt, and controlling the amount it distributes to shareholders.

OFF-BALANCE SHEET ARRANGEMENTS

In the period from incorporation on January 20, 2022 to September 30, 2022, the Company did not have nor was it subject to any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, comprised of the Company's directors and executive officers. During the three months and period ended September 30, 2022, the Company paid professional fees totaling \$15,408 and \$20,543, respectively, to Marrelli Support Services Inc., and certain of its affiliates, together referred to as the "Marrelli Group" for: (i) Carmelo Marrelli, beneficial owner of the Marrelli Group, to act as the Chief Financial Officer of the Company, and (ii) corporate secretarial and regulatory filing services.

For the period ending September 30, 2022, the Company entered into various transactions relating to the purchase of vanadium from Largo. Additionally, the Company has entered into certain safekeeping and supply arrangements with Largo for the management and safekeeping of its physical vanadium. Transactions incurred with Largo during the three-month and period ended September 30, 2022 were as follows:

On September 15, 2022, the Company issued 890,000 common shares in exchange for in-kind contribution of 140MT vanadium from Largo valued at \$6,163,454.

- On September 29, 2022, the Company paid \$447,155 in advance for the purchase of 20MT of vanadium.
- During the three months and period ended September 30, 2022, the Company entered into contractual commitments for the purchase of 220MT of vanadium from Largo for \$6,193,721.
- During the three months and period ended September 30, 2022, the Company paid management fees of \$24,446 to Largo in exchange for management services, the balance of which has been recorded in accounts payable and accrued liabilities in the Interim Statement of Financial Position. No transaction fees in relation to the supply agreements with Largo were incurred for the three-months and period ended September 30, 2022.

The Company has also entered into a technical advisor arrangement with Term Oil. No fees were incurred in relation to the same for the three-months and period ended September 30, 2022.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Management is required to apply judgment and estimates in determination of appropriate provisions. By their nature, these judgments and estimates are subject to measurement uncertainty and are reviewed periodically and adjustments, if necessary, are made in the period in which they are identified. Actual results could differ from those estimates.

RISK FACTORS

The Company's business is, and will be, subject to numerous risks and uncertainties, including, but are not limited to, the following:

- the Company has a limited operating history;
- the business of the Company is highly dependent upon the price of vanadium;
- the Company is dependent on certain key agreements with third parties;
- the Company is subject to risks relating to the business and operations of Largo;
- Largo may not be able to build, finance and successfully operate its VRFB business;
- the vanadium market is small and highly concentrated, and therefore susceptible to swings in the availability of supply;
- demand for vanadium is highly dependent on demand for steel;
- there can be no assurance regarding the adoption of new use cases for vanadium;
- developments in China could have a negative impact on demand for vanadium;
- directors and officers of the Company may from time to time have conflicts of interest with the counterparties to key agreements;
- the business of the Company depends on key personnel and any inability to recruit and retain key personnel may adversely affect the business;
- there are risks associated with the safekeeping of vanadium;
- it may not be possible to obtain additional financing on acceptable terms, or at all;
- the objectives and benefits of transactions in vanadium may not be realized;
- there are risks associated with calculation and realization of net asset value ("NAV");
- there are risks associated with vanadium lending or relocation;
- the activities and financial results of the Company will be affected by changes in foreign exchange rates;
- the business of the Company are exposed to global economic conditions;
- reliance on various operating and financial systems and data which may expose LPV and the Resulting Issuer to cyber security threats;
- the Company is subject to risks associated with the production of vanadium;
- a large purchase of physical vanadium by the Company in connection with an offering may temporarily affect the price of vanadium;

- the requirements of being a public company may strain the Company's resources, divert management's attention and affect its ability to attract and retain executive management and qualified board members;
- an active trading market may not develop for the Company's shares; and
- shareholders of the Company are at risk of equity dilution.

Risk Management

The Company's board of directors has overall responsibility for the determination of the Company's risk management objectives and policies while retaining ultimate responsibility for them. The Company is exposed to a variety of financial risks by virtue of its activities: market risk, credit risk, interest rate risk, liquidity risk and foreign currency risk.

Risk management is carried out by the board of directors, who identify and evaluate financial risks in close cooperation with management. The Company is not exposed to significant interest rate or credit risks arising from its financial instruments.

Liquidity risk

Liquidity risk is the risk that the Company encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover financial assets. Liquidity risk arises from accounts payable and accrued liabilities and commitments. The Company continues to focus on maintaining adequate liquidity in order to meet operating working capital requirements and capital expenditures.

Market risk

Market risk arises from the possibility that changes in the market price of the Company's investment in vanadium will result in change in fair value of such investments. The Company closely monitors vanadium prices to determine appropriate investment strategies.

Currency risk

Currency risk arises from the possibility that changes in the price of foreign currencies will result in changes in carrying value. The Company's assets include vanadium, which is priced in U.S. dollars. Therefore, the Company is exposed to currency risk as fluctuations in the foreign exchange rate between the Company's functional currency and U.S. dollars may result in adverse impact for the Company.