

Largo Physical Vanadium Corp.

Unaudited Interim Financial Statements

For the three months ended September 30, 2022

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

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements for Largo Physical Vanadium Corp. were prepared by management in accordance with International Financial Reporting Standards (IFRS). Management acknowledges responsibility for the fair preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. In the opinion of management, the financial statements have been prepared within acceptable limits using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Company's board of directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

“Paul Vollant” Chief Executive Officer

“Carmelo Marrelli” Chief Financial Officer

Largo Physical Vanadium Corp.
Interim Statement of Financial Position
(Unaudited, Expressed in Canadian Dollars)

As at	Note(s)	September 30, 2022	July 31, 2022
Current assets			
Cash and cash equivalents		\$ 29,637,075	\$ 395,899
Cash held in escrow		-	29,693,572
Prepaid assets	4,8	519,137	683,569
Sales tax receivable		53,901	-
Total current assets		30,210,113	30,773,040
Non-current assets			
Vanadium	4,8	7,028,856	-
Total assets		\$ 37,238,969	\$ 30,773,040
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accruals		\$ 1,066,279	\$ 701,585
Subscription receipts		-	30,331,606
Total current liabilities		1,066,279	31,033,191
Non-current liabilities			
Deferred tax liability		209,542	-
Total liabilities		\$ 1,275,821	\$ 31,033,191
Shareholder' equity			
Common shares	1,5	37,292,590	632,900
Deficit		(1,329,442)	(893,051)
Total Shareholders' equity		\$ 35,963,148	\$ (260,151)
Total liabilities and shareholders' equity		\$ 37,238,969	\$ 30,773,040

Approved by:

"Jonathan Lee" Director

"Larry Ciccarelli" Director

Largo Physical Vanadium Corp.
Interim Statement of Net and Comprehensive Loss
(Unaudited, Expressed in Canadian Dollars)

	<i>Note(s)</i>	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	1,079,151	1,670,229
Management fees	8	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	4	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)

Loss per share attributable to equity holders

Basic	10	\$ (0.18)	\$ (1.07)
Diluted	10	\$ (0.18)	\$ (1.07)

Largo Physical Vanadium Corp.
Interim Statement of Changes in Shareholders' Equity (Deficit)
(Unaudited, Expressed in Canadian Dollars)

From January 20, 2022, to September 30, 2022	<i>Note(s)</i>	Common shares (#)	Common shares (\$)	Deficit	Shareholders' equity
Balance at January 20, 2022		-	\$ -	\$ -	\$ -
Net and comprehensive loss for the period		-	-	(1,329,442)	(1,329,442)
Issuance of common shares	5	316,600	632,900	-	632,900
Private placement	5	15,110,000	30,220,000	-	30,220,000
Share issue costs	5	-	(638,034)	-	(638,034)
Common shares for contribution in-kind	4	890,000	6,163,454	-	6,163,454
Shares issued in Qualifying Transaction	1	500,199	914,270	-	914,270
Balance at September 30, 2022		16,816,799	\$ 37,292,590	\$ (1,329,442)	\$ 35,963,148

Largo Physical Vanadium Corp.
Interim Statement of Cash Flows
(Unaudited, Expressed in Canadian Dollars)

	<i>Note(s)</i>	January 20, 2022, to September 30, 2022
Cash flows used in operating activities		
Net and comprehensive loss for the period		\$ (1,329,442)
Non-cash items:		
Unrealized foreign exchange gain		(264,475)
Gain on revaluation of vanadium		(618,671)
Excess of fair value over net assets acquired	1.1	780,618
Deferred tax liability		209,542
		(1,222,427)
Changes in working capital balances:		
Prepaid assets		(519,137)
Sales tax receivable		(53,901)
Accounts payable and accrued liabilities		1,050,799
		\$ (744,666)
Cash flows from investing activities		
Cash acquired in qualifying transaction		\$ 149,132
Cash flows from financing activities		
Proceeds from share issuance	5	632,900
Proceeds from private placement	5	30,220,000
Share issue costs		(638,034)
		\$ 30,214,866
Foreign exchange on cash		17,744
Net change in cash		29,637,075
Cash and cash equivalents, beginning of period		-
Cash and cash equivalents, end of period		\$ 29,637,075
Purchase of vanadium	4	\$ (6,163,154)
Shares issued for in-kind contribution	4,5	6,163,154

1. Nature of operations

Largo Physical Vanadium Corp. (“the Company”) was incorporated on January 20, 2022, under the Business Corporations Act (British Columbia). Largo Physical Vanadium Corp.’s registered office is located at 666 Burrard Street, Suite 1700, Park Place, Vancouver, British Columbia, V6C 2X8. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “VAND.V”.

The Company was formed by Largo, Inc. (“Largo”), the ultimate parent Company of LPV 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 speculate with regard to short-term changes in vanadium prices.

1.1 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 Private Co”), 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.

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 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* (“IFRS 2”). 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 PrivateCo 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

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value using the data available at the acquisition date. These financial statements reflect the ongoing operations of the Company and all prior period comparative amounts are those 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 Private Co (Note 5)		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.

2. Basis of preparation

2.1 Statement of compliance

These unaudited interim financial statements (“financial statements”) of the Company have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”), effective for the reporting period ended September 30, 2022.

The financial statements were authorized for issuance by the board of directors of the Company on November 25, 2022.

2.2 Basis of measurement

These financial statements have been prepared on a historical cost basis.

2.3 Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

3. Summary of significant accounting policies

3.1 Significant accounting judgments and estimates

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 accounting for

the Qualifying Transaction, classification of physical vanadium and any 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.

3.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and highly liquid short-term investments in the form of Guaranteed Investment Certificates (“GICs”) with maturity terms of less than three months. The Company’s cash and cash equivalents include \$2,000,000 in GICs with an interest rate of 4.3% per annum, as at September 30, 2022.

3.3 Vanadium

The Company acquires physical vanadium with the intention of holding the asset for long term price appreciation. Investments in physical vanadium are measured at fair value determined by reference to published price quotations, with unrealized and realized losses recorded in income based on the IAS 40, *Investment Property* (“IAS 40”) fair value model as IAS 40 is the most relevant standard to apply. Investment transactions in physical vanadium are recognized when control is established over the same, as determined by the passing of title over purchased vanadium to the Company. Gains or losses of holdings of physical vanadium are calculated on a weighted-average cost basis and recorded in the statement of loss and comprehensive loss.

3.4 Financial instruments

Financial assets and financial liabilities are recognized on the Statement of Financial Position when the Company becomes a party to the contractual provisions of the financial instrument. All financial instruments are required to be measured at fair value on initial recognition plus, for a financial asset or financial liability at amortized cost, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (“FVTPL”) are recognized immediately in profit or loss.

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (“FVTOCI”), or FVTPL. The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated. Instead, the hybrid financial asset as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not have any financial assets that would be classified as FVTPL or FVTOCI. Amortized cost assets are financial assets with fixed or determinable payments that are not

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quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition, these financial assets are measured at amortized cost using the effective interest rate method, less any impairment losses.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial liabilities as financial liabilities at FVTPL other liabilities at amortized cost.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest rate method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics and management intent as outlined below:

Financial instrument	Classification
Cash and cash equivalents	Financial assets at amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost

3.5 Income taxes

Deferred tax

Deferred tax expense is recognized on temporary differences arising between the tax bases and their carrying amounts in the Statement of Financial Position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the

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reporting period, and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets:

- (i) are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- (ii) are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

Current tax

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.6 Provisions

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to passage of time is recognized as interest expense.

3.7 Foreign currency

Foreign currency monetary assets and liabilities are translated into the Company's functional currency using the closing rate at the end of each reporting period. Non-monetary assets and liabilities are translated at the rates on the date the fair value was determined or at historical cost using the rate at the date of the transaction. Revenues and expenses arising from foreign currency denominated transactions are translated at the average exchange rates in effect during the month of the transaction. Translation gains and losses are included in profit or loss. The Company's functional and presentation currency is the Canadian dollar.

3.8 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are

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subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3.9 New standards, amendments and interpretations

For the period ended September 30, 2022, no new accounting standards were adopted.

3.10 New standards and interpretations issued but not yet adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of Company's financial statements are listed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective and is currently analyzing them to determine their impact on the financial statements:

- Annual Improvements (2018-2020 Cycle);
- Amendments to IFRS 3, Business Combinations, with respect to the reference to the Conceptual Framework;
- Amendments to IAS 16, Property, Plant and Equipment, with respect to proceeds before intended use;
- Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, with respect to onerous contracts;
- Amendments to IAS 1, Presentation of Financial Statements, with respect to classification of liabilities as current or non-current;
- Amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, with respect to the definition of material; and
- Amendments to IAS 12, Income Taxes, with respect to deferred tax related to assets and liabilities arising from a single transaction.

4. Vanadium

During the period ended September 30, 2022, the Company entered into various agreements relating to the purchase of physical vanadium, as described below:

- On September 15, 2022, concurrently with the closing of the Qualifying Transaction, the Company received an in-kind contribution of 140 metric tons ("MT") of vanadium from Largo in exchange for the issuance of 890,000 common shares of the Company. This contribution was initially recognized in accordance with IFRS 2, *Share-based payments*, ("IFRS 2") with reference to the fair value of vanadium acquired. The fair value of vanadium at the date of acquisition was \$6,163,454. An unrealized gain of \$865,402 on account of change in the fair value of has been recorded for three months and period ended September 30, 2022.
- On September 29, 2022, the Company paid \$447,155 in advance for the purchase of 20 MT of vanadium from Largo. 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 also entered into various commitments to purchase vanadium from Largo. See Note 9 for further details.

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A reconciliation of vanadium held by the Company as at September 30, 2022 is as follows:

	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

5. Share capital

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued

The following table represents the common shares issued by the Company for the period ended September 30, 2022:

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

- (i) 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.
- (ii) 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 (Note 1). 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.
- (iii) Concurrently with the closing of the Qualifying Transaction (Note 1), on September 15, 2022, the Company issued 890,000 common shares in exchange for in-kind contribution of vanadium from Largo. The value attributed to the shares was measured in reference to the fair value of the goods received. See Note 4.

- (iv) 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.

6. Financial instruments

The Company has classified its financial instruments in accordance with IFRS into various categories as described in its accounting policies.

The fair values of financial instruments are classified and measured according to the following three levels based on the fair value hierarchy.

Level 1: quoted prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data. There were no financial instruments carried at fair value categorized in Level 3 as at September 30, 2022.

There were no transfers between levels during the period.

Physical vanadium is measured at fair value. The fair value measurement of all vanadium falls within Level 1 of the hierarchy and is based on published price quotations.

The carrying values of cash and cash equivalents and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term nature of these securities.

The Company does not have any instruments carried at fair value categorized in Level 3 as at period end.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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.

7. 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 u

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.

8. 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 services and regulatory filing services.

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For the period ending September 30, 2022, the Company entered into various transactions relating to the purchase of vanadium from Largo (Note 4). 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. See Notes 4 and 5(ii).
- On September 29, 2022, the Company paid \$447,155 in advance for the purchase of 20MT of vanadium. See Note 4.
- 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 (Note 9).
- 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.

9. Commitments

During the period, the Company entered into contractual agreements to purchase 220MT of vanadium with a total fixed cost of US\$4,632,145 (\$6,193,721), which are expected to be executed within the next twelve months.

10. Earnings per share

The Company presents basic and diluted earnings per share data for its common shares (Note 5). Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for treasury shares held. Diluted earnings per share is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential common shares. As the Company is in a net and comprehensive loss position in the current period, and has no other equity instruments with dilutive properties, basic earnings per share equals diluted earnings per share.

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Basic and diluted earnings per share

	For the three months ended September 30, 2022	January 20, 2022, to September 30, 2022
Numerator:		
Net and comprehensive loss	\$ (545,437)	\$ (1,329,442)
Denominator:		
Weighted average shares outstanding	3,036,413	1,243,566
Loss per share		
Basic	\$ (0.18)	\$ (1.07)
Diluted	\$ (0.18)	\$ (1.07)