

**VELA MINERALS LTD.**

**INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2018**

**(Unaudited – Expressed in Canadian Dollars)**



## Independent Practitioner's Report

To: The Board of Directors of  
**Vela Minerals Ltd.**

We have reviewed the accompanying financial statements of **Vela Minerals Ltd.** that comprise the statement of financial position as at July 31, 2018 and the statements of net loss, comprehensive loss, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Vela Minerals Ltd. as at July 31, 2018, and the results of its operations and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the financial statements, which indicates that Vela Minerals Inc. incurred a net loss of \$135,884 during the period ended July 31, 2018 and, as of that date, the Company's current liabilities exceeded its current assets by \$145,352. These conditions, along with other matters as disclosed in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

September 26, 2018

Chartered Professional Accountants,  
Chartered Accountants

**VELA MINERALS LTD.**Interim Statements of Financial Position  
(Unaudited - Expressed in Canadian Dollars)

	July 31 2018	October 31 2017
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 3,244	\$ 2,452
GST/HST receivable	3,502	80
	6,746	2,532
Exploration and evaluation properties (note 4)	-	1,000
	\$ 6,746	\$ 3,532
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 7)	\$ 96,305	\$ 14,000
Loans payable (note 5)	26,871	-
Promissory notes payable (note 8)	28,922	-
	152,098	14,000
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share capital (note 6)	896,891	896,891
Share subscriptions advanced (note 11)	1,000	-
Share-based payment reserve (note 6)	171,923	171,923
Deficit	(1,215,166)	(1,079,282)
	(145,352)	(10,468)
	\$ 6,746	\$ 3,532

Nature and continuance of operations (note 1)

Events after the reporting period (note 11)

Approved on behalf of the Board

Director           "Richard W. Grayston"            
Richard W. GraystonDirector           "Mark Ferguson"            
Mark Ferguson*The accompanying notes are an integral part of these interim financial statements*

**VELA MINERALS LTD.**

Interim Statements of Operations and Comprehensive Loss  
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended		For the nine months ended	
	July 31		July 31	
	2018	2017	2018	2017
<b>Expenses</b>				
Consulting fees (note 7)	\$ 7,500	\$ -	\$ 16,250	\$ -
Interest	620	-	766	-
Office and administration	44	1,065	366	1,181
Professional fees	47,701	1,266	77,036	4,266
Transfer agent and filing fees	13,411	2,096	34,632	15,881
	69,276	4,427	129,050	21,328
<b>Other Item</b>				
Loss on disposal of mineral property (note 4)	-	193,177	-	193,177
Write down of exploration assets (note 4)	6,834	-	6,834	-
<b>Net and comprehensive loss for the period</b>	<b>\$ 76,110</b>	<b>\$ 197,604</b>	<b>\$ 135,884</b>	<b>\$ 214,505</b>
<b>Basic and diluted loss per share</b>	<b>\$ 0.04</b>	<b>\$ 0.11</b>	<b>\$ 0.08</b>	<b>\$ 0.12</b>
<b>Weighted average number of common shares outstanding</b>	<b>1,762,450</b>	<b>1,762,450</b>	<b>1,762,450</b>	<b>1,762,450</b>

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

**VELA MINERALS LTD.**

Interim Statements of Cash Flow

(Unaudited - Expressed in Canadian Dollars)

	For the nine months ended	
	July 31	
	2018	2017
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss	\$ (135,884)	\$ (214,505)
Items not involving cash:		
Loss on disposal of mineral properties	-	193,177
Write down of exploration assets	6,834	-
Change in non-cash working capital:		
GST/HST receivable	(3,422)	(596)
Accounts payable and accrued liabilities	82,305	455
<b>Net cash flows used in operating activities</b>	<b>(50,167)</b>	<b>(21,469)</b>
<b>Investing activities</b>		
Proceeds on sale of mineral rights to properties	-	1,000
Mineral property exploration costs	(5,834)	-
<b>Net cash flows (used in) provided by operating activities</b>	<b>(5,834)</b>	<b>1,000</b>
<b>Financing activities</b>		
Loan advances	26,871	-
Share subscriptions advanced	1,000	-
Advances through promissory notes	28,922	-
<b>Net cash flows provided by operating activities</b>	<b>56,793</b>	<b>-</b>
<b>Change in cash during the period</b>	<b>792</b>	<b>(20,469)</b>
<b>Cash, beginning of the period</b>	<b>2,452</b>	<b>22,807</b>
<b>Cash, end of the period</b>	<b>\$ 3,244</b>	<b>\$ 2,338</b>

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

**VELA MINERALS LTD.**

Interim Statements of Changes in Equity  
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscriptions Advanced	Share-based Payment Reserve	Deficit	Total Equity (Deficiency)
<b>Balance at November 1, 2016</b>	1,762,450	\$ 896,891	\$ -	\$ 171,923	\$ (859,157)	\$ 209,657
Net loss for the period	-	-	-	-	(214,505)	(214,505)
<b>Balance at July 31, 2017</b>	1,762,450	896,891	-	171,923	(1,073,662)	(4,848)
<b>Balance at November 1, 2017</b>	1,762,450	896,891	-	171,923	(1,079,282)	(10,468)
Share subscriptions advanced	-	-	1,000	-	-	1,000
Net loss for the period	-	-	-	-	(135,884)	(135,884)
<b>Balance at July 31, 2018</b>	1,762,450	\$ 896,891	\$ 1,000	\$ 171,923	\$ (1,215,166)	\$ (145,352)

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

**VELA MINERALS LTD.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Vela Minerals Ltd. (the "Company") was incorporated in the Province of British Columbia on May 19, 2011 and is in the business of identifying, acquiring and exploring mineral properties. The Company is currently in the exploration stage of developing its exploration and evaluation properties and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "VLA".

The address of the Company's registered office is 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

These interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at July 31, 2018 the Company had not advanced its exploration and evaluation properties to commercial production and is not able to finance day to day activities through operations. These uncertainties cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

These interim financial statements were authorized for issue on September 26, 2018 by the directors of the Company.

**VELA MINERALS LTD.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

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**2. BASIS OF PRESENTATION**

**Statement of compliance**

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”) 34, Interim Financial Reporting. These interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the year ended October 31, 2017, which have been prepared in accordance with IFRS.

These interim financial statements have been prepared on the historical cost basis. The presentation and functional currency of the Company is the Canadian dollar.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**a) Significant accounting judgments, estimates and assumptions**

The preparation of the Company’s interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the interim financial statements:

- the determination that the Company will continue as a going concern for the next year.

**b) Recent accounting pronouncements**

*New accounting standards issued but not yet effective*

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

**VELA MINERALS LTD.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended July 31, 2018 and 2017  
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**4. EXPLORATION AND EVALUATION PROPERTIES**

**Rossland property**

On June 30, 2011, the Company signed an option agreement to acquire a 100% interest in certain mineral claims located in the Trail and Rossland area of southern British Columbia. Under the terms of the Purchase Option Agreement, the Company paid cash consideration of \$70,000 and issued an aggregate of 500,000 shares in the Company. Additionally, the Company agreed to pay a royalty in an amount equal to 2% of net proceeds on all minerals produced from the Rossland property and sold by the Company. In April 2016, the vendor of the Rossland property agreed to relinquish their 2% NSR. The Company wrote the value of the property down to \$1,000 in the year ended October 31, 2017. On July 24, 2017, the Company disposed of the Rossland property to a related party for the sum of \$1,000 and recorded a loss on disposal of \$193,177. On October 31, 2017, the property was returned to the Company for a sum of \$1,000.

During the period of time after the sale of the Rossland Property and prior to its repurchase, there was a small work program completed independent of the Company. The program consisted of surface sampling in which 35 samples were collected and assayed. During the period ended July 31, 2018, the Company incurred exploration costs of \$5,834 and extended the claims to July 31, 2018. As the claims were not renewed, the property was written down to \$Nil on July 31, 2018.

	<b>Rossland Property</b>
Balance at November 1, 2016	\$ 194,177
Additions:	
Acquisition costs	1,000
Proceeds on disposal	(1,000)
Write down	(193,177)
<b>Balance at October 31, 2017</b>	<b>\$ 1,000</b>
Exploration costs	5,834
Write down	(6,834)
<b>Balance at July 31, 2018</b>	<b>\$ -</b>
Summary:	
Acquisition & option payments	\$ 96,203
Exploration	140,834
Mineral tax credits	(36,026)
Write down	(200,011)
Proceeds on disposal	(1,000)
<b>Balance at July 31, 2018</b>	<b>\$ -</b>

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**5. LOANS PAYABLE**

These loans represent funds advanced by an investor who is assisting in implementing the Company's business plan. Receipt of these loans is providing the working capital for the Company to prepare financial statements and for corporate registrations. As a result, the Company has gained further time in which to implement its intended business plan.

Loans payable in the amount of \$26,871 (October 31, 2017 - \$Nil) are unsecured and bear interest at 10% per annum and will be repaid once the Company's business plan is implemented.

As at July 31, 2018, \$766 (October 31, 2017 - \$Nil) in accrued interest was included in accounts payable and accrued liabilities.

**6. SHARE CAPITAL AND RESERVES**

**Authorized**

Unlimited common shares without par value

**Issued**

Shares issued and outstanding at July 31, 2018 are 1,762,450 (October 31, 2017 – 1,762,450).

On January 12, 2018, the Company completed a 6 for 1 consolidation of its issued and outstanding common shares. The shares outstanding pre-consolidation were 10,574,711. The shares outstanding after consolidation are 1,762,450.

All shares and per share information have been restated to reflect this consolidation.

**Share-based Payments**

Pursuant to a stock option plan (the "Plan") for directors, officers, employees and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares, the exercise price to be determined on the date of issuance of the options. The options are non-transferable and will expire, if not exercised, 30 days following the date the optionee ceases to be a director, officer, employee or consultant of the Company for reasons other than death, one year after the death of an optionee or on the final anniversary of the date the option was granted which concludes the option term. Options granted under the plan may not exceed ten years and vest at the discretion of the board of directors, and shall not be exercisable at less than the price determined by policy or policies of the stock exchange(s) on which the Company's common shares are then listed. Notwithstanding the foregoing, options issued to consultants performing investor relations activities vest over 12 months with no more than 25% of the options vesting in any three month period. Occasionally, the Company issues stock options to agents which do not fall under the plan.

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**6. SHARE CAPITAL AND RESERVES, continued**

The following table summarizes activity related to stock options:

	July 31, 2018		October 31, 2017	
	Number of	Weighted	Number of	Weighted
	Options	average	Options	average
		exercise		exercise
		price		price
Outstanding - beginning of period	130,000	\$ 0.175	860,000	\$ 0.158
Expired	(130,000)	0.175	(730,000)	0.154
Outstanding - end of period	-	\$ -	130,000	\$ 0.175

**7. RELATED PARTY TRANSACTIONS**

During the nine month period ended July 31, 2018, the Company incurred consulting fees to a director of \$16,250 plus GST (2017 - \$Nil). As at July 31, 2018, the Company owed the director \$17,099 (October 31, 2017 - \$nil) in respect of these fees and out of pocket expenses.

Key management personnel comprise the Company's Board of Directors and executive officers. No remuneration was paid to key management personnel during the nine month periods ended July 31, 2018 and 2017 other than as indicated above.

**8. PROMISSORY NOTES PAYABLE**

These notes represent funds advanced by an investor who is assisting in implementing the Company's business plan. It is not presently known what business, organizational or management changes may be necessary to complete this plan. Receipt of these loans is providing the working capital for the Company to prepare financial statements and for corporate registrations. As a result, the Company has gained further time in which to implement its intended business plan.

Promissory notes payable totalling \$28,922 (October 31, 2017 - \$Nil) are due on demand, unsecured and non-interest bearing.

**VELA MINERALS LTD.**  
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**9. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern.
- To maintain appropriate cash reserves on hand to meet ongoing operating costs.
- To invest cash on hand in highly liquid and highly rated financial instruments.

In the management of capital, the Company includes shareholders' equity, cash and cash equivalents in the definition of capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company currently has no externally-imposed capital requirements. There was no change to the Company's approach to capital management during the period.

**10. FINANCIAL INSTRUMENTS**

As at July 31, 2018, the Company's financial instruments consist of cash and accounts payable and accrued liabilities.

In management's opinion, the Company's carrying values of cash and accounts payable and accrued liabilities approximate their fair values due to the immediate or short term maturity of these instruments.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. Accounts payable and accrued liabilities are classified under Level 3.

The Company's financial instruments are exposed to the following risks:

**VELA MINERALS LTD.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended July 31, 2018 and 2017  
(Unaudited - Expressed in Canadian Dollars)

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**10. FINANCIAL INSTRUMENTS, continued**

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held at a large Canadian financial institution in interest bearing accounts.

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. As at July 31, 2018, the Company had a working capital deficit of \$145,352. This included a cash balance of \$3,244 which is not sufficient to pay its current liabilities of \$152,098. In order for the Company to perform an exploration program on its properties, and to continue operations, it will require additional financing.

Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company had \$3,244 in cash as at July 31, 2018, on which it earns no interest, and therefore is not subject to interest rate risk.

**11. EVENTS AFTER THE REPORTING PERIOD**

On April 18, 2018, the Company entered into a definitive share purchase agreement ("Purchase Agreement") to acquire all of the outstanding share capital of Standard Uranium Ltd. ("Standard Uranium"), a private BC mineral resource company. The Purchase Agreement was entered into with each of the shareholders of Standard Uranium, all of whom, along with Standard Uranium, are at arms-length to the Company. In addition, no insiders of the Company hold any interest in Standard Uranium or Standard Uranium's exploration assets.

In consideration for the acquisition of the outstanding share capital of Standard Uranium, the Company will issue 32,200,000 common shares and 10,000,000 common share purchase warrants in exchange for 100% of the common shares of Standard Uranium on a one for one basis.

To complete this transaction, the Company intends to conduct a non-brokered private placement of up to 10,000,000 common shares at a price of \$0.25 per share. All securities to be issued by the Company pursuant to this private placement will be subject to a four-month statutory hold period.

In connection with the completion of this transaction and concurrent financing, the Company intends to change its name to "Standard Uranium Ltd."

Completion of the transaction and concurrent financing are subject to a number of conditions, including the approval of the TSX Venture Exchange. Following removal of all conditions, the Company anticipates that it will continue to be listed on the TSX Venture Exchange as a Tier 2 Mining issuer.