

ePower Metals Inc.

Condensed Interim Consolidated Financial Statements

Third Quarter Ended January 31, 2019

Expressed in Canadian Dollars

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**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of ePower Metals Inc. for the nine months ended January 31, 2019 have been prepared by the management of the Company and approved by the Company's audit committee.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of the interim financial statements by an entity's auditor.

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ePower Metals Inc.
Condensed Interim Consolidated Statements of Financial Position

	Notes	January 31, 2019	April 30, 2018
		\$	\$
ASSETS			
Current assets			
Cash		85,051	1,177,271
Receivables	4	4,034	32,452
Prepaid expenses		18,292	20,221
Total current assets		107,377	1,229,944
Non-current assets			
Deposits		33,640	33,640
Prepaid exploration and evaluation advance		1,693	-
Exploration and evaluation assets	5	4,628,830	4,543,387
Equipment	6	69,297	51,180
Total non-current assets		4,733,460	4,628,207
Total assets		4,840,837	5,858,151
LIABILITIES			
Current liabilities			
Payables and accruals		19,177	68,999
Customer deposits		5,087	-
Current lease liability	7	3,380	3,190
Total current liabilities		27,644	72,189
Non-current liabilities			
Non-current lease liability	7	12,229	14,789
Total liabilities		39,873	86,978
SHAREHOLDERS' EQUITY			
Share capital	8	37,473,783	37,442,533
Reserves	8	4,372,764	4,209,714
Deficit		(37,045,583)	(35,881,074)
Total shareholders' equity		4,800,964	5,771,173
Total liabilities and shareholders' equity		4,840,837	5,858,151

Nature and continuance of operations (note 1)
 Commitment (note 14)
 Subsequent events (note 15)

These condensed interim consolidated financial statements are approved by the Audit Committee on March 29, 2019:

"Michael Collins" Director
 Michael Collins

"Fred Tejada" Director
 Fred Tejada

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

ePower Metals Inc.
Condensed Interim Consolidated Statements of Comprehensive Loss

	Notes	Three Months Ended January 31,		Nine Months Ended January 31,	
		2019	2018	2019	2018
		\$	\$	\$	\$
Operating expenses					
Depreciation		4,840	37	14,518	37
Consulting services		-	17,800	-	17,800
Investor relations		29,084	16,670	57,941	17,680
Loan interest		306	2,292	963	8,248
Personnel	11	79,337	39,062	317,774	48,372
Property investigation and due diligence		18,876	76,394	163,507	87,494
Professional fees		14,749	44,418	27,925	55,416
Office		10,259	8,176	30,430	11,352
Rent		33,782	2,100	122,507	6,300
Regulatory and shareholder services		5,758	6,017	46,249	12,051
Share-based compensation	9	9,150	856,000	165,550	911,000
Travel		508	1,960	5,652	1,960
		206,649	1,070,926	953,016	1,177,710
Loss before undernoted income		(206,649)	(1,070,926)	(953,016)	(1,177,710)
Interest income		-	-	20	20
Forgiveness of debt		-	1,110	-	3,752
Recovery of rent and administrative expenses		19,461	-	74,738	-
Geological services		8,000	-	8,000	-
Impairment of exploration and evaluation assets	5	(221,481)	-	(294,251)	-
Other income on settlement of flow-through share premium liability		-	1,124	-	7,348
Loss and total comprehensive loss for the period		(400,669)	(1,068,692)	(1,164,509)	(1,166,590)
Loss per share - basic and diluted		(0.01)	(0.04)	(0.03)	(0.08)
Weighted average common shares outstanding - basic and diluted		34,027,173	24,731,814	34,009,528	15,522,948

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

ePower Metals Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

	Share Capital \$	Equity Component of Convertible Debenture \$	Reserves \$	Deficit \$	Shareholders' Equity \$
Balance - April 30, 2017	30,973,775	8,560	3,214,264	(34,351,865)	(155,266)
Private placement, net of share issue costs	2,030,786	-	-	-	2,030,786
Stock options exercised	134,300	-	(51,300)	-	83,000
Warrants exercised	25,506	-	(1,000)	-	24,506
Fair value of agent's warrants	3,500	-	91,900	-	95,400
Liability to renounce tax benefit to flow-through share investors	(6,060)	-	-	-	(6,060)
Share-based compensation	-	-	911,000	-	911,000
Shares issued for debt settlement	100,000	-	-	-	100,000
Shares issued for property acquisition	4,125,000	-	-	-	4,125,000
Shares issued for convertible debenture	61,900	(8,560)	-	-	53,340
Loss for the period	-	-	-	(1,166,590)	(1,166,590)
Balance - January 31, 2018	37,448,707	-	4,164,864	(35,518,455)	6,095,116
	Share Capital \$	Equity Component of Convertible Debenture \$	Reserves \$	Deficit \$	Shareholders' Equity \$
Balance - April 30, 2018	37,442,533	-	4,209,714	(35,881,074)	5,771,173
Stock options exercised	6,500	-	(2,500)	-	4,000
Warrants exercised	19,500	-	-	-	19,500
Shares issued for property acquisition	5,250	-	-	-	5,250
Share-based compensation	-	-	165,550	-	165,550
Loss for the period	-	-	-	(1,164,509)	(1,164,509)
Balance - January 31, 2019	37,473,783	-	4,372,764	(37,045,583)	4,800,964

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

ePower Metals Inc.
Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended January 31,	2019	2018
	\$	\$
Cash provided by (used in):		
Operating Activities:		
Loss for the period	(1,164,509)	(1,166,590)
Adjustments for:		
Depreciation	6 14,518	37
Interest income	(20)	(20)
Interest expense	963	8,248
Forgiveness of debt	-	(3,752)
Share-based compensation	9 165,550	911,000
Impairment of exploration and evaluation assets	5 294,251	-
Liability to renounce exploration expenditures	-	(7,348)
Shares issued for property option	5,250	-
Changes in non-cash working capital items		
Receivables	28,419	(17,135)
Prepaid expenses	1,929	(17,923)
Payables and accruals	(49,823)	35,908
Cash used in operating activities	(703,472)	(257,575)
Financing Activities:		
Shares issued for cash	23,500	2,307,664
Share issue costs	-	(73,972)
Loan repaid	-	(61,651)
Customer deposits	5,087	-
Lease principal paid	7 (2,370)	-
Interest paid	(963)	(3,615)
Repayment of advances from related parties	-	(5,000)
Cash provided by financing activities	25,254	2,163,426
Investing Activities:		
Prepaid exploration and evaluation advance	(1,693)	-
Exploration and evaluation assets	5 (379,694)	(341,810)
Purchase of equipment	6 (32,635)	(3,004)
Interest received	20	20
Cash used in investing activities	(414,002)	(344,794)
Net increase in cash	(1,092,220)	1,561,057
Cash, beginning of period	1,177,271	35,220
Cash, end of period	85,051	1,596,277

Supplemental disclosure with respect to cash flows (note 12)

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

ePower Metals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2019

1. Nature and continuance of operations

ePower Metals Inc. (the “Company”) acquires, explores and develops interests in mineral projects. The Company’s shares are traded on the TSX Venture Exchange (“TSXV” or the “Exchange”). The Company is engaged in mineral exploration with a focus on properties bearing high-value and specialty metals.

The Company is incorporated under the laws of British Columbia. The head office and principal address of the Company is Suite 1507 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3.

In November 2017, the Company reinstated a Barbados subsidiary, Argus Metals (BGI) Inc. which had lapsed, and incorporated ePower Metalen under the laws of Suriname. In February 2018, the Company acquired a subsidiary in Mexico, ePower Metals SA de CV. These subsidiaries were substantially inactive through to January 31, 2019.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations.

The Company has not generated revenue from operations. The Company recorded a loss of \$1,164,509 during the nine months ended January 31, 2019 and, as of that date the Company’s deficit was \$37,045,583. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. The Company had cash of \$85,051 at January 31, 2019 (April 30, 2018 - \$1,177,271). The Company expects however that it will undertake exploration and acquisitions that will require it to raise funds within 12 months.

2. Basis of preparation

The financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Statement of Compliance

These condensed interim consolidated financial statements of the Company for the nine months ended January 31, 2019 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), on a basis consistent with the significant accounting policies disclosed in note 3 of the most recent annual financial statements as at and for the year ended April 30, 2018 as filed on SEDAR at www.sedar.com. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and were approved and authorized for issue by the audit committee on March 29, 2019.

ePower Metals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended January 31, 2019

2. Basis of preparation (continued)

Basis of measurement

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

The financial information is presented in Canadian dollars, which is the functional currency of the Company.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Argus Metals (BGI) Inc., ePower Metalen, ePower Metals SA de CV, ePower Metals (USA) Inc. and EVX Portugal, Unipessoal LDA. All significant intercompany transactions and balances have been eliminated upon consolidation.

Foreign currency transactions

Foreign currency amounts are translated into each entity's functional currency as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the entity's functional currency by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into the functional currency by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income.

Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in profit or loss. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument and are included in profit or loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into the functional currency by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into the functional currency by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in profit or loss or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

The functional currency of the Company and its subsidiaries is the Canadian dollar and these financial statements are presented in Canadian dollars.

Critical accounting estimates and judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in total comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

ePower Metals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2019

2. Basis of preparation (continued)

Information about critical estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Rehabilitation Provisions

Rehabilitation provisions have been created based on the Company's internal estimates with future period amounts discounted to reflect the time value of money. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred.

Income tax

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes it has adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company may recognize deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 9.

ePower Metals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2019

3. New accounting pronouncements

IASB or the IFRS Interpretations Committee have issued certain pronouncements that are mandatory for accounting years beginning on or after May 1, 2018. None of these are expected to be relevant to the Company's financial statements, except for the following:

IFRS 9 Financial Instruments

IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 introduces an expected loss model of impairment and retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 will be effective for the fiscal year beginning May 1, 2018. The Company does not expect that the new standard will have a material effect on the Company's financial statements

IFRS 16 - Leases

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring that lessees recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and will be applicable to the Company's fiscal year beginning May 1, 2019, although early adoption is permitted. Adoption of IFRS 16 will result in the Company recording a right-of-use asset and a corresponding lease liability on its statement of financial position. Although the related interest and amortization expenses will not be the same as the monthly lease payments, the differences will not be material.

4. Receivables

The Company's receivables consist of the following:

	January 31, 2019	April 30, 2018
	\$	\$
Trade receivables	3,440	22,541
Allowance for doubtful account	(3,440)	(3,440)
GST/HST - value added tax	4,034	13,351
Total	4,034	32,452

5. Exploration and evaluation assets

	April 30, 2017	Expenditures	Impairment	April 30, 2018	Expenditures	Impairment	January 31, 2019
	\$	\$		\$	\$	\$	
Panther Creek	-	4,470,617	-	4,470,617	158,213	-	4,628,830
Brokopondo	-	-	-	-	221,481	(221,481)	-
Split Dome	-	21,775	(21,775)	-	-	-	-
Ike Block	50,000	22,770	-	72,770	-	(72,770)	-
	50,000	4,515,162	(21,775)	4,543,387	379,694	(294,251)	4,628,830

ePower Metals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2019

5. Exploration and evaluation assets (continued)

Magenta Project, Sinaloa Mexico

In December 2018, the Company signed a definitive agreement to purchase Exploracion Auramex S.A. de C.V. and its Magenta Project in Sinaloa, Mexico for cash of US\$150,000 and 2,500,000 common shares. The claims are not subject to any royalties. The Company received TSX-V approval and issued 2,500,000 common shares in March 2019.

Panther Creek – Idaho

In October 2017, the Company entered into a mineral property option agreement with Utah Mineral Resources, LLC (“UMR”) to earn up to a 100% interest in the Panther Creek cobalt project located in the Idaho cobalt belt. To earn an initial 50% interest in the property, the Company paid US\$25,000 (\$32,025) upon signing and, in December 2017, paid an additional US\$150,000 (\$193,875) in cash and issued 5,500,000 common shares with fair value of \$4,125,000.

With effect from October 22, 2018, the Company and UMR amended the terms of the option agreement to defer project milestones. As amended, to earn 100% interest in the property the Company must make additional payments and expenditures:

- a) paying an additional US\$150,000, in cash or shares at the Company’s option, and incurring at expenditures of least US\$75,000 on the property by October 23, 2019 (incurred);
- b) paying an additional US\$150,000, in cash or shares at the Company’s option, and incurring additional expenditures of at least US\$100,000 on the property by October 23, 2020; and
- c) incurring further additional expenditures of at least US\$200,000 on the property by October 23, 2021.

In addition, should the Company determine that proven and probable mineral resources, (as determined in compliance with NI 43-101), of at least 4,000,000 tonnes grading a minimum 0.25% cobalt, are contained within any portion of the property, on or before five years following the date of the agreement, the Company will issue to UMR an additional 2,000,000 shares.

ePower Metals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2019

5. Exploration and evaluation assets (continued)

Upon exercise of the option, UMR will retain and will be entitled to receive, a 2% NSR royalty on all product derived from the property.

	Panther Creek
	\$
Balance, April 30, 2017	-
Acquisition	
Cash	262,229
Shares issued	4,125,000
Contractors	33,760
Environmental	822
Geochemistry	17,696
Land maintenance	26,282
Travel and accomodation	4,828
Balance April 30, 2018	4,470,617
Contractors	45,807
Environmental	4,358
Field supplies	675
Geochemistry	23,915
Geologic mapping	25,773
Helicopter	4,109
Land maintenance	48,662
Project mobilization	895
Travel and accomodation	4,019
Balance January 31, 2019	4,628,830

Brokopondo, Suriname

In August 2018, the Company acquired a 100% interest in the Brokopondo Cobalt Project in Suriname, South America. In January 2019, the Company concluded that changes in local political and social conditions meant that it would not be not feasible to develop the project. Accordingly the Company terminated exploration and wrote off accumulated expenditures.

	Brokopondo
	\$
Balance April 30, 2018	-
Contractors	106,935
Drilling and metallurgical testing	15,736
Field supplies	32,633
General administration	2,232
Geochemistry	3,558
Geologic mapping	891
Imagery	2,988
Travel and accomodation	56,508
Impairment	(221,481)
Balance January 31, 2019	-

ePower Metals Inc.**Notes to the Condensed Interim Consolidated Financial Statements**For the nine months ended January 31, 2019

5. Exploration and evaluation assets (continued)**Ike Block**

The Company staked certain claims in the Selwyn Basin in the Yukon Territory of Canada. At October 31, 2018, the Company completed a review of the Ike Block. After considering its exploration properties and business focus on minerals used in high-performance batteries, the Company fully impaired the project's carrying value.

	Ike Block
	\$
Balance, April 30, 2017	50,000
Contractors	11,800
Field supplies	675
Geochemistry	1,569
Helicopter	5,415
Travel and accomodation	3,311
Balance April 30, 2018	72,770
Impairment	(72,770)
Balance January 31, 2019	-

Connel Creek

In September 2018, the Company acquired the Connel Creek cobalt property in British Columbia for consideration of \$5,000 and 25,000 common shares. The Company expensed the amounts incurred.

ePower Metals Inc.**Notes to the Condensed Interim Consolidated Financial Statements**For the nine months ended January 31, 2019

6. Equipment

	Computer equipment	Office furnishings	Software	Office equipment	Mining equipment	Total
	\$	\$	\$	\$	\$	\$
Cost						
At April 30, 2017	-	-	-	-	-	-
Additions	14,695	14,150	6,179	18,487	-	53,511
At April 30, 2018	14,695	14,150	6,179	18,487	-	53,511
Additions	-	-	-	-	32,635	32,635
At January 31, 2019	14,695	14,150	6,179	18,487	32,635	86,146
Accumulated depreciation						
At April 30, 2017	-	-	-	-	-	-
Charge for the period	589	354	772	616	-	2,331
At April 30, 2018	589	354	772	616	-	2,331
Charge for the period	2,772	4,055	3,174	2,069	2,448	14,518
At January 31, 2019	3,361	4,409	3,946	2,685	2,448	16,849
Net book value						
At April 30, 2017	-	-	-	-	-	-
At April 30, 2018	14,106	13,796	5,407	17,871	-	51,180
At January 31, 2019	11,334	9,741	2,233	15,802	30,187	69,297

7. Lease liability

The Company has entered into a lease for office equipment over a term of five years with monthly payments of \$370 and an implicit interest rate of 8%.

	\$
Balance, April 30, 2017	-
New lease	18,487
Interest	232
Payments	(740)
Balance, April 30, 2018	17,979
Interest	963
Payments	(3,333)
Balance, January 31, 2019	15,609
Presentation:	
Current lease liability	3,380
Non-current lease liability	12,229
Total lease liability	15,609

ePower Metals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended January 31, 2019

8. Share capital and reserves

Authorized capital

Unlimited number of common shares without par value.

Issued capital

34,123,423 common shares at January 31, 2019 (April 30, 2018 – 33,928,423).

Common shares

Fiscal 2019

In July 2018, 40,000 stock options were exercised at a price of \$0.10 per stock option for gross proceeds of \$4,000.

In August 2018, 25,000 warrants were exercised at a price of \$0.15 per warrant for gross proceeds of \$3,750. In November 2018, 105,000 warrants were exercised at a price of \$0.15 per warrant for gross proceeds of \$15,750.

In October 2018, 25,000 common shares were issued with a fair value of \$5,250 pursuant to the Connel Creek mineral property option agreement. (see note 5).

Fiscal 2018

In May 2017, the Company settled \$100,000 of debt with the Company's president and CEO through the issuance of 1,000,000 common shares at a value of \$85,000 resulting in a \$15,000 gain on settlement of debt.

In July 2017, the Company closed a private placement and issued 1,638,000 units at a price of \$0.10 per unit and 302,981 flow-through shares at a price of \$0.12 per flow-through share for gross proceeds of \$200,158. Each unit consists of one common share and one-half of one common share purchase warrant. The Company recognized a flow-through premium liability of \$6,060. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.15 per share until July 27, 2019. In connection with the private placement, the Company paid cash commissions totalling \$1,925 and issued 35,000 common shares and 54,250 finder's warrants that are exercisable into common shares at \$0.15 per share until July 27, 2019. The Company has spent all of the flow-through funds on exploration and there is no outstanding commitment at the financial statement date.

In December 2017 the Company closed two private placements consisting of 10,000,000 units at a price of \$0.10 per unit ("First Private Placement") and 5,000,000 units at a price of \$0.20 per unit ("Second Private Placement") for gross proceeds of \$2,000,000. Each unit consists of one common share and one-half of one common share purchase warrant, of which one whole warrant entitles the holder to purchase one additional common share of the Company until December 7, 2019. The First Private Placement warrants are exercisable at a price of \$0.30 per warrant. The Second Private Placement warrants are exercisable at a price of \$0.45 per warrant.

In connection with the Second Private Placement, the Company paid cash commissions totalling \$37,240 and issued 186,200 finder's warrants, each such finder's warrant entitling the holder to acquire one common share of the Company exercisable at \$0.45 per share until December 7, 2019.

In December 2017, the Company issued 5,500,000 common shares with a fair value of \$4,125,000 pursuant to the mineral property option agreement with UMR. (see note 5).

ePower Metals Inc.**Notes to the Condensed Interim Consolidated Financial Statements**For the nine months ended January 31, 2019

8. Share capital and reserves (continued)

In December 2017, the Company issued 400,000 common shares pursuant to a convertible debenture.

During the year ended April 30, 2018, the Company issued 850,000 common shares upon the exercise of stock options at a price of \$0.10 per common share for total proceeds of \$85,000.

During the year ended April 30, 2018, the Company issued 200,875 common shares upon the exercise of warrants at \$0.15 per common share for proceeds of \$30,132.

The following is a summary of changes in common share capital from April 30, 2017 to January 31, 2019:

	Number of Shares	Issue Price \$	Common Shares \$
Balance April 30, 2017	9,001,567		30,973,775
Shares for debt	1,000,000	0.085	85,000
Private placement of units	1,638,000	0.10	163,800
Private placement of flow-through shares	302,981	0.12	36,358
Finders' units	35,000	0.10	3,500
Private placement of units	10,000,000	0.10	1,000,000
Private placement of units	5,000,000	0.20	1,000,000
Exercise of warrants	200,875	0.15	30,132
Exercise of stock options	850,000	0.10	85,000
Issuance of shares for property acquisition	5,500,000	0.75	4,125,000
Issuance of shares for convertible debenture	400,000	0.15	61,900
Fair value of stock options exercised	-	-	52,500
Fair value of warrants exercised	-	-	1,000
Liability to renounce exploration expenditures	-	-	(6,060)
Less share issue costs	-	-	(169,372)
Balance April 30, 2018	33,928,423		37,442,533
Exercise of stock options	40,000	0.10	4,000
Exercise of warrants	130,000	0.15	19,500
Issuance of shares for property acquisition	25,000	0.21	5,250
Fair value of stock options exercised	-	-	2,500
Balance January 31, 2019	34,123,423		37,473,783

ePower Metals Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended January 31, 2019

8. Share capital and reserves (continued)

Reserves

Reserves recorded in equity comprise the fair value of share-based payments before exercise and unrecognized gains and losses on available-for-sale investments. The following is a summary of changes in reserves from April 30, 2017 to January 31, 2019

	\$
Balance - April 30, 2017	3,214,264
Share-based compensation	957,050
Fair value of stock options exercised	(52,500)
Fair value of warrants exercised	(1,000)
Fair value of finder's warrants granted	91,900
Balance - April 30, 2018	4,209,714
Share-based compensation	165,550
Fair value of stock options exercised	(2,500)
Balance - January 31, 2019	4,372,764

Warrants

Warrant activity for the respective periods are as follows:

	January 31, 2019		April 30, 2018	
	Number	Weighted Avg. Exercise Price \$	Number	Weighted Avg. Exercise Price \$
Warrants outstanding, beginning of period	8,492,825	0.33	134,250	0.15
Granted	-	-	8,559,450	0.33
Exercised	(130,000)	0.15	(200,875)	0.15
Expired	-	-	-	-
Warrants outstanding, end of period	<u>8,362,825</u>	0.33	<u>8,492,825</u>	0.33

Warrants outstanding and exercisable at January 31, 2019:

Number	Price	Expiry Date
676,625	0.15	July 27, 2019
5,000,000	0.30	December 7, 2019
2,686,200	0.45	December 7, 2019
<u>8,362,825</u>		

Subsequent to quarter-end 125,000 warrants were exercised at a purchase price of \$0.15 for gross proceeds of \$18,750.

ePower Metals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2019

8. Share capital and reserves (continued)

The Company used the Black-Scholes option pricing model to estimate the fair value of the 54,250 finder's warrants granted at \$1,000 and to estimate the fair value of the 186,200 finder's warrants granted at \$90,900 using the following weighted average assumptions:

Risk-free interest rate	1.45%
Dividend yield	0%
Expected volatility	97%
Expected life	2 years

9. Share-based compensation

The Company has a stock option plan by which the directors may grant options to purchase common shares to directors, officers, employees and service providers of the Company on terms that the directors may determine within the limitations set forth in the stock option plan. The maximum number of common shares issuable upon the exercise of options granted pursuant to the stock option plan is set at 10% of the total issued common shares. The board of directors may grant options with a life of up to ten years, however options granted to date have a maximum term of five years. Vesting terms may be set by the board of directors.

Stock options outstanding and exercisable for the respective periods are as follows:

	January 31, 2019		April 30, 2018	
	Number	Weighted Avg. Exercise Price \$	Number	Weighted Avg. Exercise Price \$
Options outstanding, beginning of period	2,040,000	0.67	-	-
Granted	1,100,000	0.20	3,115,000	0.51
Exercised	(40,000)	0.10	(850,000)	0.10
Expired	(400,000)	0.38	(225,000)	0.68
Options outstanding, end of period	<u>2,700,000</u>	0.53	<u>2,040,000</u>	0.67
Exercisable, end of period	<u>2,550,000</u>	0.55	<u>1,833,750</u>	0.67

Summary of outstanding options at January 31, 2019:

	Exercise Price \$	Remaining Contractual Life (Years)	Exercise Price \$
\$0.20	660,000	1.25	0.20
\$0.22	190,000	1.94	0.20
\$0.68	<u>1,850,000</u>	1.86	<u>0.68</u>
	<u>2,700,000</u>	0.53	<u>0.52</u>

ePower Metals Inc.

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For the nine months ended January 31, 2019

9. Share-based compensation (continued)

In May 2017, the Company granted incentive stock options to directors, officers, employees and consultants of the Company to purchase an aggregate of 890,000 shares at a price of \$0.10 per share expiring May 5, 2020. Using the Black Scholes method the grant-date value of each option was \$0.06.

In December 2017, the Company granted incentive stock options to directors, officers, employees and consultants of the Company to purchase an aggregate of 2,225,000 shares at a price of \$0.68 per share expiring December 12, 2020. Options vested on grant except for 275,000 options issued to an investor relations provider that vest over a 12-month period ending in December 2018. Using the Black Scholes method, the grant-date value of each option was \$0.42.

In June 2018, the Company awarded options to directors and contractors to purchase up to 910,000 common shares at a price of \$0.20 per share expiring June 15, 2020. Using the Black Scholes method the grant-date value of each option was \$0.13.

In January 2019, the Company awarded options to an officer and contractor to purchase up to 190,000 common shares at a price of \$0.22 per share expiring January 8, 2021. Options vested on grant except for 150,000 options issued to an investor relations provider that vest over a 12-month period ending in January 2020. Using the Black Scholes method, the grant-date value of each option was \$0.16.

Share-based compensation expense to be recognized in the nine months ended January 31, 2019 was \$165,550 (2018 - \$911,000).

The Company used the Black-Scholes option pricing model to estimate the fair value of the options granted using the following weighted average assumptions:

	<u>2019</u>	<u>2018</u>
Risk-free interest rate	1.80%	1.29%
Dividend yield	0.00%	0.00%
Expected volatility	119%	104.5%
Expected option life	2.2 years	3 years

10. Loss per share

The calculation of the basic and diluted loss per share for the three and nine months ended January 31, 2019 and 2018 presented is based on the following data:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2019	2018	2019	2018
Loss for the period	(\$400,669)	(\$1,068,692)	(\$1,164,509)	(\$1,166,590)
Weighted average number of common shares outstanding	34,027,173	24,731,814	34,009,528	15,522,948
Loss per share, basic and fully diluted	(\$0.01)	(\$0.04)	(\$0.03)	(\$0.08)

Diluted loss per share for the nine months ended January 31, 2019 and 2018 is the same as basic loss per share as the exercise of the 2,550,000 options (January 31, 2018 – 2,285,000) and 8,362,825 warrants (January 31, 2018 – 8,530,325) would be anti-dilutive.

ePower Metals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2019

11. Related party transactions and balances

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel. The following are related party transactions not disclosed elsewhere in the financial statements.

At January 31, 2019, the Company had two employees and had arrangements with contractors to provide administrative, accounting and management services. In the comparative period, management personnel waived their fees.

	Three months ended		Nine months ended	
	January 31,		January 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Key management personnel compensation				
Management fees	35,843	53,400	146,583	59,710
Share-based payments	-	-	89,660	-
Total	35,843	53,400	236,243	59,710

Included in the above is compensation paid through companies:

S2 Management Inc.	2,510	3,090	13,250	3,710
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S2 Management Inc. is controlled by the Company's CFO.

During the nine months ended January 31, 2019, the Company paid \$nil (2018 - \$12,528) to an officer of the Company for capitalized exploration costs.

In fiscal 2018, the Company granted 2,340,000 stock options to officers and directors of the Company with an aggregate grant-date fair value of \$701,100. In the nine months ended January 31, 2019, the Company granted 40,000 stock options to an officer of the Company with an aggregate grant-date value of \$5,000.

Included in the payables and accruals is \$nil (April 30, 2018 - \$1,953) owed to directors and officers of the Company.

In May 2018, the Company agreed to transfer certain mineral rights to Electric Metals Inc. ("EVX") in which a director of ePower is an officer and director. The Company had only incurred nominal costs and the mineral property did not fit with the Company's current business plan. In the event that EVX successfully obtains exploration rights to the property, the Company will transfer its rights to EVX for consideration of US\$20,000 and a 1% net smelter royalty, which royalty may be acquired by EVX at any time for US\$1,000,000.

ePower Metals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2019

12. Supplemental disclosure with respect to cash flows

For the nine months ended January 31,	2019	2018
	\$	\$
Shares issued for settlement of loan payable	-	100,000
Shares issued for property acquisition	5,250	4,125,000
Shares issued for convertible debenture	-	61,900
Shares issued for finder's fees	-	3,500
Fair value of warrants issued as finders' fees	-	91,900
Fair value of stock options exercised	2,500	51,300
Fair value of warrants exercised	-	1,000
Forgiveness of debt	-	3,752
Liability to renounce exploration expenditures	-	6,060

13. Segmented information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At January 31, 2019 and April 30, 2018 all exploration and evaluation assets and equipment were located in Canada, the United States and Suriname.

	January 31, 2019	April 30, 2018
	\$	\$
Canada	69,297	127,854
United States	4,628,830	4,470,616
Suriname	-	-
	4,698,127	4,598,470

14. Commitment

The Company is contractually committed to make payments regarding equipment and premises' leases as follows:

Period ending April 30	\$
2019	20,640
2020	82,560
2021	82,560
2022	69,540
2023	3,700
	<u>259,000</u>

ePower Metals Inc.**Notes to the Condensed Interim Consolidated Financial Statements**

For the nine months ended January 31, 2019

15. Subsequent events

In December 2018, the Company entered into an option to acquire Exploracion Auramex SA de CV, which holds the Magenta Cobalt Project in Sinaloa, Mexico. To earn a 100% interest in the company, the Company must pay US\$150,000 and issue 2,500,000 common shares. In March 2019, the Company received TSXV approval and issued 2,500,000 common shares.

In February 2019, warrant holders exercised warrants to purchase 125,000 common shares at \$0.15 per share for proceeds of \$18,750.