

POWER AMERICAS MINERALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2018

(In Canadian dollars)

NOTICE TO READER

The accompanying unaudited condensed interim financial statements for Power Americas Minerals Corp. (the “Company”) have been prepared by management in accordance with International Accounting Standards 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

These unaudited condensed interim financial statements, which are the responsibility of management, have not been reviewed by the Company’s auditors.

Management believes these unaudited condensed interim financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2018 and September 30, 2017, and the results of its operations and its cash flows for the three and nine months ended June 30, 2018 and June 30, 2017.

POWER AMERICAS MINERALS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

| (In Canadian dollars) | Note | June 30, 2018 | September 30, 2017 |
|--|------|------------------|-----------------------|
| Assets | | | |
| Current Assets: | | | |
| Cash | | \$2,008,406 | \$ 296,962 |
| Prepaid expenses | | 257,000 | 100,000 |
| GST/HST recoverable | | 140,543 | 21,533 |
| | | 2,405,949 | 418,495 |
| Non-Current Assets: | | | |
| Exploration and evaluation assets | 3 | 4,661,887 | 1,353,779 |
| | | \$ 7,067,836 | \$ 1,772,274 |
| Liabilities | | | |
| Current Liabilities: | | | |
| Accounts payable and accrued liabilities | | \$ 51,396 | \$ 42,752 |
| Shareholders' Equity | | | |
| Share capital | 4 | 9,062,349 | 3,963,914 |
| Reserve | 4 | 1,702,989 | 581,902 |
| Deficit | | (3,748,898) | (2,816,294) |
| | | 7,016,440 | 1,729,522 |
| | | \$ 7,067,836 | \$ 1,772,274 |

Approved on behalf of the Board of Directors

"Jeffrey Cocks"

Director

"Chris Hobbs"

Director

- See accompanying notes -

POWER AMERICAS MINERALS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

| <i>(in Canadian dollars)</i> | <i>Note</i> | For the three months ended June 30, | | For the nine months ended June 30, | |
|---|-------------|--|--------------------|---------------------------------------|---------------------|
| | | 2018 | 2017 | 2018 | 2017 |
| General and administrative expenses: | | | | | |
| Accounting, audit and legal | 5 | \$ 5,570 | \$ 12,419 | \$ 18,347 | \$ 78,103 |
| Advertising and promotion | | 74,868 | 1,520 | 120,546 | 4,307 |
| Consulting | 5 | 20,000 | - | 61,100 | 13,100 |
| Management services | 5 | 40,000 | 24,000 | 102,000 | 67,000 |
| Office and sundry | 5 | 25,450 | 573 | 36,947 | 9,351 |
| Stock-based compensation | | - | - | 516,508 | 163,588 |
| Transfer agent and filing fees | | 17,725 | 2,743 | 50,172 | 22,233 |
| Travel expense | | 22,601 | 2,124 | 26,986 | 11,912 |
| | | 206,214 | 43,379 | 932,606 | 369,594 |
| <hr/> | | | | | |
| Comprehensive loss for the year | | \$ (206,214) | \$ (43,379) | \$ (932,606) | \$ (369,594) |
| <hr/> | | | | | |
| Loss per share – basic and diluted | | \$ (0.00) | \$ (0.00) | \$ (0.02) | \$ (0.02) |
| <hr/> | | | | | |
| Weighted average number of common shares outstanding – basic and diluted | | 62,843,393 | 23,804,000 | 56,591,115 | 18,350,216 |

- See accompanying notes. -

POWER AMERICAS MINERALS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

| <i>(In Canadian dollars)</i> | <i>Note</i> | Number of Common Shares | Share Capital | Reserve Share-based payments | Accumulated Deficit | Total Shareholders' Equity |
|--|-------------|-------------------------------|---------------------|------------------------------------|------------------------|----------------------------------|
| Balance at September 30, 2016 | | 9,271,500 | \$ 1,889,450 | \$ 437,036 | \$ (2,247,279) | \$ 79,207 |
| Common shares issued – private placement | 4 | 6,906,250 | 552,500 | - | - | 552,500 |
| Common shares issued – exercise of options & warrants | | 1,376,250 | 275,250 | - | - | 275,250 |
| Common shares issued – Kittson Cobalt option agreement | | 6,250,000 | 1,125,000 | - | - | 1,125,000 |
| Share issue costs | | - | (60,212) | - | - | (60,212) |
| Stock options granted | 4 | - | - | 163,588 | - | 163,588 |
| Net loss | | - | - | - | (369,594) | (369,594) |
| Balance at June 30, 2017 | | 23,804,000 | \$ 3,781,988 | \$ 600,624 | \$ (2,616,873) | \$ 1,765,739 |
| Balance at September 30, 2017 | | 23,804,000 | \$ 3,963,914 | \$ 581,902 | \$ (2,816,293) | \$ 1,729,522 |
| Common shares issued – private placement | 4 | 33,777,448 | 3,432,500 | - | - | 3,432,400 |
| Common shares issued – exercise of options & warrants | | 222,500 | 34,500 | - | - | 34,500 |
| Common shares issued – Kittson Cobalt option agreement | | 13,000,000 | 2,600,000 | - | - | 2,600,000 |
| Share issue costs | | - | (968,564) | 604,579 | - | (363,985) |
| Share-based compensation | | - | - | 516,508 | - | 516,508 |
| Net loss | | - | - | - | (932,606) | (932,606) |
| Balance at June 30, 2018 | | 70,803,948 | \$ 9,062,349 | \$ 1,702,989 | \$ (3,748,899) | \$ 7,016,440 |

- See accompanying notes –

POWER AMERICAS MINERALS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

| <i>(In Canadian dollars)</i> | Nine months ended June 30, 2018 | Nine months ended June 30, 2017 |
|--|--|---------------------------------------|
| Cash flows provided by (used in) operating activities | | |
| Net loss for the period | \$ (932,606) | \$ (369,594) |
| Non-cash items: | | |
| Stock-based compensation | 516,508 | 163,588 |
| Changes in working capital items: | | |
| GST/HST Receivable | (119,010) | (3,816) |
| Prepaid expenses | (157,000) | (90,000) |
| Accounts payable and accrued liabilities | 8,644 | 26,149 |
| | (683,464) | (273,673) |
| Cash flows provided by (used in) investing activities | | |
| Property exploration and evaluation | (708,108) | (1,176,350) |
| | (708,108) | (1,176,350) |
| Cash flows provided by (used in) financing activities | | |
| Issue of shares | 3,467,000 | 1,952,750 |
| Share issue costs | (363,984) | (60,212) |
| | 3,103,016 | 492,288 |
| Increase (decrease) in cash | 1,711,444 | 442,515 |
| Cash, beginning of period | 296,962 | 74,314 |
| Cash, end of period | \$ 2,008,406 | \$ 516,829 |

- See Accompanying Notes -

POWER AMERICAS MINERALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Power Americas Minerals Corp. (formerly Victory Ventures Inc.) (the “Company”) was incorporated on November 8, 2009 under the *Business Corporations Act* of British Columbia. The Company’s primary business activity is mineral property exploration and development. On August 3, 2011, the Company’s common shares were listed for trading on the TSX Venture Exchange (“TSX-V” or the “Exchange”). Effective February 17, 2017 the Company’s name was changed to Power Americas Minerals Corp. The Company’s shares trade on the TSX-V under the symbol PAM, on the Frankfurt Stock Exchange under the symbol VV0:GR and on the U.S. Over the Counter Market (“OTC”) under the symbol PWMRF. The Company’s head office is located at Vancouver, BC, Canada.

For the nine months period ended June 30, 2018, the Company had a comprehensive loss of \$932,606 (2017 - \$326,215) and has a deficit of \$3,748,899 (September 30, 2017 - \$2,816,294). These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will have sufficient capital to fund the costs of its operations and realize the carrying value of assets and discharge liabilities in the normal course of operations. Different base of measurements may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2018, the Company has not advanced its mining property to commercial production or identified mineral reserves. The ability of the Company to continue as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raising sufficient equity financing, issuing debt or securing related party advances to complete the acquisition and development of mineral property interests. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management anticipates that the Company will need to seek out additional equity financing to continue with planned exploration programs and general operations for the ensuing year.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements were authorized for issue on August 28, 2018 by the directors of the Company.

Statement of compliance with International Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and note disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed.

The condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements, including the notes thereof, for the year ended September 30, 2017, which have been prepared in accordance with IFRS.

Basis of measurement

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

POWER AMERICAS MINERALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of consolidation

The condensed consolidated interim financial statements incorporate the financial statements of Power Americas Minerals Corp. and its wholly-owned inactive subsidiary, Victory H.E.M.P. Bio-Tech Inc. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

Significant accounting judgements

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires the Company to make judgements, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's condensed interim financial statements include:

- the classification of expenditures as exploration and evaluation expenditures or operating expenses; and
- the assessment of the Company's ability to continue as a going concern.

Significant accounting estimates and assumptions

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, the fair value of share based payments and financial instruments and the recoverability measurement of deferred tax assets.

Exploration and evaluation expenditures

Pre-exploration costs

Exploration costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss as investigation costs.

Exploration and evaluation expenditures

Once the legal right to exploring a property has acquired, exploration and evaluation expenditures including the costs of acquiring licenses, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets required in a business combination are capitalized by property.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Exploration and evaluation expenditures (cont'd)

Impairment of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets is reviewed at each reporting date to determine whether any following indications of impairment are present.

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a charge in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive.

For both years presented, outstanding stock options and warrants have anti-dilutive effect on loss per share. Accordingly, diluted loss per share equals basic loss per share.

POWER AMERICAS MINERALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profits or loss, loans and receivables, held to maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition. The Company has no financial instruments classified as fair value through profit or loss or held to maturity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost, less any impairment loss. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Changes in fair value are recognized in investment revaluation reserve, with exception where a decline in fair value of an available-for-sale financial asset constitutes objective evidence of impairment. The amount of loss is removed from the reserve and recognized in profit or loss. Foreign exchange gains and losses on monetary financial assets are also recognized in profit or loss.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Non-derivative other financial liabilities (excluding financial guarantees) are recognized initially at fair value net of any directly attributable transaction costs and are subsequently measured at amortized cost. Other financial liabilities are derecognized when the obligations are discharged, cancelled or expired.

The Company does not have any derivative financial assets and liabilities.

Income taxes

Current income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates the positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income taxes

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

POWER AMERICAS MINERALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) enacted or substantively enacted at the end of each reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Share-based compensation

Share-based payments to employees are measured at the fair value of the stock options issued and recognized over the vesting period. Share-based payments to non-employees are measured at the fair value of goods and services received by the Company or the fair value of the stock options granted, if the fair value of the goods and services cannot be reliably estimated. The fair value of the stock options is determined using Black-Scholes option pricing model, taking into account the terms and conditions upon which the stock options are granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates associating with the obligations is capitalized to the related mining assets along with the corresponding increase in the restoration provision in the period incurred. The restoration asset will be depreciated on the same basis as the related mining assets.

The Company's estimates of restoration costs change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. The estimates are reviewed annually for any changes.

Changes in the net present value, excluding changes in the estimates of reclamation costs, are charged to profit or loss in the period which they occurred.

The Company does not presently have any restoration or environmental obligations.

Accounting standards issued but not yet applied by the Company

At the date of the approval of the condensed consolidated interim financial statements, a number of standards and interpretations were in issue but not yet effective. The Company considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's condensed consolidated interim financial statements.

POWER AMERICAS MINERALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS

| | June 30, 2018 | September 30, 2017 |
|--|---------------------|-----------------------|
| Edison/Kittson Cobalt Project, Northeastern Ontario | | |
| Acquisition cost: | | |
| Balance, beginning of period | - | - |
| Cash | 90,723 | 30,000 |
| Shares issued | 3,850,000 | 1,250,000 |
| Balance, end of period | <u>3,940,723</u> | <u>1,280,000</u> |
| Acquisition cost: | | |
| Balance, beginning of period | - | - |
| Geological consulting | 204,434 | 41,517 |
| Drilling | 474,824 | 6,000 |
| Assay | 18,057 | 2,412 |
| Balance, end of period | <u>697,314</u> | <u>49,929</u> |
| | <u>4,638,037</u> | <u>1,329,929</u> |
| Alberta Lithium, Fox Creek-Swan Hills. | | |
| Acquisition cost: | | |
| Balance, beginning of period | 2,500 | 2,500 |
| Cash payments | 3,750 | 3,750 |
| Balance, end of period | <u>6,250</u> | <u>6,250</u> |
| Deferred exploration and evaluation: | | |
| Balance, beginning of period | - | - |
| Geological consulting | 17,600 | 17,600 |
| Balance, end of period | <u>17,600</u> | <u>17,600</u> |
| | <u>23,850</u> | <u>23,850</u> |
| Total exploration and evaluation assets | \$ 4,661,887 | \$ 1,353,779 |

3. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Edison/Kittson Cobalt Property, Northeastern Ontario

On January 23, 2017, the Company entered into an Option Agreement to acquire a 100% interest in the Lake Kittson Cobalt Property ("Kittson Property"), located in the Kittson and Coleman Townships of Larder Lake Mining Division in Northeastern Ontario. Under the terms of the Option Agreement, the aggregate purchase price consisted of 6,250,000 shares (issued), with a grant date fair value of \$1,250,000, and \$30,000 will be payable in cash (due January 23, 2017 – paid subsequent to September 30, 2017). During the Option Period, which lasts until December 7, 2020, the Company must carryout, pay for, file and have approved the minimum yearly work requirements necessary to keep the property in good standing. The property is subject to a 2% Net Smelter Royalty ("NSR") payable to the underlying optionor. The Company may purchase 1.5% of the 2% NSR from the underlying optionor for a total sum of \$1,000,000 at any time within the Option Period prior to commencement of commercial production.

On February 8, 2018, the Company closed the acquisition of an additional 100% interest in 10 unpatented mining claims totaling 140 units having a combined area of approximately 2,240 hectares. The Company's 100% owned Kittson project now consists of 15 unpatented mining claims totaling 208 units having a combined area of approximately 3330 hectares. Eight of the new claims are contiguous to the Kittson Property. Two of the new claims are approximately 5 km south of the Kittson Property's southern boundary. The Company acquired 100% interest in the properties for a purchase price of \$1,511,250 paid by the issuance of 13,000,000 common shares of the Company.

On May 30, 2018 the Company executed an agreement to purchase the Thomas Edison mine located in the area of Kittson-Cobalt Property (the "Edison Purchase"). The Edison Purchase closed on June 11, 2018. The purchase price of the mine is \$30,723 in cash and expenses. The mine lies on the same fracture system that hosts the ShaktDavis mine located ~1 km to the east. The Thomas Edison Property, consists of one 16 hectare patented claim with both surface and mineral rights.

Alberta Lithium, Fox Creek-Swan Hills, AB

During the year ended September 30, 2016, the Company has registered extra-provincially in the Province of Alberta and acquired a 100% interest in four contiguous townships northwest of the Fox Creek-Swan Hills area in the Peace River Arch.

Other Properties

During the year ended September 30, 2016, the Company determined that it would not pursue the PDL and Copau properties and allow its rights to these properties to expire or lapse. Accordingly, the Company recognized an impairment of \$22,557

POWER AMERICAS MINERALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in Canadian dollars)

4. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Share issuances:

During the period ended June 30, 2018:

On May 8, 2018 the Company completed a brokered private placement of flow-through common shares (the "Flow-Through Shares") and non-flow-through units (the "Units"). The brokered private placement consisted of 6,666,666 Flow-Through Shares at a price of \$0.15 per Flow-Through Share and 11,216,666 Units at a price of \$0.15 per Unit, for total gross proceeds of \$2,682,500 (the "Private Placement"). Each Unit consists of one common share (a "Common Share") of the Company and one common share purchase warrant (a "Warrant") exercisable into one Common Share of the Company at a price of \$0.25 per Warrant for a period of 36 months from the date hereof. The Private Placement was brokered by Canaccord Genuity Corp. and Gravitas Securities Inc. (together "the Agents"). The Agents were paid a commission comprised of a cash fee in the amount of \$214,600 and issued an aggregate of 1,430,666 Agents' warrants. Each Agents' warrant is exercisable into one Unit at a price of \$0.15 per Unit for a period of 36 months from the closing date. In addition, the Company also issued the Agents 894,166 Units as a corporate finance fee in connection with the Private Placement. The fair value of the Agent's warrants and warrants attached to the corporate finance fee Units was estimated to be \$604,578 using a black-scholes option pricing model with the following assumptions, volatility 227%, risk free interest rate 1.90%, dividend yield 0%, and 3 year life.

On November 6, 2017, the Company closed a non-brokered private placement (the "Private Placement") of 15,000,000 units at a price of \$0.05 per unit for total gross proceeds of \$750,000. Each unit consisted of one common share and one common share purchase warrant (a "Warrant"), with each Warrant entitling the holder to purchase one common share of the Company for a period of two years from the closing at an exercise price of \$0.10 per common share. The Company paid cash finders' fees of \$51,555 on the Private Placement.

During the year ended September 30, 2017:

On September 23, 2017, the Company's board of directors authorized a plan to proceed with a consolidation of its outstanding common shares on the basis of four (4) pre-consolidation Shares for one (1) post-consolidation Share. All share, share equivalent, and per share amounts have been restated to retrospectively reflect this consolidation.

On January 26, 2017, the Company issued 6,250,000 shares with a fair value of \$0.20 per share with a fair value of \$1,250,000 pursuant to the Kittson Cobalt Property option agreement (note 3).

On December 20, 2016, the Company completed a private placement financing of 6,250,000 shares at a price of \$0.08 per share for gross proceeds of \$500,000. The Company paid a finder's fee of \$50,000 and issued 625,000 finders' warrants to acquire 625,000 common shares at \$0.20 per share until December 20, 2018. The fair value of the finder's warrants was estimated to be \$38,765 using a black-scholes option pricing model with the following assumptions, volatility 140%, risk free interest rate 0.82%, dividend yield 0%, and 2 year life.

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(expressed in Canadian dollars)

4. SHARE CAPITAL (CONT'D)

On November 30, 2016, the Company completed a private placement financing of 656,250 units at a price of \$0.08 per share for gross proceeds of \$52,500. Each unit consists of one common share and one share purchase warrant, entitling the holder to acquire an additional common share at \$0.20 per share until November 23, 2018. The Company paid a finder's fees of \$4,500 and issued finders' warrants to acquire 7,500 common shares at \$0.20 per share until November 23, 2018. The fair value of the finder's warrants was estimated to be \$589 using a black-scholes option pricing model with the following assumptions, volatility 155%, risk free interest rate 0.67%, dividend yield 0%, and 2 year life.

During the year ended September 30, 2017, 1,376,250 common shares were issued on the exercise of 593,750 share purchase warrants and 782,500 stock options for proceeds of \$275,250. The original fair value of the options exercised (\$96,281) was transferred from share based payment reserve to share capital.

Basic and diluted loss per share:

Diluted loss per share did not include the effect of shares to be issued for exercise of 885,000 stock options and 18,195,000 warrants as the effect would be anti-dilutive.

Stock options:

Under the Company's stock option plan, the Company may grant options to employees, consultants and directors up to 10% of the issued and outstanding share capital at the date of grant. The exercise price of the options granted will be no less than the discounted market price of the Company's shares and the maximum term of the options will be ten years.

Stock options have been granted under the plan as follows:

On December 7, 2017, the Company granted stock options to directors, officers and advisors to purchase an aggregate of up to 2,500,000 common shares at \$0.20 per share for a five year period. The options are recorded at a fair value of \$488,173, using Black-Scholes option pricing model based on the following assumptions:

| | |
|-------------------------|---------|
| Volatility | 201% |
| Risk free rate | 1.61% |
| Annual dividends | 0% |
| Remaining life | 5 years |

On November 13, 2017, the Company granted stock options to advisors to purchase an aggregate of up to 300,000 common shares at \$0.12 per share for a two year period. The options are recorded at a fair value of \$28,335, using Black-Scholes option pricing model based on the following assumptions:

| | |
|-------------------------|---------|
| Volatility | 175% |
| Risk free rate | 1.40% |
| Annual dividends | 0% |
| Remaining life | 2 years |

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Notes to the Condensed Consolidated Interim Financial Statements

(expressed in Canadian dollars)

4. SHARE CAPITAL (CONT'D)

On February 10, 2017, the Company granted stock options to directors, officers and advisors to purchase an aggregate of up to 1,250,000 common shares at \$0.20 per share for a five year period. The options are recorded at a fair value of \$201,793, using Black-Scholes option pricing model based on the following assumptions:

| | |
|-------------------------|---------|
| Volatility | 83% |
| Risk free rate | 1.11% |
| Annual dividends | 0% |
| Remaining life | 5 years |

A continuity of the Company's stock options is as follows:

| | Options | Weighted average exercise price \$ | Weighted average # years to expiry |
|-------------------------------|------------------|---|---|
| Balance, September 30, 2017 | 895,000 | 0.20 | 2.47 |
| Granted | 2,800,000 | 0.19 | |
| Expired | (345,000) | 0.20 | |
| Balance, June 30, 2018 | 3,350,000 | 0.19 | 4.0 |

A summary of stock options outstanding and exercisable as of June 30, 2018 is as follows:

| Outstanding and exercisable | Exercise price \$ | Expiry date |
|------------------------------------|--------------------------|--------------------|
| 550,000 | 0.20 | February 10, 2022 |
| 300,000 | 0.12 | November 13, 2019 |
| 2,500,000 | 0.20 | December 7, 2022 |
| 3,350,000 | | |

Share purchase warrants:

A summary of changes in share purchase warrants outstanding is as follows:

| | Warrants outstanding | Weighted average exercise price \$ | Weighted average number of years to expiry |
|-------------------------------|-----------------------------|---|---|
| Balance, September 30, 2017 | 3,780,584 | 0.20 | 0.69 |
| Expired | (2,500,000) | 0.20 | |
| Issued – Private placement | 26,216,666 | 0.16 | |
| Issued – Agent's warrants | 3,755,498 | 0.21 | |
| Exercised | (162,500) | 0.14 | |
| Balance, June 30, 2018 | 31,090,248 | 0.17 | 2.04 |

POWER AMERICAS MINERALS CORP.

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(expressed in Canadian dollars)

4. SHARE CAPITAL (CONT'D)

As at June 30, 2018, the Company had share purchase warrants outstanding as follows:

| Outstanding | Exercise Price \$ | Expiry Date |
|--------------------|------------------------------|--------------------|
| 593,750 | 0.20 | November 23, 2018 |
| 625,000 | 0.20 | December 20, 2018 |
| 14,900,000 | 0.10 | November 2, 2019 |
| 13,541,498 | 0.25 | May 8, 2021 |
| 1,430,000 | 0.15 | May 8, 2021 |
| 31,090,248 | | |

Reserves:

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or agents' warrants are exercised, at which time the corresponding amount will be transferred to share capital.

5. RELATED PARTY TRANSACTIONS

Transactions with related parties during the nine months ended are as follows:

- (i) The Company incurred a total of \$102,000 (2017: \$66,000) for management services and \$nil (2017 - \$6,000) for the provision of office facilities and equipment to a company controlled by a director.
- (ii) The Company incurred a total of \$nil (2017 - \$27,000) in corporate secretarial services to a company controlled by an officer.
- (iii) The Company incurred a total of \$nil (2017 - \$9,000) in accounting services to a company controlled by a director.
- (iv) The Company incurred a total of \$40,000 (2017 - \$13,100) in consulting fees to a company controlled by a director.

Monetary transactions with related parties have been recorded at their exchange amount, being the value of consideration as agreed to between the parties.

POWER AMERICAS MINERALS CORP.

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(expressed in Canadian dollars)

6. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's Board of Directors monitors and approves its risk management practices. The Company's most significant areas of financial risk and risk management are as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is attributable to cash. To limit its exposure to credit risk, the Company held its cash with high-credit quality financial institutes in Canada.

Interest Rate Risk

The Company's current exposure to interest rate arises from the interest rate impact on its cash. The fair value of cash are not significantly affected by changes in short term interest rates.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company attempts to manage liquidity risk by maintaining sufficient cash balances to satisfy current and planned expenditures. The Company may from time to time have to issue additional shares to ensure there is sufficient capital to meet long term objectives.

Foreign currency exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company is not exposed to foreign exchange risk.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

| | June 30, 2018 | September 30, 2017 |
|------------------------------------|----------------------|---------------------------|
| Fair value through profit or loss: | | |
| Cash | \$ 2,008,406 | \$ 296,962 |
| Loans and receivables: | | |
| Sales tax recoverable | 140,543 | 21,533 |
| | \$ 2,148,949 | \$ 318,495 |

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

POWER AMERICAS MINERALS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(expressed in Canadian dollars)

7. CAPITAL MANAGEMENT

In the management of capital, the Company includes the components of shareholders' equity as well as cash, term deposits and other working capital. The Company currently manages its capital structure and makes adjustments to it, based on cash resources expected to be available to support its operations including the exploration and development of its mineral property interests. Management has not established a quantitative capital structure, but will review on a regular basis the capital structure of the Company.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.