



PowerOre Inc.

**Condensed Interim
Financial Statements - Unaudited**

For the Period from February 1, 2018 (date of incorporation) to July 31, 2018
(Expressed in Canadian Dollars unless otherwise indicated)

Management's responsibility for financial reporting

The accompanying condensed interim financial statements of PowerOre Inc. (the "Company" or "PowerOre") were prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the condensed interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 of the condensed interim financial statements.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the interim condensed financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed interim financial statements and (ii) the condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of July 31, 2018 and for the periods presented by the condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

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

Management's assessment of internal control over financial reporting ("ICFR")

Management is also responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

("signed")
(Stephen Stewart)
CEO

("signed")
(Jeffrey Potwarka)
CFO

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying condensed interim 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 condensed interim financial statements in accordance with standards established by the Institute of Chartered Professional Accountants for a review of condensed interim financial statements by an entity's auditor.

PowerOre Inc.
Condensed Interim Statement of Financial Position
(Expressed in Canadian dollars)
As at July 31, 2018

<i>(Unaudited)</i>	Notes	
ASSETS		
Current		
Cash		\$ 756,824
GST/HST receivable		38,376
Total current assets		795,200
Exploration and evaluation assets	5	569,251
TOTAL ASSETS		\$ 1,364,451
LIABILITIES		
Current		
Accounts payable and accrued liabilities		\$ 18,870
Due to Orefinders Resources Inc.	10	86,466
Flow-through share liability	8	51,333
TOTAL LIABILITIES		156,669
SHAREHOLDERS' EQUITY		
Share capital	9	\$ 1,396,040
Share-based payment reserve	9	368,168
Deficit		(556,426)
TOTAL SHAREHOLDERS' EQUITY		1,207,782
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 1,364,451

Nature of operations and going concern (Note 1)

Approved on behalf of the Directors:

“*Alex Stewart*”

Alex Stewart – Director

“*Stephen Stewart*”

Stephen Stewart – Director

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

PowerOre Inc.
Condensed Interim Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

<i>(Unaudited)</i>	Notes	Period from February 1, 2018 (date of incorporation) to July 31, 2018	Three-month period from May 1, 2018 to July 31, 2018
Expenses			
Consulting and management fees	10	\$ 83,850	\$ 63,850
Share-based payments	9	223,168	223,168
Office, rent and general		1,871	1,736
Professional fees		17,780	17,780
Reorganization costs	11	62,510	62,510
Transfer agent, filing fees and shareholder communications		106,404	106,404
Travel and related costs		9,510	9,510
Deferred income tax expense on flow through share premium	8	51,333	51,333
Net loss and comprehensive loss for the period		\$ (556,426)	\$ (536,291)
Weighted average number of shares, basic and diluted		9,935,912	9,935,912
Loss per share, basic and diluted		\$ (0.56)	\$ (0.56)

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

PowerOre Inc.**Condensed Interim Statement of Changes in Equity**

(Expressed in Canadian dollars)

For the period from February 1, 2018 (date of incorporation) to July 31, 2018

<i>(Unaudited)</i>	Share capital		Share-based Payment Reserve	Deficit	Total
	Number of shares	Amount			
Balance at February 1, 2018	-	\$ -	\$ -	\$ -	\$ -
Shares issued upon incorporation	1	0.01	-	-	-
Loss for the period	-	-	-	(556,426)	(556,426)
Shares issued for exploration properties	11,000,000	550,000	-	-	550,000
Shares issued on private placement	5,133,333	308,000	-	-	308,000
Value of warrants	-	(36,000)	36,000	-	-
Shares issued on private placement	13,840,000	692,000	-	-	692,000
Value of warrants	-	(109,000)	109,000	-	-
Share issuance costs	-	(8,960)	-	-	(8,960)
Share-based payments	-	-	223,168	-	223,168
Balance at July 31, 2018	29,973,334	\$ 1,396,040	\$ 368,168	\$ (556,426)	\$ 1,207,782

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

PowerOre Inc.**Condensed Interim Statement of Cash Flows**

(Expressed in Canadian dollars)

For the period from February 1, 2018 (date of incorporation) to July 31, 2018

<i>(Unaudited)</i>	Period from February 1, 2018 (date of incorporation) to July 31, 2018	Three-month period from May 1, 2018 to July 31, 2018
Cash provided by (used in):		
Operating activities		
Loss for the period	\$ (556,426)	\$ (536,291)
Items not involving cash		
Deferred income tax on flow through share premium	51,333	51,333
Share-based payments	223,168	223,168
Changes in non-cash working capital items		
GST/HST receivable	(38,376)	(38,376)
Accounts payable and accrued liabilities	18,870	(1,130)
Net cash (used in) operating activities	(301,431)	(301,296)
Investing activities		
Exploration and evaluation asset expenditures	(19,251)	(19,251)
Net cash (used in) investing activities	(19,251)	(19,251)
Financing activities		
Issuance of common shares	1,000,000	1,000,000
Share issue costs	(8,960)	(8,960)
Subscription receipts	-	(780,000)
Shareholder advance from Orefinders Resources Inc.	86,466	86,456
Net cash provided by financing activities	1,077,506	297,496
Net Increase (Decrease) in Cash	756,824	(23,051)
Cash, Beginning of Period	-	779,875
Cash, End of Period	\$ 756,824	\$ 756,824

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

PowerOre Inc.

Notes to the Condensed Interim Financial Statements - Unaudited

For the period from February 1, 2018 (date of incorporation) to July 31, 2018

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

PowerOre Inc. (“PowerOre” or the “Company”), was incorporated under the Business Corporations Act (British Columbia) on February 1, 2018, as a wholly owned subsidiary of Orefinders Resources Inc. (“Orefinders”). Its principal business activity is the exploration, development and production of exploration and evaluation assets in Canada.

The head and principal office of the Company is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, M5H 1T1. The Company has no subsidiaries.

These condensed interim financial statements for the period ended July 31, 2018 were authorized for issuance by the Board of Directors of the Company on September 28, 2018.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements. Such adjustments could be material.

The Company has no income or cash flows from operations. Continued operation of the Company is dependent on its ability to complete the Arrangement, as outlined below, followed by the development of the exploration and evaluation assets, receive continued financial support, complete equity financings, or generate profitable operations in the future. There is no assurance that these initiatives will be successful.

The Company and Orefinders completed a statutory arrangement (the “Arrangement”). The Arrangement, together with associated transactions, resulting in the Company acquiring the Mann cobalt property and the MacMurchy nickel property from Orefinders in consideration for shares of the Company and the shareholders of Orefinders receiving a portion of those shares of the Company. (Note 11)

2. GOING CONCERN

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown as exploration and evaluation assets is dependent upon future profitable production or proceeds from the disposition of properties.

The business of mining and exploration involves a high degree of risk and there can be no assurance that the Company’s exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, making the required payments pursuant to mineral property option agreements and/or securing additional financing; all of which are uncertain.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company has raised funds throughout the current fiscal year and has utilized these funds for its exploration programs and working capital requirements. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

As at July 31, 2018, the Company had working capital of \$638,531 and an accumulated deficit of \$556,426.

PowerOre Inc.

Notes to the Condensed Interim Financial Statements - Unaudited

For the period from February 1, 2018 (date of incorporation) to July 31, 2018

(Expressed in Canadian dollars)

2. GOING CONCERN (cont'd)

The Company has no proven history of performance, earnings or success. However, management believes that the Company has sufficient working capital to continue operating over the next 12 months.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these condensed interim consolidated financial statements. Such adjustments could be material.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION***Statement of compliance***

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim financial statements have been prepared in accordance with and fully comply with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting. Accordingly, certain information and disclosures included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed.

The policies applied in these condensed interim financial statements are based on IFRSs issued and outstanding as of September 28, 2018, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending October 31, 2018 could result in restatement of these condensed interim financial statements.

Basis of presentation

The condensed interim financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs.

Functional and presentation currency

The functional currency of the Company is determined using the currency of the primary economic environment in which that entity operates. The condensed interim consolidated financial statements are presented in Canadian dollars which is the Company's functional and presentation currency. The Company does not have any significant expenditures in foreign currencies.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

Significant accounting judgements, estimates and assumptions

the preparation of these condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Such estimates and assumptions affect the carrying value of assets, the determination of impairment charges of non-current assets, impact decisions as to when exploration and evaluation costs should be capitalized or expensed and affect estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting

PowerOre Inc.

Notes to the Condensed Interim Financial Statements - Unaudited

For the period from February 1, 2018 (date of incorporation) to July 31, 2018

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

valuations of share-based payments, warrants and income tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

(a) Capitalization of exploration and evaluation assets

Management has determined that exploration and evaluation costs incurred may have future economic benefits. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, proximity of other operating facilities and discoveries, operating management expertise and existing permits. See Note 9 for details of exploration and evaluation assets.

(b) Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's properties, costs to sell the properties and the appropriate discount rate.

Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, and/or adverse current economics can result in an impairment of the carrying amounts of the Company's exploration and evaluation assets.

(c) Estimation of decommissioning and restoration costs and timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals.

(d) Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded. Such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(e) Share-based payments and warrants

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are estimated at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Warrants are valued in a similar way. Changes in these assumptions affect the fair value estimates.

PowerOre Inc.

Notes to the Condensed Interim Financial Statements - Unaudited

For the period from February 1, 2018 (date of incorporation) to July 31, 2018

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Exploration and evaluation expenditures

Exploration and evaluation expenditures (“E&E”) include the costs of acquiring licenses and costs associated with exploration and evaluation activities. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

E&E costs consist of:

- Acquisition of exploration properties;
- Gathering exploration data through topographical and geological studies;
- Exploratory drilling, trenching and sampling;
- Determining the volume and grade of the resource;
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies.

Revenues realized before commencement of commercial production (“pre-production revenues”), which are not incidental but are necessary to bring the mine to the condition required to be operating in the manner intended by management, are recorded as a reduction of the respective mining asset.

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

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.

Mining properties and process facility assets are amortized upon commencement of commercial production either on a unit-of-production basis over measured and indicated resources included in the mine plan or the life of mine.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income/loss.

Share-based payments

The Company has adopted an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments issued at the grant date. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates market and vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

PowerOre Inc.

Notes to the Condensed Interim Financial Statements - Unaudited

For the period from February 1, 2018 (date of incorporation) to July 31, 2018

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

The share-based payment reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount remains in share-based payment reserve.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the Company's outstanding stock options and warrants were anti-dilutive for the period ended July 31, 2018.

Financial instruments**Financial assets**

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. During the period ended July 31, 2018, the Company had no FVTPL assets.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss). If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from accumulated other comprehensive income (loss) to operations. Reversals in respect of equity instruments classified as available-for-sale are not recognized in operations.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument, or, where appropriate, a shorter period.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

PowerOre Inc.

Notes to the Condensed Interim Financial Statements - Unaudited

For the period from February 1, 2018 (date of incorporation) to July 31, 2018

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data.

Income tax

Income tax expense is comprised of both current and deferred income taxes. Income tax expense is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided for 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 asset to be utilized.

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) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through share issuances

The Company finances a portion of its exploration activities through the issue of flow-through shares issued pursuant to the Canadian Income Tax Act ("Tax Act"). Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian exploration and development expenses as defined in the Tax Act.

Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying expenditures to flow-through investors. On issuance, the Company allocates a portion of the subscription proceeds as a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a premium liability. As expenditures are incurred and applied against the Company's associated flow-through commitment, the premium liability is reduced proportionately, charged as a deferred income tax recovery in operations.

PowerOre Inc.

Notes to the Condensed Interim Financial Statements - Unaudited

For the period from February 1, 2018 (date of incorporation) to July 31, 2018

(Expressed in Canadian dollars)

4. FUTURE ACCOUNTING PRONOUNCEMENTS

At the date of authorization of these financial statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods:

(i) IFRS 9, *Financial Instruments* ("IFRS 9"), addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement* that relate to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive earnings and FVTPL. The basis of classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change for liabilities is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive loss rather than in net loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has completed its assessment of the impact of IFRS 9. Management expects a reclassification of the portion of the gain (loss) on financial instruments at fair value for the stream obligation related to the Company's own credit risk from net loss to comprehensive loss.

(ii) IFRS 16 - *Leases* ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, *Leases*. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier adoption is permitted.

The Company is currently evaluating the impact of these pronouncements on its financial statements.

Functional and presentation currency

The functional currency of the Company is determined using the currency of the primary economic environment in which that entity operates. The condensed interim financial statements are presented in Canadian dollars which is the Company's functional and presentation currency. The Company does not have any significant expenditures in foreign currencies.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

PowerOre Inc.

Notes to the Condensed Interim Financial Statements - Unaudited

For the period from February 1, 2018 (date of incorporation) to July 31, 2018

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

The following are details of the Company's exploration and evaluation assets:

	Mann/MacMurchy	Total
Balance, February 1, 2018	\$ -	\$ -
Acquisition costs	550,000	550,000
Exploration costs	19,251	19,251
Balance, July 31, 2018	\$ 569,251	\$ 569,251

Mann/MacMurchy Project

The Company has 100% ownership of the Mann Silver-Cobalt Mine and the MacMurchy nickel property, both of which are in the Cobalt – Gowganda district of Ontario. The properties were acquired as part of the plan of arrangement (Note 11) and were valued at \$550,000 by an independent valuator.

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns to shareholders and benefits to other stakeholders.

The company considers the items included in equity as capital. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or return capital to shareholders.

There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended July 31, 2018. The Company is not subject to externally imposed capital restrictions.

7. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair value of financial instruments

The fair value of financial instruments approximates their carrying value due to the short-term maturity of these instruments. As at July 31, 2018, the Company has no financial instruments to classify in the fair value hierarchy.

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 exposure to credit risk is on its cash held in bank accounts. Cash is held with major banks in Canada. Management assesses credit risk of cash as remote.

PowerOre Inc.

Notes to the Condensed Interim Financial Statements - Unaudited

For the period from February 1, 2018 (date of incorporation) to July 31, 2018

(Expressed in Canadian dollars)

7. FINANCIAL RISK MANAGEMENT (continued)***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is dependent on the completion of the Arrangement to continue operations (Note 2). In the long-term, the Company may have to issue additional equity to ensure there is sufficient capital to meet long-term objectives.

Currency and interest rate risk

The Company is not exposed to any significant foreign exchange risk or interest rate risk.

8. FLOW-THROUGH SHARE LIABILITY

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not incurred the required exploration expenditures. Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of the common shares. The incremental proceeds, or “premium”, are recorded as a flow-through liability. Upon issuance of the flow-through shares in June 2018, the Company recorded a flow-through liability of \$51,333. As expenditures are incurred, the flow-through share liability is reversed. To July 31, 2018, the Company incurred \$Nil in eligible exploration expenditures and, accordingly, the flow-through share liability remained at \$51,333.

9. SHARE CAPITAL***Authorized share capital***

Unlimited number of voting common shares without par value.

Issued share capital

(a) On February 1, 2018, the Company issued one common share for proceeds of \$0.01 to Orefinders

(b) On May 30, 2019, pursuant to a plan of arrangement (Note 11), the Company issued 11,000,000 common shares as consideration for Orefinders transferring its Mann property and MacMurchy property to the Company. The properties were valued at \$550,000 and accordingly a value of \$0.05 per common share was assigned to the 11,000,000 common shares issued as consideration.

(c) On June 1, 2018, the Company completed a non-brokered flow-through private placement of 5,133,333 units at a price of \$0.06 per unit, to raise proceeds of \$308,000. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at \$0.10 per share, until June 5, 2020. The valuation of the warrants was estimated in the amount of \$36,000 using the Black-Scholes option pricing model. In addition, the Company has received subscriptions for a non-brokered hard dollar private placement of 13,840,000 units at a price of \$0.05 per unit, to raise proceeds of \$692,000. The valuation of the warrants was estimated in the amount of \$109,000 using the Black-Scholes option pricing model. Each unit consists of one common share and one-half of one share purchase warrant with each whole warrant entitling the holder to purchase one additional common share, at \$0.08 per share, until June 5, 2020. Total aggregate private placement proceeds are \$1,000,000. The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100%, risk free interest rate of 1.91% and an expected life of 2 years. The proceeds from the private placement will be used for working capital purposes and for the advancement of the Mann and MacMurchy Projects.

PowerOre Inc.

Notes to the Condensed Interim Financial Statements - Unaudited

For the period from February 1, 2018 (date of incorporation) to July 31, 2018

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)*Stock options*

The Board of Directors of the Company has adopted a stock option plan which permits the Company to grant to directors, officers and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares and be exercisable for a period of up to five years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant or individual conducting investor relations activities will not exceed 2% of the issued and outstanding shares. Otherwise specified otherwise by the Board of Directors options vest on the date of grant.

The changes in options during the period ended July 31, 2018

	July 31, 2018		
	Number of options	Weighted average exercise price	Weighted average life (years)
Options outstanding, beginning of period	-	\$ -	-
Options granted	5,950,000	\$ 0.05	4.92
Options outstanding, end of period	5,950,000	\$ 0.05	4.92
Options exercisable, end of period	5,950,000	\$ 0.05	4.92

On June 5, 2018, the Company granted 5,950,000 stock options with an exercise price of \$0.05 and a term of five years. These options vested immediately. The total fair value of \$223,168 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 2.11% and an expected volatility of 100%. The granting of these options resulted in a share-based payment expense of \$223,168 being recorded during the period ended July 31, 2018.

The following incentive stock options were outstanding and exercisable at July 31, 2018:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
5,950,000	5,950,000	\$ 0.05	June 5, 2023

Warrants

The changes in warrants during the periods ended July 31, 2018 is as follows:

	July 31, 2018		
	Number of options	Weighted average exercise price	Weighted average life (years)
Warrants outstanding, beginning of period	-	\$ -	-
Warrants issued	2,566,667	0.10	1.85
Warrants issued	6,920,000	0.08	1.85
Warrants outstanding, end of period	9,486,667	\$ 0.085	1.85

PowerOre Inc.

Notes to the Condensed Interim Financial Statements - Unaudited

For the period from February 1, 2018 (date of incorporation) to July 31, 2018

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

As at July 31, 2018 the following warrants were outstanding.

Number of warrants outstanding	Exercise Price	Expiry Date
2,566,667	\$ 0.10	June 1, 2020
6,920,000	\$ 0.08	June 1, 2020
9,486,667	\$ 0.085	

Share-based payment reserve

A summary of the changes in the Company's share-based payment reserve is set out below:

	July 31, 2018
Balance – Beginning of period	\$ -
Value of warrants issued on private placements	109,000
Value of warrants issued on private placements	36,000
Share-based payments	223,168
Balance – End of period	\$ 368,168

10. RELATED PARTY TRANSACTION

As at July 31, 2018, the Company had a payable to Orefinders in the amount of \$86,466. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

Key management personnel compensation

Key management includes directors and officers. The remuneration of the key management of the Company during the period ended July 31, 2018 consisted of management and consulting fees of \$76,850, geological consulting fees capitalized to exploration and evaluation assets of \$18,251 and share based payments valued at \$198,788.

Unless disclosed elsewhere, related party transactions for the period ended July 31, 2018 include:

Management and consulting fees	\$ 76,850
Geological consulting fees capitalized	18,251
	\$ 95,101

11. PLAN OF ARRANGEMENT

On April 19, 2018, Orefinders executed a plan of arrangement agreement related to the proposed spin-out of the Company (the "Arrangement"). The Plan of Arrangement was approved by shareholders at a special meeting on May 24, 2018 and received formal approval of the Supreme Court of British Columbia on May 30, 2018. Under the Arrangement: 1) Orefinders transferred its Mann property and MacMurchy property to the Company (a wholly-owned subsidiary of Orefinders) in consideration for the Company issuing 11,000,000 common shares to Orefinders (the "Consideration Shares"); and 2) Pursuant to a plan of arrangement (the "Arrangement") under the Business Corporations Act (British Columbia) involving Orefinders, its shareholders, and the Company, each existing shareholder of Orefinders exchanged their shares of Orefinders for: (a) one new common share of Orefinders for each one existing share of Orefinders held; and (b) such shareholder's pro rata portion of 5,500,000 of the Consideration Shares (being approximately one common share of the Company for every 17 shares of Orefinders held on the effective date of the Arrangement). After completion of the Arrangement, Orefinders continued to hold 5,500,000 of the Consideration Shares, representing approximately 18% of the issued and outstanding shares of the Company. Furthermore, the Company began trading on the TSX Venture Exchange on June 5, 2018. In connection with the Arrangement, the Company incurred \$62,510 in expenses through July 31, 2018. The Arrangement was approved by shareholders at a special meeting on May 24, 2018 and received formal approval of the Supreme Court of British Columbia on May 30, 2018. Furthermore, PowerOre began trading on the TSX Venture Exchange on June 5, 2018.