POWER METALS CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

February 28, 2017 and February 29, 2016

NOTICE OF NO AUDITOR REVIEW OF 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 interim financial statements, they must be accompanied by a notice indicating that the financial Statements have not been reviewed by an auditor.

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

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	February 28, 2017	November 30, 2016
ASSETS		
Current assets		
Cash	$ 141,769	$ 7,621
Receivables	19,896	12,480
Total current assets	161,665	20,101
Non-current assets		
Exploration and evaluation assets (Note 4)	3,604,750	1,632,132
Furniture and equipment (Note 5)	17,111	18,011
Total non-current assets	3,621,861	1,650,143
Total assets	$ 3,783,526	$ 1,670,244
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 10)	$ 543,993	$ 597,557
Loans payable (Note 7)	675,797	658,044
Flow-through share liability (Notes 8 and 11)	17,020	31,050
Total current liabilities	1,236,810	1,286,651
Equity		
Share capital (Note 8)	21,658,639	18,990,208
Shares to be issued (Note 7)	30,000	30,000
Subscription received in advance	-	210,000
Share subscription receivable	(7,050)	(7,050)
Reserves (Note 8)	1,583,641	749,698
Deficit	(20,718,514)	(19,589,263)
Total equity	2,546,716	383,593
Total liabilities and equity	$ 3,783,526	$ 1,670,244

Nature, continuance of operations, and going concern (Note 1)
Subsequent events (Note 16)

Approved and authorized on May 1, 2017 on behalf of the Board:

"Johnathan More", Director
Johnathan More

"Rob Dardi", Director
Rob Dardi

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

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED,

	February 28, 2017	February 29, 2016
EXPENSES		
Consulting	$ -	$ 1,126
Depreciation (Note 5)	900	-
Filing fees	8,964	4,285
Interest and financing expenses (Note 7)	17,753	4,488
Investor relations	35,243	-
Management fees (Note 10)	-	45,000
Office and miscellaneous	27,201	3,880
Professional fees	10,000	13,000
Marketing, promotion and communication	188,404	-
Stock-based compensation	820,045	-
Write-off of exploration and evaluation assets (Note 4)	34,771	-
Loss before other item	(1,143,281)	(71,779)
OTHER ITEM		
Other income (Note 11)	14,030	-
Loss and comprehensive loss for the period	$ (1,129,251)	$ (71,779)
Basic and diluted loss per common share	$ (0.02)	$ (0.00)
Weighted average number of common shares outstanding	58,061,148	25,189,938

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

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED,

	February 28, 2017	February 29, 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,129,251)	$ (71,779)
Items not affecting cash:		
Depreciation (Note 5)	900	1,126
Accrued financing expenses and bonus shares (Note 7)	17,753	4,487
Other income (Note 11)	(14,030)	-
Share-based compensation	820,045	-
Write-off of exploration and evaluation assets	34,771	-
Changes in non-cash working capital items:		
Increase in receivables	(7,416)	(3,613)
Increase in accounts payable and accrued liabilities	51,436	21,622
Net cash used in operating activities	(225,792)	(48,157)
CASH FLOW FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(332,389)	-
Net cash used in investing activities	(332,389)	-
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issuance	685,000	225,000
Share issuance costs	(18,171)	(18,000)
Option exercised	25,500	-
Net cash provided by financing activities	692,329	207,000
Change in cash for the period	134,148	158,543
Cash, beginning of period	7,621	87,863
Cash, end of period	$ 141,769	$ 246,706
Cash paid (received) during the year for interest	$ -	$ -
Cash paid (received) during the year for taxes	$ -	$ -

Supplementary cash flow information (Note 14)

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

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Share Capital							
	Common Shares	Amount	Shares to be issued	Subscriptions received in advance	Share subscription receivable	Reserves	Deficit	Total Equity
Balance, November 30, 2015	24,308,726	$ 16,875,069	$ 30,000	$ -	$ (7,050)	$ 844,544	$ (13,416,998)	$ 4,325,565
Shares issued in private placement	1,875,000	206,250	-	-	-	-	-	206,250
Share issuance costs on private placement	-	(29,493)	-	-	-	11,493	-	(18,000)
Loss and comprehensive loss for the period	-	-	-	-	-	-	(71,779)	(71,779)
Balance, February 29, 2016	26,183,726	$ 17,051,826	$ 30,000	$ -	$ (7,050)	$ 856,037	$ (13,488,777)	$ 4,442,036
Balance, November 30, 2016	47,385,196	$ 18,990,208	$ 30,000	$ 210,000	$ (7,050)	$ 749,698	$ (19,589,263)	$ 383,593
Shares issued in private placement	13,333,333	1,000,000	-	-	-	-	-	1,000,000
Shares issued as finder's fee for acquisition of exploration and evaluation assets (Note 4)	96,827	7,262	-	-	-	-	-	7,262
Share issuance costs	-	(50,824)	-	-	-	25,391	-	(25,433)
Shares issued for acquisition of exploration and evaluation assets (Note 4)	5,000,000	1,675,000	-	-	-	-	-	1,675,000
Shares issued for warrants exercised	150,000	25,500	-	-	-	-	-	25,500
Subscription received in advance	-	-	-	(210,000)	-	-	-	(210,000)
Fair value of shares issued on warrants exercised	-	11,493	-	-	-	(11,493)	-	-
Share-based compensation	-	-	-	-	-	820,045	-	820,045
Loss and comprehensive loss for the period	-	-	-		-	-	(1,129,251)	(1,129,251)
Balance, February 28, 2017	65,965,356	$ 21,658,639	$ 30,000	$ -	$ (7,050)	$ 1,583,641	$ (20,718,514)	$ 2,546,716

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

1. NATURE, CONTINUANCE OF OPERATIONS AND GOING CONCERN

Power Metals Corp. ("Power Metals" or "the Company") is incorporated under the British Columbia Business Corporations Act and its common shares are listed on the TSX Venture Exchange ("the Exchange") under the symbol "PWM". The principal business of the Company is the acquisition, exploration and evaluation of resource properties.

The Company's registered address, head office, principal address and records office is Suite 545-999 Canada Place, Vancouver, British Columbia, Canada, V6C 3E1.

The Company is considered to be in the exploration stage with respect to its interests in exploration and evaluation assets. The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

These condensed interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at February 28, 2017, the Company had an accumulated deficit of $20,718,514 (November 30, 2016 - $19,589,263) and has incurred losses since inception. These material uncertainties may raise substantial doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretation Committee ("IFRIC"). These condensed interim financial statements have been prepared on the basis of IFRS standards that are effective for the Company's reporting year ended November 30, 2016.

Basis of presentation

The condensed interim financial statements have been prepared on historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Significant accounting judgments and critical accounting estimates

The preparation of these condensed interim financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these financial statements.

2. BASIS OF PRESENTATION (cont'd…)

Significant accounting judgments and critical accounting estimates (cont'd…)

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed interim financial statements include, but are not limited to, the determination of categories of financial assets and financial liabilities which has been identified as an accounting policy involving assessments made by management, recoverability of the carrying value of the Company's exploration and evaluation assets, and the going concern assumption.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

i) Deferred income taxes - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the condensed interim financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation assets

The Company capitalizes the acquisition costs of mineral claims and mineral rights. Exploration and development costs, subsequent to the determination of the feasibility of mining operations are capitalized. Exploration and development expenses incurred prior to determination of the feasibility of mining operations, periodic option payments and administrative expenditures are expensed as incurred.

Proceeds received on the sale of interests in exploration and evaluation assets are credited to the carrying value of exploration and evaluation assets, with any excess included in operations. Write-downs due to impairment in value are charged to profit or loss.

Management periodically reviews the carrying values of its investments in exploration and evaluation assets and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company and the assessment of future probability of revenues from the property or from the sale of the property. A decision to abandon, reduce or expand activity on a specific property is based upon many factors including general and specific assessments of mineral resources, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases and the availability of financing. The Company does not set a pre-determined holding period for properties with unproven resources. However, properties which have not demonstrated suitable prospects at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted and that carrying values are appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets (cont'd...)

If a mineral property is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against profit or loss in the period of abandonment or determination of impairment of value.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

The amounts recorded as mineral claims represent unamortized costs to date and do not necessarily reflect present or future values. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. The accumulated costs of mineral properties that are developed to the stage of commercial production will be amortized to operations using the unit of production depletion method.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing unless otherwise noted.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Flow-through shares

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow-through premium liability is recognized for the difference. The liability is reversed when the expenditures are made and is recorded in other income. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

As at February 28, 2017 and November 30, 2016, the Company has determined that it does not have any decommissioning obligations.

Financial instruments

<u>Financial assets</u>

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd...)

Financial assets (cont'd...)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Transaction costs associated with fair value through profit or loss assets are expensed as incurred while transaction costs associated with all other financial assets are included in the initial carrying amount of the assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category includes all other liabilities, all of which are recognized at amortized cost.

Loss per share

The Company recognizes the dilutive effect on loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued using residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share, and any residual amount is assigned to the warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments and are recognized in equity. When warrants are forfeited or are not exercised at the expiry date the amount previously recognized in equity is transferred from reserves to deficit.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date the shares are issued.

Share issuance costs

Share issue costs are deferred and charged directly to share capital on completion of the related equity financing. If the financing is not completed, share issue costs are charged to profit or loss. Costs directly identifiable with the raising of capital will be charged against the related share capital.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. The expected price volatility is based on the historical volatility. All equity-settled share-based payments are reflected in reserves until exercised. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based compensation is transferred from reserves to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes (cont'd...)

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Furniture and equipment

Furniture and equipment is recorded at cost and is being amortized using the declining balance method at 20% per year.

New accounting standards and amendments to existing standards

New or revised standards and amendments to existing standards not yet effective

The Company has not applied the following new, revised and amended standards that have been issued but are not yet effective for the February 28, 2017 reporting period:

- Amendments to IAS 1, Presentation of Financial Statements, clarify existing IAS 1 requirements resulting from the Disclosure Initiative. It is designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. These amendments are effective for reporting periods beginning on or after January 1, 2016.

- Amendments to IFRS 7, Financial Instruments, clarify the applicability of the amendments to IFRS 7 Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements. These amendments are effective for reporting periods beginning on or after January 1, 2016.

- Amendments to IAS 7, Statement of Cash Flows, require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New or revised standards and amendments to existing standards not yet effective (cont'd…)

- New standard IFRS 9, Financial Instruments, classification and measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. This standard is effective for years beginning on or after January 1, 2018.

- Amendments to IFRS 2, Share-based Payment, add guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018.

- New standard IFRS 16, Leases, specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low 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. This standard is effective for reporting periods beginning on or after January 1, 2019.

The Company is currently assessing the impact that these standards will have on the Company`s financial statements. The Company plan to adapt these standard as soon as they become effective for the Company`s reporting period. The amendments and new standards are expected to have minimal impact on the Company`s financial statements.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

During the period ended February 28, 2017, the following exploration expenses were incurred on the exploration and evaluation assets:

	Triple M Uranium Property	Leduc Lithium Property	Case Lake Property	Larder River Property	Total
Acquisition costs					
Balance, November 30, 2016	$ -	$ -	$ 1,147,191	$ 484,941	$ 1,632,132
Shares issued	-	1,675,000	-	-	1,675,000
Cash paid	-	10,000	185,000	10,000	205,000
Balance, February 28, 2017	-	1,685,000	1,332,191	494,941	3,512,132
Exploration costs					
Balance, November 30, 2016	-	-	-	-	-
Drilling field work	-	-	23,174	-	23,174
Geological consulting	31,173	-	69,444	-	100,617
Miscellaneous	3,598	-	-	-	3,598
Balance, February 28, 2017	34,771	-	92,618	-	127,389
Write off of exploration property	(34,771)	-	-	-	(34,771)
Total balance, February 28, 2017	$ -	$ 1,685,000	$ 1,424,809	$ 494,941	$ 3,604,750

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

During the year ended November 30, 2016, the following exploration expenses were incurred on the exploration and evaluation assets:

	Triple M Uranium Property	Key Lake Property	Upper Maybelle River Property	Case Lake Property	Larder River Property	Total
Acquisition costs						
Balance, November 30, 2015	$ 2,787,488	$ 1	$ -	$ -	$ -	$ 2,787,489
Shares issued	-	-	400,000	1,072,191	394,941	1,867,132
Cash paid	450,000	-	6,106	75,000	90,000	621,106
Balance, November 30, 2016	3,237,488	1	406,106	1,147,191	484,941	5,275,727
Exploration costs						
Balance, November 30, 2015	1,963,284	-	-	-	-	1,963,284
Drilling field work	3,000	-	-	-	-	3,000
Geological consulting	103,001	-	-	-	-	103,001
Surveying	77,219	-	-	-	-	77,219
Balance, November 30, 2016	2,146,504	-	-	-	-	2,146,504
Write off of exploration property	(5,383,992)	(1)	(406,106)	-	-	(5,790,099)
Total balance, November 30, 2016	$ -	$ -	$ -	$ 1,147,191	$ 484,941	$ 1,632,132

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Triple M Uranium Property

During the year ended November 30, 2013, the Company entered into an option agreement to acquire an undivided 70% interest in the Triple M Uranium Property, Patterson Lake Area, Saskatchewan, upon the completion of the following:

i) a total payment of $1,000,000 due on various dates during the year ended November 30, 2013 (paid);

ii) payment of $500,000 on or before March 18, 2014 (during the year ended November 30, 2014, $280,000 was paid in cash and $220,000 was paid through issuance of 666,667 units of the Company);

iii) issuance of 2,083,333 common shares of the Company on July 17, 2013 (issued);

iv) issuance of 175,417 common shares as a finder's fee in connection with the acquisition of the property (issued); and

v) incurring an aggregate of $4,000,000 of property expenditures after July 17, 2013 over the next four years, as follows:

   a) $250,000 by March 18, 2014;
   b) $500,000 by March 18, 2015;
   c) $1,500,000 by March 18, 2016; and
   d) $1,750,000 by March 18, 2017.

The optionors will retain a 3% Net Smelter Royalty respecting the sale of ore concentrate from the property and a 3% Gross Overriding Royalty respecting any diamonds found on the property. The Company may elect at any time to repurchase 1% of the Net Smelter Royalty for $2,000,000. In addition, the optionors shall retain a 30% free carried interest in the property.

During the year ended November 30, 2016, the Company signed a settlement and waiver agreement with the optionors of the Triple M uranium property and paid $450,000 in exchange for deemed satisfaction of the aggregate property expenditures requirement by March 18, 2018.

The Company has allowed the agreement to lapse. As a result, the Company has written off the property.

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Case Lake Property

During the year ended November 30, 2016, the Company entered into an agreement to acquire 100% interest in the Case Lake Property. Pursuant to the agreement, the Company is required to complete the following:

i) payment of $325,000 ($75,000 paid);

ii) incurring an aggregate of $200,000 of property expenditures over 36 months; and

iii) issuance of 11,000,000 common shares of the Company (issued and valued at $990,000).

The property is subject to a 2% NSR.

The Company also issued 913,235 common shares valued at $82,191 as finders' fees.

Larder River Property

During the year ended November 30, 2016, the Company entered into an agreement to acquire 100% interest in the Larder River Property. Pursuant to the agreement, the Company is required to complete the following:

i) payment of $1,335,000 ($90,000 paid);

ii) incurring an aggregate of $2,425,000 on exploration expenditures over 36 months; and

iii) issuance of 4,000,000 common shares of the Company (issued and valued at $360,000).

The property is subject to a 2% NSR, 1% of which can be purchased for $750,000 and 1% for $1,250,000.

The Company also issued 388,235 common shares valued at $34,941 as finder's fees.

Leduc Lithium Property

During the period ended February 28, 2017, the Company executed an agreement to acquire lithium brine permit portfolios in Alberta, Canada. Consideration for the property includes the issuance of 5,000,000 (issued and valued at $1,675,000) shares of the Company to arm's length parties and granting of a 2% gross overriding royalty thereon.

Coyote Project

During the period ended February 28, 2017, the Company acquired 100% interest in the Coyote Project, located in the Lisbon Valley area in the Paradox Basin, Utah. Consideration for the property includes the issuance of 3,500,000 shares of the Company and a payment of US$53,300.

Drumheller and Peace River

During the period ended February 28, 2017, the Company executed agreements to acquire two lithium brine permit portfolios in Alberta, Canada. Consideration for the property includes the issuance of 650,000 shares of the Company to arm's length parties and granting of a 2% gross overriding royalty thereon.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Key Lake Property

During the year ended November 30, 2015, the Company and Fission 3.0 Corp. ("Fission 3.0") entered into a property option agreement whereby the Company can earn up to a 50% interest in Fission 3.0's Key Lake Property in the southeastern Athabasca Basin region, Saskatchewan Lake, by incurring $6,900,000 of staged exploration expenditures on or before May 1, 2019. During the year ended November 30, 2015, the Company paid $100,000 in cash and issued 2,714,603 shares to Fission 3.0. Details of the staged exploration expenditures are as follows:

Deadline	Interest Earned	Work Obligation
May 1, 2016	-	$1,000,000
May 1, 2017	20%	$1,700,000
May 1, 2018	10%	$2,000,000
May 1, 2019	20%	$2,200,000
Total	50%	$6,900,000

As part of the agreement, the Company will make semi-annual payments to Fission 3.0 of $100,000 during the earn-in period. The semi-annual payments may be made in cash or the equivalent in the Company's shares at the option of the Company.

The Company did not meet the required option payment of $100,000 in February, 2016 and has allowed the agreement to lapse. As a result, the Company has written off the property.

5. FURNITURE AND EQUIPMENT

		Furniture and equipment
Cost		
Balance, November 30, 2015 and 2016 and February 28, 2017	$	48,125
Accumulated depreciation		
Balance, November 30, 2015	$	25,609
Depreciation		4,505
Balance, November 30, 2016		30,114
Depreciation		900
Balance, February 28, 2017	$	31,014
Carrying amounts		
As at November 30, 2016	$	18,011
As at February 28, 2017	$	17,111

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		February 28, 2017		November 30, 2016
Trade payables	$	118,965	$	71,782
Accrued liabilities		20,000		16,000
Due to related parties (Note 10)		405,028		509,775
Total	$	543,993	$	597,557

(Expressed in Canadian Dollars)

7. LOANS PAYABLE

During the year ended November 30, 2015, the Company secured working capital debt financing of $150,000 from non-arm's length parties. The loans are for a term of one year and bear interest at the rate of 12% per annum calculated and compounded annually. As an inducement to grant the loan, the Company will issue the lenders 122,448 common shares of the Company valued at $30,000. At February 28, 2017, no shares have been issued. As of February 28, 2017, interest of $35,260 (November 30, 2016 - $30,822) was been accrued on these loans.

During the year ended November 30, 2016, the Company entered into a loan agreement with an arm's length party of $450,000. The loan amount accrues interest at a rate of 12% per annum for a term of 12 months. As part of the loan agreement, the Company issued 900,000 common shares at a fair value of $0.10 per share and recognized financing expenses of $90,000. As of February 28, 2017, interest of $40,537 (November 30, 2016 - $27,222) has been accrued on the loan.

		February 28, 2017		November 30, 2016
Due to spouse of the CFO and Director	$	123,507	$	120,548
Due to CEO and Director		61,753		60,274
Due to arm's length party		490,537		477,222
	$	675,797	$	658,044

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital as at February 28, 2017:

Unlimited number of voting common shares without par value
Unlimited number of preferred shares with no par value

b) Issued share capital

During the period ended February 28, 2017, the Company:

i) Closed a private placement financing of 13,333,333 units at a price of $0.075 per unit raising total proceeds of $1,000,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share at $0.15 per share, for a period of two years. In connection with the private placement, the Company paid cash of $16,798, issued 96,827 units as share issuance costs, and granted 107,467 share purchase warrants with a fair value of $25,391 using the Black-Scholes option pricing model assuming expected life of 2 years, a risk-free interest rate of 0.75%, a forfeiture rate of 0% and an expected volatility of 117.83%;

ii) Issued 150,000 shares pursuant to the exercise of warrants for gross proceeds of $25,500; and

iii) Issued 5,000,000 shares to arm's length parties and granting of a 2% gross overriding royalty theron, for the acquisition of the Leduc Lithium Project Alberta, Canada. (Note 4).

During the year ended November 30, 2016 the Company:

i) Completed a private placement financing of 1,875,000 units at a price of $0.12 per unit raising total proceeds of $225,000. Each unit is comprised of one flow-through common share and one-half warrant. Each whole warrant is exercisable into one common non flow-through share at $0.17 per share, expiring on December 29, 2017. The flow-through common shares were valued at $0.10 per share for a total value of $187,500 and the residual value of $37,500 was allocated to deferred premium on flow-through shares. In connection with the private placement, the Company paid $18,000 of share issuance cost and granted 150,000 share purchase warrants with a fair value of $11,493 using the Black-Scholes option pricing model assuming expected life of 2 years, a risk-free interest rate of 0.48%, a forfeiture rate of 0% and an expected volatility of 163.50%;

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

b) Issued share capital (cont'd...)

During the year ended November 30, 2016 the Company (cont'd...):

ii) Issued 4,000,000 shares with a total fair value of $400,000 for the acquisition of the Upper Maybelle River Property (Note 4);

iii) Issued 900,000 shares with a total fair value of $90,000 as bonus shares for the loan advanced by an arm's length party (Note 7);

iv) Issued 11,000,000 shares with a total fair value of $990,000 for the acquisition of the Case Lake Property (Note 4). The Company issued 913,235 shares with a total fair value of $82,191 as finder's fee; and

v) Issued 4,000,000 shares with a total fair value of $360,000 for the acquisition of the Larder River Property (Note 4). The Company issued 388,235 shares with a total fair value of $34,941 as finder's fee.

c) Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the Board of Directors.

During the period ended February 28, 2017, the Company:

i) Granted stock options of 4,000,000 to officers, directors, employees, and consultants of the Company. The options are exercisable at a price of $0.23 per share, expiring on January 16, 2022.

ii) Granted stock options of 200,000 to employees, and consultants of the Company. The options are exercisable at a price of $0.48 per share, expiring on February 20, 2022.

During the period ended February 29, 2016, the Company did not grant any stock options.

Stock option transactions and the number of share options outstanding are summarized as follows:

	Number Of Options		Weighted Average Exercise Price
Balance, November 30, 2015	1,894,177	$	0.55
Cancelled	(77,499)		0.47
Balance, November 30, 2016	1,816,678		0.55
Granted	4,200,000		0.24
Cancelled	(576,663)		0.56
Balance, February 28, 2017	5,440,015	$	0.31
Number of options currently outstanding and exercisable	5,440,015	$	0.31

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

c) Stock options (cont'd…)

As at February 28, 2017, the following stock options were outstanding:

Number of options	Exercise Price	Expiry Date
556,662	$ 0.60	July 21, 2018
366,665	0.51	January 7, 2019
165,022	0.51	March 12, 2019
101,666	0.48	May 1, 2019
50,000	0.36	October 29, 2019
4,000,000*	0.23	January 16, 2022
200,000	0.48	January 20, 2022
5,440,015		

* 1,160,000 exercised subsequently

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of options granted for the period ended February 28, 2017 and February 29, 2016:

	Three months ended February 28, 2017	Three months ended February 29, 2016
Risk-free interest rate	1.02%	-
Expected life of options	5.00 years	-
Expected annualized volatility	138.30%	-
Exercise price	$0.25	-
Expected dividend rate	0%	-

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, November 30, 2015	3,941,353	$ 0.57
Granted	937,500	0.17
Expired	(2,900,241)	0.68
Balance, November 30, 2016	1,978,612	0.23
Granted	13,333,333	0.15
Expired	(346,667)	0.33
Balance, February 28, 2017	14,965,278	$ 0.16

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

d) Warrants (cont'd…)

As at February 28, 2017, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
694,445	$ 0.25	July 10, 2017
937,500*	0.17	December 31, 2017
7,103,334	0.15	December 20, 2018
6,229,999	0.15	January 3, 2019
14,965,278		

* exercised subsequently

e) Agent's warrants

Agent's warrants transactions are summarized as follows:

	Number of Agent's Warrants	Weighted Average Exercise Price
Balance, November 30, 2015	312,219	$ 0.68
Granted	150,000	0.17
Expired	(312,219)	0.68
Balance, November 30, 2016	150,000	0.17
Granted	107,467	0.15
Exercised	(150,000)	0.17
Balance, February 28, 2017	107,467	$ 0.15

As at February 28, 2017, the following agent's warrants were outstanding:

Number of Agent's warrants	Exercise Price	Expiry Date
107,467	$ 0.15	January 3, 2019

The following weighted average assumptions were used for the Black-Scholes pricing model valuation of warrants granted for the period ended February 28, 2017 and February 29, 2016:

	Three months ended February 28, 2017	Three months ended February 29, 2016
Risk-free interest rate	0.75%	-
Expected life of options	2.00 years	-
Expected annualized volatility	117.83%	-
Exercise price	$0.15	-
Expected dividend rate	0%	-

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liabilities either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's primary financial instruments are classified as follows:

Financial instruments	Classifications
Cash	Loans and receivables
Receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Loans payable	Other financial liabilities

The fair value of these assets and liabilities approximates their respective carrying amounts due to their short term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. As at February 28, 2017, the Company had $19,896 (November 30, 2016 – $12,480) from government authorities in Canada. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2017 the Company had a cash balance of $141,769 (November 30, 2016 – $7,621) to settle current liabilities of $1,236,810 (November 30, 2016 – $1,286,651). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices.

a) Interest rate risk

The Company has cash balances and loans payable which bear interest. The Company is satisfied with the credit ratings of its banks. The loans have fixed interest rates thus there is no interest rate risk. As of February 28, 2017, the Company did not hold any investments. The Company believes it has no significant interest rate risk.

9. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

b) Foreign currency risk

As at February 28, 2017, the Company has a minimal balance of cash in US dollars and does not believe that the foreign currency risk related to the balance is significant.

c) Price risk

The Company has no contractual commodity price risk. The recoverability of the Company's deferred exploration costs is indirectly related to the market price of precious and base metals. The Company's ability to continue with its exploration program is also indirectly subject to commodity prices. Commodity price risk is significant to the Company. Much of this is out of the control of management and will be dealt with based on circumstances at any given time.

10. RELATED PARTY BALANCES AND TRANSACTIONS

Transactions with related parties and key management personnel are as follows:

	Nature of transactions	February 28, 2017	February 29, 2016
Key management personnel:			
CEO and Director	Management	$ -	$ 30,000
A company controlled by CFO and Director	Management	-	15,000
A company controlled by VP Exploration and Development	Geological and field costs[i)]	8,000	-
Total		$ 8,000	$ 45,000
Other related parties:			
A firm of which the CFO and Director is a partner	Professional	$ 6,000	$ 9,000

i) Capitalized in exploration and evaluation assets.

The amounts due to other related parties and key management personnel included in accounts payable and accrued liabilities are as follows:

	February 28, 2017	November 30, 2016
Due to a firm of which the CFO and Director is a partner	$ 71,663	$ 182,663
Due to the CEO and Director	23,361	33,361
Due to a company controlled by the CFO and Director	51,276	55,423
Due to a company controlled by VP Exploration and Development	233,603	225,203
Due to a Director and Chairman	13,125	13,125
	$ 393,028	$ 509,775

During the year ended November 30, 2016, the Company entered into a purchase and sale agreement for the Upper Maybelle River Uranium Property with two vendors, one of which was the VP Exploration and Development. The Company issued 2,000,000 common shares with a market value of $200,000, which represents 50% of the purchase price, to the VP Exploration and Development (see Note 4).

(Expressed in Canadian Dollars)

11. COMMITMENT

In connection with the issuance of flow-through common shares in July 2015, the Company has a commitment to incur $250,000 of qualifying flow-through expenditures. As at December 31, 2016, the Company had completed this flow-through commitment.

In connection with the issuance of flow-through common shares in December 2015, the Company has a commitment to incur $225,000 of qualifying flow-through expenditures. As at February 28, 2017, the Company had a remaining flow-through commitment of $147,556.

The following is a continuity schedule of the deferred premium on flow-through shares issuance:

Balance at November 30, 2015	$	26,042
Initial recognition of deferred premium on flow-through shares		37,500
Settlement of flow-through share liability on incurring expenditures		(32,492)
Balance at November 30, 2016		31,050
Settlement of flow-through share liability on incurring expenditures		(14,030)
Balance at February 28, 2017	$	17,020

12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. share capital, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the 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 common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

No changes were made to capital management during the period ended February 28, 2017.

13. SEGMENTED INFORMATION

As at February 28, 2017, all of the Company's assets are held in Canada.

(Expressed in Canadian Dollars)

14. SUPPLEMENTARY CASH FLOW INFORMATION

		February 28, 2017
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	$	246,611
Fair value of shares issued for the acquisition of exploration and evaluation assets (Note 4)		1,675,000
Fair value of shares issued on agents warrants exercised		11,493
Fair value of agents warrants issued		25,391
Fair value of shares issued for settlement on accounts payable		105,000

15. LETTER OF INTENT

During the period ended February 28, 2017, the Company entered into a Letter of Intent ("LOI") with American Potash Corp. ("AMP"), regarding a joint venture agreement to explore and develop lithium brines. According to the terms agreed to by both parties under the LOI, Power Metals can earn up to 65% of all AMP lithium holdings in Utah by completing the following:

- Fund and complete two exploration wells targeting lithium brine occurrences beneath AMP's US Federal lithium claims and/or their Utah state lithium leases. The drill rig must be mobilized and be on-site for first well within 6-months of Definitive Agreement signing date and second well within 1 year of Definitive Agreement signing date.
- Deliver to AMP a cash deposit of CDN$250,000 within 90 days of the Definitive Agreement signing date.
- Issue 1,000,000 common shares of PWM to AMP. Shares will be issued according to the following schedule; one-third 180 days after the Definitive Agreement date, one-third after 270 days of the Definitive Agreement date, one-third on the first anniversary of the Definitive Agreement date.

A Definitive Agreement based on the terms defined in the LOI will be signed within fourteen business days of the LOI date.

16. SUBSEQUENT EVENTS

Subsequent to the period ended February 28, 2017, the Company:

i) granted stock options of 100,000 to a consultant of the Company. The options are exercisable at a price of $0.33 per share, expiring on March 12, 2022.

ii) issued 937,500 shares pursuant to the exercise of warrants for gross proceeds of $159,375.

iii) issued 1,160,000 shares pursuant to the exercise of options for gross proceeds of $266,800.