

**POWER METALS CORP.**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**NINE MONTHS ENDED AUGUST 31, 2019**

This management discussion and analysis of financial position and results of operations (“MD&A”) is prepared as of October 28, 2019 and should be read in conjunction with the unaudited condensed interim financial statements for the period ended August 31, 2019 of Power Metals Corp. (“Power Metals” or the “Company”) with the related notes thereto. All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. Readers may also want to refer to the November 30, 2018 audited financial statements and the accompanying notes.

### **Forward looking statements**

Certain statements contained in this document constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words “could”, “intend”, “expect”, “believe”, “will”, “projected”, “estimated” and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Description of Business**

The Company is an exploration company engaged in the acquisition and exploration of resource properties. The Company is a reporting issuer in British Columbia, Alberta and Ontario. The Company trades on the TSX Venture Exchange under the symbol "PWM".

### **Risks and Uncertainties**

The Company's principal activity is resource exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, fluctuating resource price, social, political, financial and economical. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not listed in order of importance nor are they inclusive of all the risks and uncertainties the Company may be subject to as other risks may apply.

- Any resource property interests of the Company are or will be, in the near term, in the exploration stage only and consequently, exploration of the Company's resource property interests may not result in any discoveries of commercial levels of resources. If the Company's efforts do not result in any discovery of commercial resource level, the Company will be forced to look for other exploration projects or cease operations.
- The Company's current assets and activities are subject to extensive Canadian federal, provincial, territorial and local laws and regulations. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations, changes to existing laws and regulations or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its properties.

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- In the ordinary course of business, the Company is required to obtain and renew governmental permits for existing operations and any ultimate development, construction and commencement of new resource or mining operations. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can recover from a given resource property once in production. Any unexpected delays or costs associated with the permitting process could delay the development or impede the operation of a resource or mine, which could adversely impact the Company's operations and profitability.
- The Company competes with many companies possessing greater financial resources and technical abilities than itself for the acquisition of resource properties including mineral concessions, claims, leases, other mineral interests, and equipment required to conduct its activities as well as for the recruitment and retention of qualified employees.
- Substantial expenditures are required to be made by the Company to establish mineral reserves and the Company may not either discover minerals in sufficient quantities or grade to be economically feasible, or may not have the necessary required funds. Estimates of mineral reserves and mineral resources can also be affected by environmental factors, unforeseen technical difficulties and unusual or unexpected geological formations. Material changes in mineral reserve or mineral resource estimates, grades, stripping ratio or recovery rates may affect the economic viability of any project.
- The lack of available infrastructure may adversely affect the Company's operations and profitability. If adequate infrastructure is not available in a timely manner, there can be no assurance that the development of the Company's projects will be commenced or completed on a timely basis, if at all; the Company's operations will achieve anticipated results; or the construction costs and ongoing operating costs associated with the development of the Company's advanced stage exploration projects will not be higher than anticipated. In addition, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations and profitability.
- The Company currently has limited insurance covering its assets or operations and as a consequence, could incur considerable costs. As a result of having limited insurance, the Company could incur significant costs that could have a materially adverse effect upon its financial condition and even cause the Company to cease operations. To date, the Company has not experienced any material losses due to hazards arising from its operations.
- Although the Company has sought and received such representations as it has been able to achieve from vendors in connection with the acquisition of or options to acquire an interest in its mining or resource properties and has conducted limited investigations of legal title to each such property, the resource and /or mining properties in which the Company has an interest may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.
- The price of uranium or other metals may adversely affect the economic viability of any of the Company's resource and/or mineral properties. The price of uranium is affected by numerous factors beyond the control of the Company including producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, demand, political and economic conditions and production levels. In addition, the price of uranium has been volatile over short periods of time due to speculative activities. The price of other metals and mineral products that the Company may explore for have the same or similar price risk factors.

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- The Company is authorized to issue an unlimited number of common shares without par value. It is the Company's intention to issue more common shares. Sales of substantial amounts of common shares (including shares issuable upon the exercise of stock options and the exercise of warrants), or the perception that such sales could occur, could materially adversely affect prevailing market prices for the common shares and the ability of the Company to raise equity capital in the future.
- The Company's future performance on the development of any mineral properties is dependent on key personnel. The loss of the services of any of the Company's executives or directors could have a material adverse effect on the Company's business.

## **Exploration Projects**

### ***Case Lake***

Case Lake Property is located in Steele and Case townships, 80 km east of Cochrane, NE Ontario close to the Ontario-Quebec border. The Case Lake pegmatite swarm consists of six spodumene dykes: North, Main, South, East and Northeast Dykes on the Henry Dome and the West Joe Dyke on a new tonalite dome. Case Lake has the advantage of year-round road access. The Case Lake Property is 10 km x 9.5 km in size and consists of 475 cell claims which are 100% owned by Power Metals. In June 2019, Power Metals completed its option agreement requirements with a third party and the cell claims ownership was transferred to 100% Power Metals on Ontario government's Mining Lands Administration System (MLAS).

The Case Lake pegmatite swarm occurs along a subprovincial boundary between the metasedimentary Opatica Subprovince to the north and greenstone Abitibi Subprovince to the south. The Opatica Subprovince consists of the granitic Case Batholith, and the Abitibi Subprovince consists of the Scapa metasedimentary rocks (metagraywacke and garnet schist) and the Steele volcanic rocks (amphibolite) in the Case Lake area. The Case Batholith is an extensive 50 by 85 km ovoid granitic complex.

The lithium mineralization is hosted by spodumene in pegmatite dykes. The pegmatite dykes consist of muscovite-albite-K-feldspar-quartz-spodumene pegmatite zones with aplite border zone. The North, Main, South and West Joe Dykes are hosted by biotite tonalite laccolith offshoots from the Case Batholith. The East and Northeast Dykes are hosted by fine-grained biotite-garnet metasedimentary rocks.

Power Metals has conducted three exploration programs on the Case Lake Property:

- 2017 summer drill program
- 2018 winter drill program
- 2018 summer drill and mapping program

#### *2017 summer drill program*

The 2017 summer drill program consisted of 5405.08 m and 50 drill holes. The drill holes intersected the North, Main, South and new Dykes. The drill holes had 30 m spacing along section and 30 m between sections. The hole length ranged from 60-150 m, azimuth of 150°C and dip 45°C.

The assay highlights on Main Dyke include:

- PWM-17-08: 1.94 % Li<sub>2</sub>O, 323.75 ppm Ta over 26.0 m
- PWM-17-09: 1.23 % Li<sub>2</sub>O, 148.0 ppm Ta over 16.0 m
- PWM-17-10: 1.74 % Li<sub>2</sub>O, 245.96 ppm Ta over 15.06 m
- up to 3.29 % Li<sub>2</sub>O over 1.0 m in PWM-17-08

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- PWM-17-40: 2.07 % Li<sub>2</sub>O, 213.96 ppm Ta over 18.0 m
- PWM-17-40: 2.81 % Li<sub>2</sub>O, 143.33 ppm Ta over 7.0 m
- PWM-17-50: 1.31 % Li<sub>2</sub>O, 106.62 ppm Ta over 6.0 m
- PWM-17-50: 1.48 % Li<sub>2</sub>O, 179.35 ppm Ta over 11.0 m

The 2017 drill program extended the Main Dyke spodumene pegmatite zone 250 m to the west of the historic drill holes. Drilling has also shown the Main Dyke Zone is typically 32-35 m wide close to surface and consists of multiple spodumene pegmatite dykes at depth.

Drilling also discovered two new spodumene pegmatite dykes located between the Main Dyke and the South Dyke. The dykes have similar mineralogy to the Main Dyke with aplite border zone, spodumene granite and quartz + spodumene core zone. The first new dyke was intersected in holes PWM-17-42 and PWM-17-43 and then targeted to intersect it again in holes PWM-17-44 and PWM-17-49. This new dyke is located 20-40 m down hole from the Main Dyke and 35-40 m vertical depth from the surface. The second new spodumene pegmatite dyke was intersected in holes PWM-17-42 and PWM-17-49. It is located 50 m down hole from the Main Dyke and 50-80 m vertical depth from surface.

Assay highlights for the first new dyke include:

- PWM-17-49: 1.61 % Li<sub>2</sub>O and 143.8 ppm Ta over 3.0 m
- PWM-17-49: 2.13 % Li<sub>2</sub>O and 265.0 ppm Ta over 1.0 m

As a result of drilling on the Main Dyke, Power Metals identified that the Main, North, South, East, and Northeast pegmatite Dykes are not hosted by the Case Batholith as previously thought, but by a single laccolith (i.e., dome). The Case Batholith is a 50 x 85 km ovoid granitic complex characterized by a gravity low. Power Metals has identified that the Batholith has multiple laccolith domes along its margins. The domes are visible in Google Earth images as white outcrops and are topographic highs. A total of nine domes have been identified on the Case Lake Property and are exploration targets for additional pegmatites dykes.

Prospecting discovered high-grade very coarse grained spodumene mineralization at the surface at the Northeast Dyke and spodumene mineralization on the East Dyke. The mineralogy of the newly discovered spodumene mineralization on the Northeast Dyke is similar to that in the Main Dyke with spodumene chip assay results ranging from 6.04% to 7.14% Li<sub>2</sub>O. The East Dyke, which was previously thought to be barren, was discovered to contain a mineralized zone containing up to 10% fine to coarse grained spodumene ranging in size from 0.5-6cm and grading up to 2.56 % Li<sub>2</sub>O.

#### *2018 winter drill program*

The Northeast Dyke is located 900 m northeast of the Main Dyke, along the same strike as North and Main Dykes and within the same tonalite dome as North and Main Dykes. The Northeast Dyke has a pair of parallel pegmatite dykes (i.e., north and south outcrops) similar to North and Main Dykes. The Northeast Dyke is likely emplaced along the same deep-seated structure as North and Main Dykes.

Megacrysts of spodumene were discovered on the Northeast Dyke in the fall of 2017 and this discovery was followed up with a drill program in January 2018. The 2018 winter drill program consisted of 3020.0 m and 33 drill holes. The drill holes ranged in length from 44-209 m.

Assay highlights include:

- 1.09 % Li<sub>2</sub>O and 118 ppm Ta over 6.0 m, from 25.0 to 31.0 m, PWM-18-71
- Including 1.51 % Li<sub>2</sub>O, 140 ppm Ta and 2.52 % Cs<sub>2</sub>O over 1.0 m, from 25.0 to 26.0 m, PWM-18-71

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*2018 summer drill and mapping program*

The 2018 summer drill program consisted of 4571 m and 44 drill holes. The drill holes range in length from 20 to 303 m. The drilling targets included: infill drilling on the Main Dyke, follow up drilling on the new dykes between Main and South Dykes found at the end of the 2017 drill program, East Dyke extension and discovery of West Joe Dyke.

Drill hole PWM-18-84 was a longitudinal hole designed to test the continuity of the Main Dyke along strike and down dip. The two high grade intervals for PWM-18-84 listed below are separated by a quartz core.

Assay highlights include:

- 1.42 % Li<sub>2</sub>O, 158 ppm Ta over 19.17 m, from 2.00 to 21.17 m, PWM-18-84, Main Dyke
- 1.17 % Li<sub>2</sub>O, 193 ppm Ta over 27.16 m, from 54.84 to 82.00 m, PWM-18-84, Main Dyke

Four separate spodumene pegmatite dykes were intersected in drill holes PWM-18-85, 86 and 87 in close proximity to the Main Dyke. Thus, they will add to a future resource on the Main Dyke.

Assay highlights on the new dykes include:

- 1.92 % Li<sub>2</sub>O over 1.05 m, from 68.62 to 69.67 m, PWM-18-85
- 1.58 % Li<sub>2</sub>O over 0.67 m, 63.63 to 64.30 m, PWM-18-86
- 1.83 % Li<sub>2</sub>O over 0.97 m, 30.43 to 31.40 m, PWM-18-87

The new dykes between the Main and South Dykes are open along strike

In July/August 2018, Power Metals completed 10 drill holes, 987.63 m (PWM-18-100 to 109) to extend the East Dyke by 320 m westward from known outcrop. The East Dyke now has a total strike length of 1.1 km. This was the first drill hole on the East Dyke, as it was not drilled historically.

*West Joe Dyke*

In August 2018, Power Metals geologist discovered West Joe spodumene pegmatite, 790 m west of Little Joe Lake, 1.6 km southwest of the western edge of the Main Dyke and 3.0 km southwest of the Northeast Dyke. Two days after the discovery, spodumene was intersected in drill hole PWM-18-111 at West Joe. Power Metals drilled 18 holes, 1195.73 m (PWM-18-111 to 127) on West Joe Dyke.

Drilling on the West Joe Dyke intersected exceptionally high-grade lithium intervals:

- 3.88 % Li<sub>2</sub>O, 925 ppm Ta over 1.0 m, from 11.0 to 12.0 m, PWM-18-111
- 3.43 % Li<sub>2</sub>O, 264 ppm Ta over 1.05 m, from 7.63 to 8.07 m, PWM-18-111B
- 3.07 % Li<sub>2</sub>O, 611 ppm Ta, 2.31 % Cs<sub>2</sub>O over 1.0 m, from 46.68 to 47.68 m, PWM-18-116
- 3.88 % Li<sub>2</sub>O, 232.0 ppm Ta over 0.82 m, from 42.18 to 43.00 m, PWM-18-124
- 3.20 % Li<sub>2</sub>O, 468.93 ppm Ta over 2.10 m, from 26.60 to 28.70 m, PWM-18-123
- 2.85 % Li<sub>2</sub>O, 207.0 ppm Ta over 0.30 m, from 20.20 to 20.50 m, PWM-18-123

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Longitudinal drill hole PWM-18-123 intersected high-grade Lithium (Li) and Tantalum (Ta) mineralization:

- 0.72 %  $\text{Li}_2\text{O}$  and 126.43 ppm Ta over 20.43 m, from 0.07 to 20.50 m
- 1.75 %  $\text{Li}_2\text{O}$  and 385.38 ppm Ta over 10.91 m, from 23.42 to 34.33 m

These two high grade intervals were separated by 2.92 m of tonalite. This is a total of 31.34 m of high-grade Li and Ta mineralization in longitudinal drill hole PWM-18-123.

Drill hole PWM-18-124 had similar excellent results:

- 1.45 %  $\text{Li}_2\text{O}$  and 481.38 ppm Ta over 17.00 m, 1.00 to 18.00 m
- 1.87 %  $\text{Li}_2\text{O}$  and 518.19 ppm Ta over 14.30 m, 37.50 to 51.80 m

Also, for a total of 31.30 of high-grade Li and Ta mineralization in this longitudinal hole.

Power Metals drilled holes PWM-18-123 and 124 parallel to the West Joe Dyke to confirm the down dip continuity.

In addition to Lithium and Tantalum mineralization, West Joe Dyke also contains Cesium (Cs) mineralization as shown by the presence of pollucite in drill core and exceptionally high-grade Cs intervals:

- 14.70 %  $\text{Cs}_2\text{O}$  over 1.0 m, 13.0 to 14.0 m, PWM-18-126
- 12.40 %  $\text{Cs}_2\text{O}$  over 1.0 m, 10.0 to 11.0 m, PWM-18-112
- 6.74 %  $\text{Cs}_2\text{O}$  over 5.0 m, 11.0 to 16.0 m, PWM-18-126

Pollucite is rare in pegmatites in Ontario, as it has only been identified in five pegmatite localities in the province: Power Metals owned Case Lake, Tot Lake and Marko's pegmatites and two other localities. The presence of pollucite in drill core is spatially associated with high-grade Lithium and Tantalum mineralization and should indicate very low iron contents in the spodumene.

Elevated Cs assays and pollucite has been previously identified in drill hole PWM-18-49 in the first new dyke below Main Dyke:

- 2.00 %  $\text{Cs}_2\text{O}$  over 2.0 m interval, from 32.45 to 34.45 m

Elevated Cs assays has also been identified in drill hole PWM-18-71 in the Northeast Dyke:

- 2.52 %  $\text{Cs}_2\text{O}$  over 1.0 m interval, from 25.0 to 26.0 m

The presence of Cesium mineralization in West Joe, Main and Northeast Dykes along the same strike suggests a common origin for these dykes and the possibility of more Li-Cs-Ta mineralization to be found.

### Mapping

From May to September, 2018, Power Metals also completed a mapping program on 8 of the 9 tonalite domes in search of spodumene pegmatites similar to the Main Dyke on the Henry Dome. Exploration mapping highlights include:

- Identified spodumene in pegmatite on Dome 9.
- Discovery of West Joe Dyke on a new dome, not previously identified
- Completed DGPS survey to  $\pm 20$  cm accuracy of all 127 Power Metals drill holes on the Property
- Three new spodumene occurrences were identified along the South Dyke. This is the first time that spodumene has been found on the 320 m long South Dyke.

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Dome 9 occurs 2.7 km northeast of the Main Dyke and 1.6 km northeast of the Northwest Dyke. A beryl pegmatite 3 m wide with pale green beryl crystals 7 x 11 cm long was found in the central part of the dome. A 10 m wide pegmatite dyke with lepidolite, blocky K-feldspar and yellow muscovite was discovered near the beryl dyke. Seven other pegmatite dykes were also found on Dome 9. All of the pegmatite dykes found to date on Dome 9 have a strike similar to that of the Main Dyke in the Henry Dome.

**Case Lake exploration targets**

West Joe, North, Main and Northeast Dykes occur along a SW-NE trend and have the same spodumene mineralization (Figure 1). Dome 9 is on the same strike as the spodumene pegmatites (Figure 2). This entire 5.0 km long corridor is an exploration target for addition spodumene pegmatites.

Proposed drilling along this corridor would target: West Joe Dyke, between West Joe and Main Dykes, between Main and Northeast Dykes, Dome 9 and East Dyke. West Joe Dyke is a three-commodity pegmatite: Li-Cs-Ta. North, Main and Northeast Dykes are two commodity pegmatites: Li-Ta, although Main and Northeast Dykes have trace Cs mineralization which should be further explored. Once access to Dome 9 is improved with a trail, Dome 9 should be stripped to look for spodumene pegmatites.

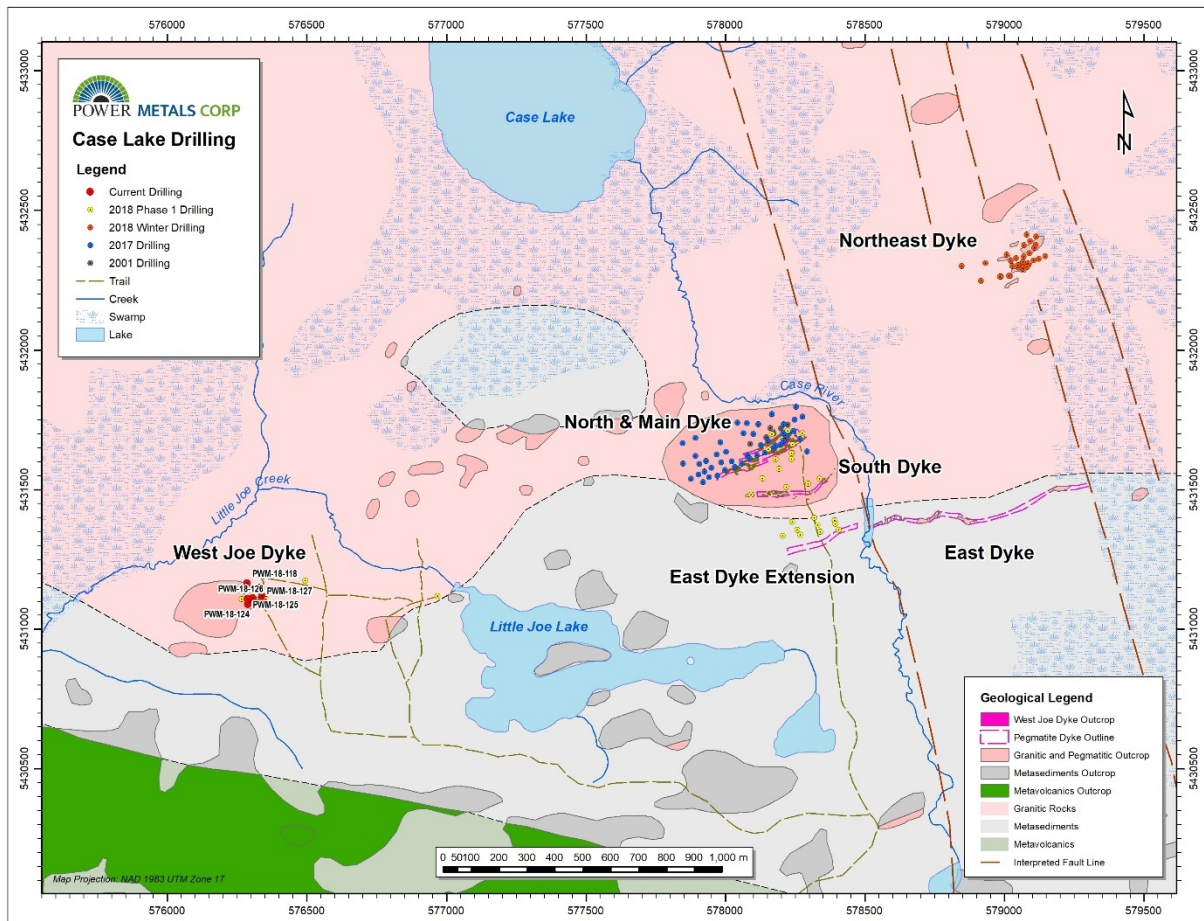


Figure 1 Case Lake Property showing the location of West Joe Dyke, Main Dyke, East and Northeast Dyke drilling.

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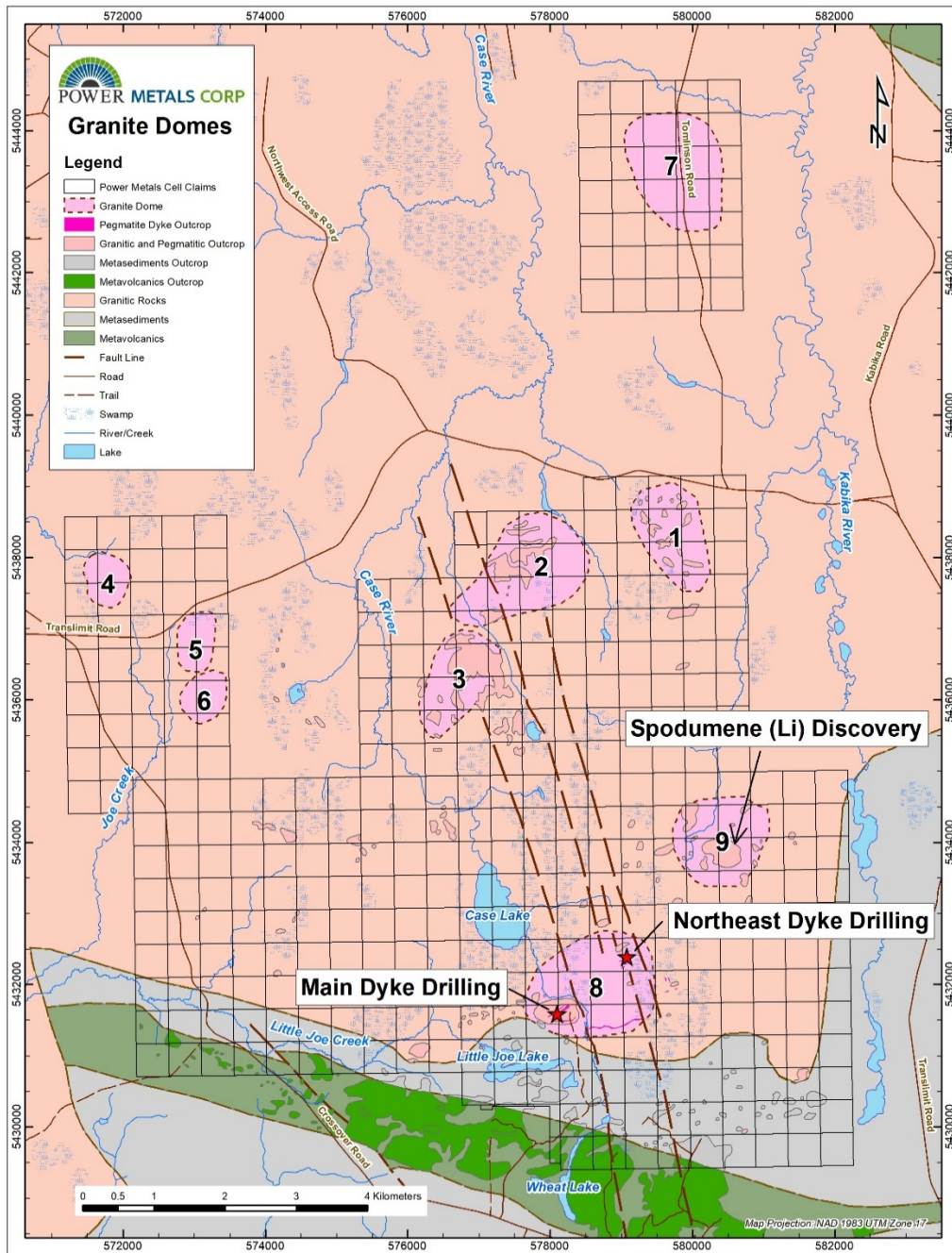


Figure 2 Case Lake geology map showing the location of 9 domes and spodumene discovery on Dome 9.



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***Paterson Lake Property***

The Paterson Lake Property is located in Paterson Lake and Treelined Lake Areas, 60 km north of Kenora, Ontario. The Property is 7 x 3 km in size and consists of 106 cell claims which Power Metals have optioned from Exiro Minerals Corp. The Property has excellent year round road access.

The Separation Rapids Pegmatite Group occurs along a subprovincial boundary between the metasedimentary migmatites of the English River Subprovince to the North and the Winnipeg River Subprovince in the South. The Separation Lake Greenstone Belt is composed of mafic metavolcanics with intercalated magnetite bearing BIF's, clastic metasediments, local mafic intrusive rocks and overlying felsic volcanic rocks and has been metamorphosed to amphibolite facies. The Separation Lake Greenstone Belt is thought to represent an extension of the Bird River metavolcanic-metasedimentary belt of Manitoba. The Bird River belt is host to the world-class Tanco Li-Cs-Ta deposit, Manitoba.

Petalite is the dominant lithium ore mineral in the Separation Rapids Pegmatite Group. Petalite (LiAlSi<sub>4</sub>O<sub>10</sub>) is the high temperature lithium aluminosilicate whereas spodumene (LiAlSi<sub>2</sub>O<sub>6</sub>) is the low temperature/high pressure lithium aluminosilicate. Both petalite and spodumene can be used to produce lithium carbonate and lithium hydroxide for lithium batteries.

The Paterson Lake Property has been documented to contain abundant rare-metal bearing pegmatites including 7 named petalite bearing pegmatites and up to 50 unnamed pegmatites that require investigation. The previously known petalite pegmatites on the Property are: Marko's, Lou's, Moss, White Turtle, Jason, Turtleback and Chukwell pegmatite. Jesse's pegmatite was discovered by Power Metals in 2018 and it also contains petalite.

The largest known pegmatite on the Paterson Lake property is Marko's pegmatite. Marko's pegmatite is a coarse-grained petalite bearing pegmatite that occurs discordantly at the contact between a narrow-banded iron formation and the mafic metavolcanics unit. Marko's pegmatite ranges from 2-12 m in width and has been traced along strike 268 m. Historical mapping has shown that the Marko's pegmatite has a central core of petalite surrounded by blocky pegmatite which hosts Ta-oxide mineralization. Several other mineralized pegmatites have been found proximal to the Marko's pegmatite including the North Marko's pegmatite.

*2018 summer mapping program*

From May to September, 2018, Power Metals also completed a mapping program on the Paterson Lake program to confirm the location of known petalite pegmatites and to find additional mineralized pegmatites (Figure 3).

Exploration mapping highlights include:

- Located Marko's petalite pegmatite on Power Metal's claims
- Discovered Jesse's petalite pegmatite
- Completed DGPS survey to ± 20 cm accuracy on 16 historic drill holes on Marko's pegmatite

Lithium assay highlights from surface samples for Marko's pegmatite include:

- 3.36 to 4.43 % Li<sub>2</sub>O range for 13 samples
- 2.17 and 2.92 % Li<sub>2</sub>O, two samples (159314 and 159316, respectively)

Tantalum assays highlights from surface samples for Marko's pegmatite include:

- 1398 ppm Ta, sample 159116
- 1236 ppm Ta, sample 159219

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Jesse's pegmatite group is a new petalite-bearing pegmatite group of dyke discovered in summer 2018 that includes the North Dyke, North-Jesse Dykes, Jesse's pegmatite, and South Dyke. The dyke group strikes northwest for ~190m and has 3 clusters of high-grade Li and Ta mineralization. Grab sample assay highlights from Jesse's pegmatite include 4 samples with >2% Li<sub>2</sub>O to a maximum value of 3.16 wt% and up to 271 ppm Ta.

Lithium (Li) assays for Jesse's pegmatite include:

- 1.01 – 3.26 % Li<sub>2</sub>O for 12 samples
- 3.26 % Li<sub>2</sub>O, sample 159145
- 2.76 % Li<sub>2</sub>O, sample 159343
- 2.31 % Li<sub>2</sub>O, discovery sample 159021

Tantalum (Ta) assays for Jesse's pegmatite include:

- 271 ppm Ta, sample 159143
- 249 ppm Ta, sample 159348
- 224 ppm Ta, sample 159165

*Paterson Lake exploration targets*

Multiple petalite pegmatites in the Separation Rapids Greenstone Belt occur along two east-west trends along lithology contacts between metasedimentary rocks and mafic metavolcanics rocks. There are two main exploration targets at Paterson Lake: Marko's pegmatite and Jesse's pegmatite. Both pegmatites have two commodities: Li-Ta, although historic mapping on Marko's pegmatite has identified pollucite on surface outcrop which should be explored further. Marko's pegmatite was historically drilled and is open along strike to the west and down dip. The newly discovered Jesse's pegmatite consists of multiple dykes which should be stripped and followed up with its first drill program.

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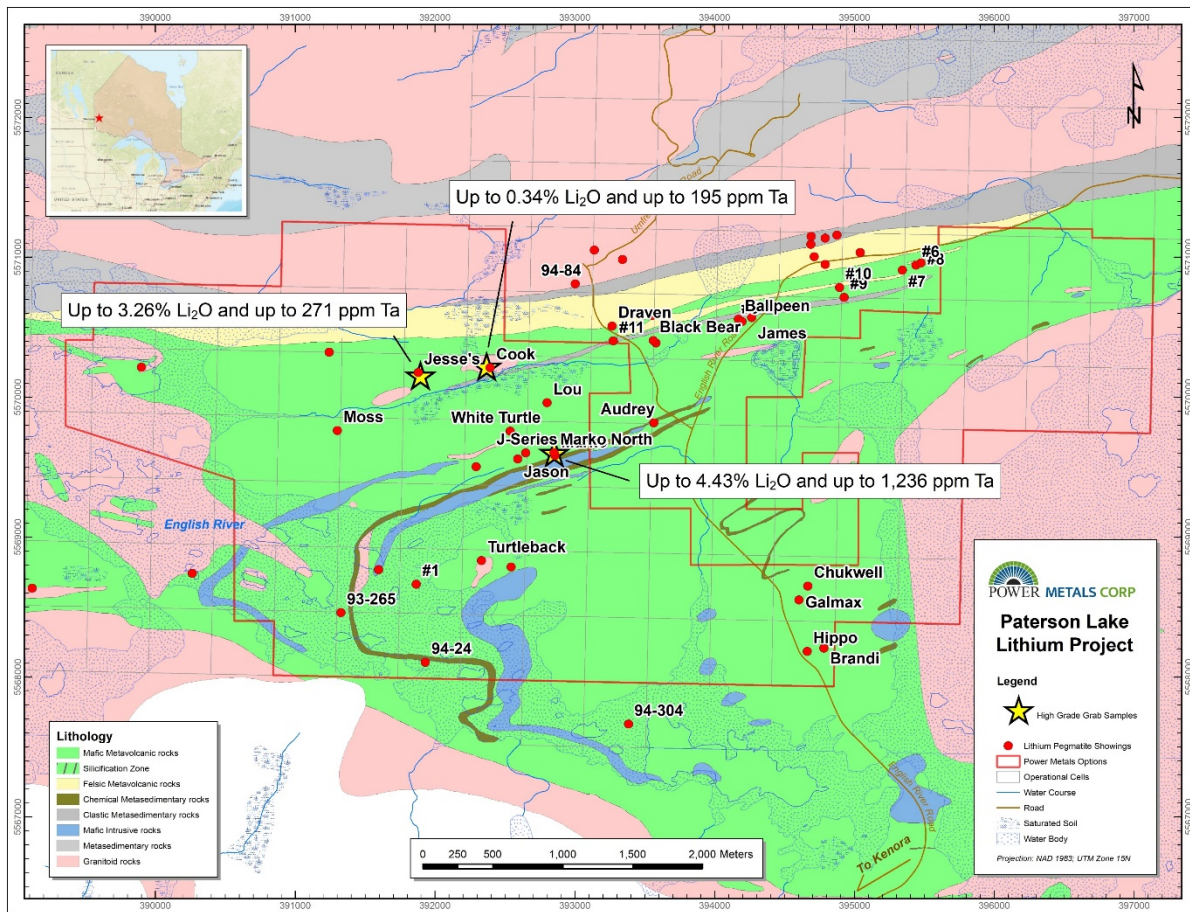


Figure 3 Paterson Lake pegmatite surface sample assay results.

### Gullwing-Tot Lakes

Gullwing-Tot Lakes Property is located in Drope and Webb townships, 30 km northeast of Dryden. The Property is 10 x 1.5 km in size and consists of 112 cell claims which Power Metals have optioned from Exiro Minerals Corp. The Property has excellent year round road access.

The Gullwing-Tot Lakes property is located within the Sioux Lookout Terrane of the Superior Province; the Sioux Lookout Terrane makes up the boundary zone of the granitoid Winnipeg River Subprovince to the north and the granite-greenstone Wabigoon Subprovince to the south. The Terrane itself is composed of mafic to intermediate metavolcanic rocks, clastic sediments, metasedimentary migmatites, and granitoid rocks including key two-mica S-type granitoids which may be the parent bodies of the pegmatite mineralization. The Sioux Lookout Terrane is the host of the Gullwing-Tot Lake Pegmatite Group. The Gullwing-Tot Lake Pegmatite group consists of multiple pegmatite dykes including: Gullwing Lake spodumene pegmatite swarm, Tot Lake spodumene pegmatite, Coates beryl-molybdenite pegmatite and about 15 Rb-Cs pegmatite dykes located in the Drope township area.

The Gullwing Lake pegmatite, also known as the Sleeping Giant Pegmatite is located on the western edge of the Gullwing-Tot Lakes Property, ranges in width from 25-80 m, is 412 m long and has Li-Nb ±Ta-Be-Mo with local REE enrichment. The dyke is separated into the south, central and north zones. The central and north zones contain spodumene in the quartz core units.

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The Tot Lake Pegmatite is the most fractionated granitic pegmatite body in the Dryden Pegmatite Field and is among the most fractionated granitic pegmatite bodies in Ontario, as evidenced by the presence of the cesium ore mineral pollucite, which is only found in 4 other pegmatites in Ontario including Power Metal's owned Marko's pegmatite on the Paterson Lake Property and the West Joe Dyke on the Case Lake Property.

The Tot-Lake pegmatite is 1-6 x >48 m in size and is complexly chemically zoned with abundant variably textured spodumene bearing zones which can contain up to 78% spodumene. Pollucite in the Tot Lake pegmatite is confined to a 1 x 5 m pollucite-spodumene pod where it is found interstitially between pink spodumene crystals. Pollucite makes up to 32% of the pod. Columbite (Nb-Ta) is found in the Tot-Lake pegmatite where it is typically steely-black, euhedral and up to 1 x 2 cm in diameter. Columbite crystals typically form at the interface between altered blocky microcline and the quartz core.

*2018 summer mapping program*

From June to July, 2018, Power Metals also completed a mapping program on the Gullwing-Tot Lakes program to confirm the location of known petalite pegmatites and to find additional mineralized pegmatites.

The assay highlights from grab samples on the Gullwing North outcrop include (Figure 4):

- 6.78 % Li<sub>2</sub>O from pure spodumene sample, sample 159082
- 0.73 % Li<sub>2</sub>O from spodumene – albite – quartz sample, sample 159084
- 759 ppm Ta from large Ta-oxide crystals in albite unit, sample 159254

Assay highlights from grab samples from Tot Lake pegmatite include:

- 4.58 % Li<sub>2</sub>O from quartz – spodumene core, sample 159056
- 2.62 % Li<sub>2</sub>O from quartz – spodumene core, sample 159057
- 1.68 % Li<sub>2</sub>O and 233 ppm Ta from pink spodumene zone, sample 159235
- 498 ppm Ta from albitized K-feldspar zone, sample 159238

Molybdenite was found at the Coates pegmatite as fine-grained blebs up to 0.5 cm and as stringers (samples 159052 and 159053). Sample 159232 was also from an old blast pit on the Coates pegmatite at the contact between E-W trending pink K-feldspar – quartz – molybdenite pegmatite and metasedimentary rocks. Molybdenite was also found on the south Gullwing Lake pegmatite as 1.5 cm rosettes in albite-biotite-quartz pegmatite (sample 159264).

*Gullwing-Tot Lakes exploration targets*

There are two main exploration targets on the Gullwing-Tot Lakes property: Gullwing Lake pegmatite and Tot Lake pegmatite. The Gullwing Lake pegmatite is two commodities: Li-Ta and Tot Lake has three commodities: Li-Cs-Ta. Drilling is recommended for both pegmatites.

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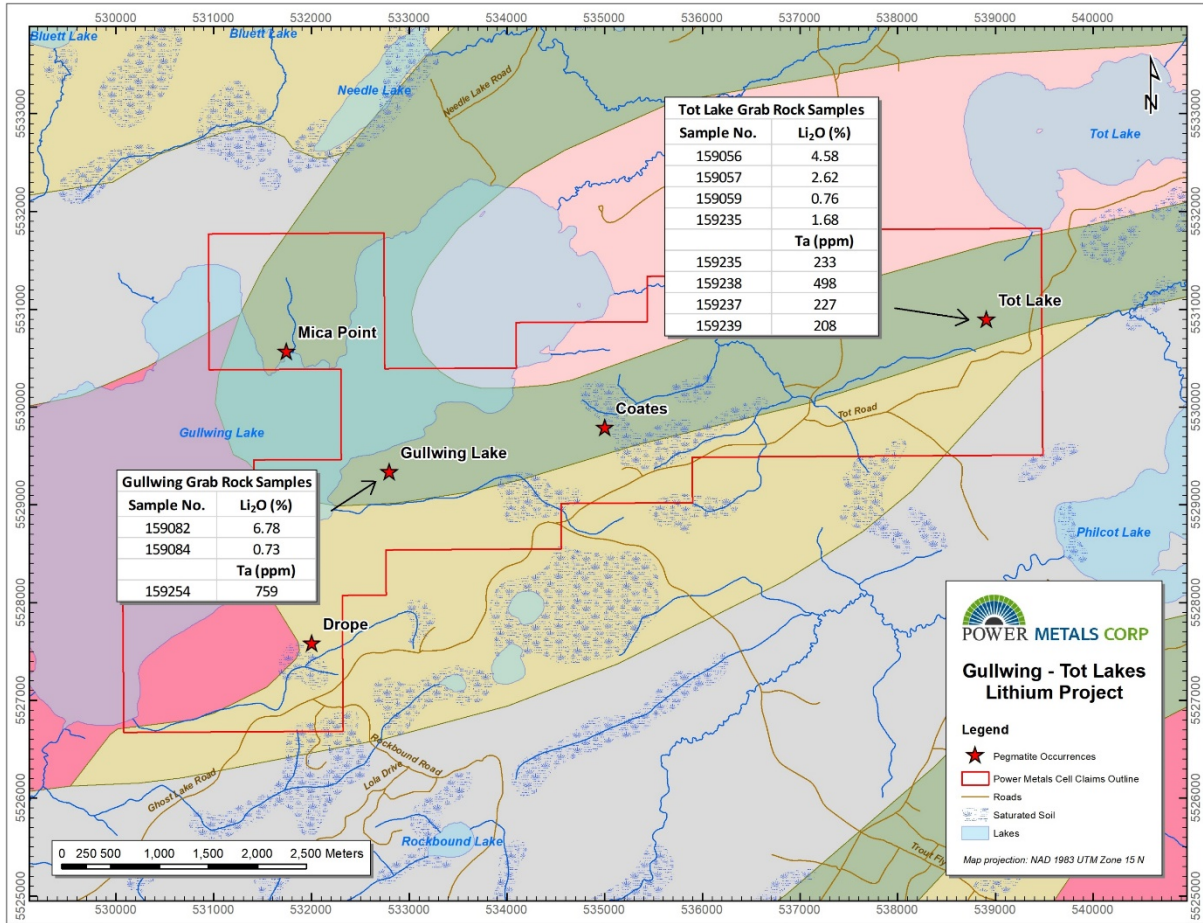


Figure 4 Gullwing-Tot Lakes property surface sample assay results.

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## **Liquidity and Going Concern**

The Company has financed its operations to date primarily through the issuance of common stock. The Company continues to seek capital through various means including the issuance of equity.

The 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 August 31, 2019, the Company had an accumulated deficit of \$32,633,725 (November 30, 2018 - \$31,347,793). In addition, the Company has not generated revenues from operations. These circumstances lend substantial doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

Although the financial statements have been prepared using IFRS applicable to a going concern, the above noted conditions raise significant doubt regarding the Company's ability to continue as a going concern.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

The Company has a working capital deficiency of \$353,461 at August 31, 2019, compared to working capital of \$762,503 at November 30, 2018.

Net cash used in operating activities for the period ended August 31, 2019 was \$412,584 compared to \$3,521,603 for the period ended August 31, 2018 and consists primarily of the operating loss adjusted for changes in non-cash working capital items (see "Results of Operations" for information on operating loss differences for both periods).

Net cash used in investing activities for the period ended August 31, 2019 was \$460,653 compared to \$1,351,539 for the period ended August 31, 2018 due to expenditures on exploration properties in the comparative period.

Net cash provided by financing activities for the period ended August 31, 2019 was \$143,014 compared to \$6,469,519 for the period ended August 31, 2018, as a result of proceeds of \$6,200,014 from a private placement less \$544,546 in share issuance cost, \$657,337 of loan repayment, \$1,111,955 of proceed from sale of marketable securities, and \$359,433 from warrants exercised in the comparative period.

## **Share Capital & Reserves**

During the period from December 1, 2018 to October 28, 2019, the Company:

- i) issued 400,000 shares pursuant to the exercise of warrants for gross proceeds of \$60,000.
- ii) issued 911 shares pursuant to the exercise of agent's warrants for gross proceeds of \$137 and accordingly, the Company reallocated \$215 of share-payment reserve to share capital.
- iii) issued 655,300 shares pursuant to the settlement of outstanding debt of \$98,295 valued at \$124,507.

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**Results of Operations**

During the nine month period ended August 31, 2019, the Company recorded a loss and comprehensive loss of \$1,285,932 (2018 - \$6,607,435). The decrease in loss is primarily as a result of stock-based compensation and marketing, promotion, and communication in the comparative period. Other significant expenses during the period ended August 31, 2019 include the following:

- Consulting of \$149,951 (2018 - \$246,018) decreased due to the decrease activities during the current period.
- Filing fees of \$20,713 (2018 - \$86,629) decreased due to the fewer share activities during the current period.
- Investor relations of \$49,872 (2018 - \$211,528) decreased due to the Company's cost-saving effort in the current period.
- Marketing, promotion and communication of \$53,590 (2018 - \$1,875,391) decreased due to communication and marketing efforts to raise investor awareness during the comparative period.
- Office and miscellaneous of \$71,091 (2018 - \$127,279) decreased due to decreased activities in the current period.
- Share-based compensation of \$229,798 (2018 - \$2,952,053) decreased due to fewer stock options being granted in the current period.
- Travel of \$73,547 (2018 - \$213,733) decreased due to less trips being for meetings and visits to the mineral properties during the current period.
- Realized loss on marketable securities of \$56,173 (2018 - \$468,046) from the MGX Minerals Inc. shares sold during current period.
- Unrealized loss on marketable securities of \$193,480 (2018 - \$230,000) from the change in fair value of MGX Minerals Inc. shares held during current period.

During the three month period ended August 31, 2019, the Company recorded an loss and comprehensive loss of \$210,671 (2018 -\$1,097,145). The decrease in loss is primarily as a result of the Company's cost saving effort during the current period. Other significant expenses during the period ended August 31, 2019 include the following:

- Investor relations of \$Nil (2018 - \$23,042) decreased due to the Company's cost-saving effort in the current period.
- Marketing, promotion and communication of \$11,046 (2018 - \$318,982) decreased due to communication and marketing efforts to raise investor awareness during the comparative period.
- Office and miscellaneous of \$26,317 (2018 - \$41,480) decreased due to decreased activities in the current period.
- Travel of \$15,291 (2018 - \$85,948) decreased due to less trips being for meetings and visits to the mineral properties during the current period.
- Realized loss on marketable securities of \$2,566 (2018 - \$260,001) from the MGX Minerals Inc. shares sold during current period.
- Unrealized loss on marketable securities of \$39,480 (2018 - \$230,000) from the change in fair value of MGX Minerals Inc. shares held during current period.

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**Selected Quarterly Information**

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's audited financial statements. All dollar amounts are in Canadian dollars.

	Exploration and evaluations assets	Interest Income	Loss	Basic and Diluted Loss/Share
August 31, 2019	\$ 4,836,703	\$ -	\$ (210,671)	\$ (0.00)
May 31, 2019	\$ 4,749,655	\$ -	\$ (420,308)	\$ (0.00)
February 28, 2019	\$ 4,624,835	\$ -	\$ (654,953)	\$ (0.01)
November 30, 2018	\$ 4,609,219	\$ -	\$ (2,507,672)	\$ (0.02)
August 31, 2018	\$ 5,918,016	\$ -	\$ (1,097,145)	\$ (0.01)
May 31, 2018	\$ 6,614,645	\$ -	\$ (2,294,183)	\$ (0.02)
February 28, 2018	\$ 7,602,367	\$ -	\$ (3,216,106)	\$ (0.04)
November 30, 2017	\$ 7,121,762	\$ -	\$ (2,671,653)	\$ (0.03)
August 31, 2017	\$ 5,702,693	\$ -	\$ (920,541)	\$ (0.01)

During the three month ended May 31, 2019, the Company incurred a loss of \$420,308 which was primarily attributable to consulting fees of \$57,749, investor relation of \$45,825, management fee of \$75,468, professional fees of \$72,338, unrealized loss on marketable securities of \$64,000, realized loss on marketable securities of \$53,607.

During the three month ended February 28, 2019, the Company incurred a loss of \$654,953 which was primarily attributable to consulting fees of \$58,908, management fee of \$75,037, marketing, promotion and communication activities of \$36,026, professional fees of \$43,712, granting of share-based compensation of \$229,798, unrealized loss on marketable securities of \$90,000.

During the three month ended November 30, 2018, the Company incurred a loss of \$2,507,672 which was primarily attributable to the Company abandoning option agreements and writing off properties of \$1,880,000, granting of share-based compensation of \$2,952,053 and marketing, promotion and communication activities of \$1,962,195.

During the three month ended August 31, 2018, the Company incurred a loss of \$1,097,145 which was primarily attributable to marketing, promotion and communication activities of \$318,982, unrealized loss on marketable securities of \$230,000 and realized loss on marketable securities of \$260,001.



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**Financial Instruments and Risk**

*Fair values*

The Company's financial instruments consist of cash, accounts receivable and accounts payable. Cash is carried at fair value. The fair values of accounts receivable and accounts payable approximate their carrying amounts due to their current nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

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

The Company's financial assets measured at fair value on a recurring basis were calculated as follows:

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>As at August 31, 2019</i>				
Cash	\$ 13,095	\$ 13,095	\$ -	\$ -
Marketable securities	117,470	117,470		
<i>As at November 30, 2018</i>				
Cash	\$ 743,318	\$ 743,318	\$ -	\$ -
Marketable securities	450,000	450,000		

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 August 31, 2019, the Company had \$8,787 (November 30, 2018 – \$155,871) receivable from government authorities in Canada and an arm's length vendor party. 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 August 31, 2019 the Company had a cash balance of \$13,095 (November 30, 2018 – \$743,318) to settle current liabilities of \$551,310 (November 30, 2018 – \$628,579). 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.

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*Market risk*

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

(a) Interest rate risk

The Company has cash balances and interest-bearing debt. The Company is satisfied with the credit ratings of its banks. As of August 31, 2019, the Company did not hold any investments. The Company believes it has no significant interest rate risk.

(b) Foreign currency risk

As at August 31, 2019, the Company has a minimal balance of cash in US dollar and does not believe that the foreign currency risk related to the balance is significant.

*Price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations may be significant. Much of this is out of the control of management and will be dealt with based on circumstances at any given time.

**Related Party Balances and Transactions**

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

	Nature of transactions	August 31, 2019	August 31, 2018
<b>Key management personnel:</b>			
Chairman and Director	Management	\$ 159,932	\$ 179,195
A company controlled by CFO and Director	Professional	45,000	90,500
A company controlled by CFO and Director	Management	73,800	50,000
VP Exploration and a company controlled by VP Exploration	Geological and field costs (i)	151,629	557,048
<b>Total</b>		<b>\$ 430,361</b>	<b>\$ 876,743</b>

i) Capitalized in exploration and evaluation assets.

During the period ended August 31, 2019, the Company granted Nil stock options (2018 – 1,000,000) to an officer resulting in share-based compensation of \$Nil (2018 - \$701,450).

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

	August 31, 2019	November 30, 2018
Due to the Chairman and Director	\$ -	\$ 2,612
Due to a company controlled by the CFO and Director	25,838	44,238
Due to a company controlled by former VP Exploration and Development	233,603	233,603
Due to a Director	13,125	13,125
Due to VP Exploration and a company controlled by VP Exploration	39,820	41,487
	\$ 312,386	\$ 335,065

The amounts due to related parties are unsecured non-interest bearing and are due on demand.

The amounts due from other related parties and key management personnel included prepaid expenses are as follows:

	August 31, 2019	November 30, 2018
Due to the Chairman and Director	\$ 27,493	\$ -

### **Off-Balance Sheet Arrangements**

The Company has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing or hedging services with the Company.

### **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 (ie. 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 August 31, 2019.

### **New Or Revised Standards And Amendments To Existing Standards Not Yet Effective**

Please refer to the unaudited condensed interim financial statements for the period ended August 31, 2019 on [www.sedar.com](http://www.sedar.com).

### **Outstanding Share Data**

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As at October 28, 2019, the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common Shares	<u>102,327,121</u>		
Warrants	6,900,000	\$0.70	January 12, 2020
	414,000	\$0.70	January 12, 2020
	1,724,152	\$0.85	June 27, 2020
	<u>206,898</u>	\$0.58	June 27, 2020
	<u>9,245,050</u>		
Options	3,000,000	\$0.155	December 26, 2020
	250,000	\$0.40	June 27, 2021
	550,000	\$0.23	January 16, 2022
	200,000	\$0.48	February 20, 2022
	100,000	\$0.33	March 12, 2022
	3,000,000	\$0.28	July 17, 2022
	<u>1,300,000</u>	\$0.81	January 4, 2023
	<u>8,400,000</u>		
<b>Total diluted at October 28, 2019</b>	<b><u>119,972,171</u></b>		