

ePower Metals Inc.

(formerly Argus Metals Corp.)

Condensed Interim Consolidated Financial Statements

Third Quarter Ended January 31, 2018

Expressed in Canadian Dollars

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

The accompanying unaudited condensed interim consolidated financial statements of ePower Metals Inc. (formerly Argus Metals Corp.) for the nine months ended January 31, 2018 have been prepared by the management of the Company and approved by the Company's audit committee.

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

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

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ePower Metals Inc.
(formerly Argus Metals Corp.)

Condensed Interim Consolidated Statements of Financial Position

	Notes	January 31, 2018	April 30, 2017
		\$	\$
ASSETS			
Current assets			
Cash		1,596,277	35,220
Receivables	4	18,163	1,028
Prepaid expenses		17,923	-
Total current assets		1,632,363	36,248
Non-current assets			
Exploration and evaluation assets	5	4,516,810	50,000
Equipment	6	2,967	-
Total non-current assets		4,519,777	50,000
Total assets		6,152,140	86,248
LIABILITIES			
Current liabilities			
Payables and accruals		57,024	21,116
Advances from related party		-	5,000
Flow-through share premium liability		-	1,288
Loans payable	7	-	161,754
Total current liabilities		57,024	189,158
Non-current liabilities			
Convertible debenture	8	-	52,356
Total liabilities		57,024	241,514
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	9	37,448,707	30,973,775
Reserves	9	4,164,864	3,214,264
Equity component of convertible debenture		-	8,560
Deficit		(35,518,455)	(34,351,865)
Total shareholders' equity (deficiency)		6,095,116	(155,266)
Total liabilities and shareholders' equity (deficiency)		6,152,140	86,248

Nature of operations (note 1)

These condensed interim consolidated financial statements are signed on the Company's behalf by:

"Michael Collins" Director
Michael Collins

"Fred Tejada" Director
Fred Tejada

See accompanying notes to the condensed interim consolidated financial statements.

ePower Metals Inc.**(formerly Argus Metals Corp.)****Condensed Interim Consolidated Statements of Comprehensive Loss**

	Notes	Three Months Ended		Nine Months Ended	
		January 31,		January 31,	
		2018	2017	2018	2017
		\$	\$	\$	\$
Operating expenses					
Depreciation		37	-	37	-
Consulting services		17,800	-	17,800	-
Investor relations		16,670	326	17,680	790
Loan interest		2,292	5,151	8,248	13,296
Personnel	12	39,062	1,000	48,372	2,750
Property investigation and due diligence		76,394	8,150	87,494	10,580
Professional fees		44,418	10,811	55,416	13,362
Office		8,176	204	11,352	2,579
Rent		2,100	700	6,300	700
Regulatory and shareholder services		6,017	2,567	12,051	8,777
Share-based compensation	10	856,000	-	911,000	-
Travel		1,960	-	1,960	-
		1,070,926	28,909	1,177,710	52,834
Loss before undernoted income		(1,070,926)	(28,909)	(1,177,710)	(52,834)
Interest income		-	3	20	23
Forgiveness of debt		1,110	-	3,752	-
Other income on settlement of flow-through share premium liability		1,124	-	7,348	11,712
Loss and total comprehensive loss for the period		(1,068,692)	(28,906)	(1,166,590)	(41,099)
Loss per share - basic and diluted		(0.04)	(0.00)	(0.08)	(0.01)
Weighted average common shares outstanding - basic and diluted		24,731,814	8,865,915	15,522,948	8,462,804

See accompanying notes to the condensed interim consolidated financial statements.

ePower Metals Inc.
(formerly Argus Metals Corp.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Deficiency)

	Share Capital	Equity Component of Convertible Debenture	Reserves	Deficit	Shareholders' Deficiency
	\$	\$	\$	\$	\$
Balance - April 30, 2016	30,856,665	-	3,214,264	(34,265,457)	(194,528)
Private placements, net of share issue costs	93,710	-	-	-	93,710
Warrants exercised	23,400	-	-	-	23,400
Loss for the period	-	-	-	(41,099)	(41,099)
Balance - January 31, 2017	30,973,775	-	3,214,264	(34,306,556)	(118,517)

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

See accompanying notes to the condensed interim consolidated financial statements.

ePower Metals Inc.
(formerly Argus Metals Corp.)
Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended January 31,	2018	2017
	\$	\$
Cash provided by (used in):		
Operating Activities:		
Loss for the period	(1,166,590)	(41,099)
Adjustments for:		
Depreciation	37	-
Interest income	(20)	(23)
Interest expense	8,248	13,296
Forgiveness of debt	(3,752)	-
Share-based compensation	10 911,000	-
Liability to renounce exploration expenditures	(7,348)	1,288
Changes in non-cash working capital items		
Receivables	(17,135)	52
Prepaid expenses	(17,923)	(2,000)
Payables and accruals	35,908	(25,122)
	(257,575)	(53,608)
Financing Activities:		
Shares issued for cash	2,307,664	118,400
Share issue costs	(73,972)	(1,290)
Loan proceeds	-	22,000
Loan repaid	(61,651)	(4,000)
Loan interest paid	(3,615)	(665)
Repayment of advances from related parties	(5,000)	(898)
	2,163,426	133,547
Investing Activities:		
Exploration and evaluation assets	(341,810)	(50,000)
Purchase of equipment	5 (3,004)	-
Interest received	20	23
	(344,794)	(49,977)
Net increase in cash	1,561,057	29,962
Cash, beginning of period	35,220	69
Cash, end of period	1,596,277	30,031

Supplemental disclosure with respect to cash flows (note 13)

See accompanying notes to the condensed interim consolidated financial statements.

ePower Metals Inc.

(formerly Argus Metals Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2018

1. Nature of operations

ePower Metals Inc. (formerly Argus Metals Corp.) (the "Company") acquires, explores and develops interests in mineral projects. The Company's shares are traded on the TSX Venture Exchange ("TSXV" or the "Exchange"). The Company is substantially inactive although it reviews potential transactions from time to time to assess their viability. The ability of the Company to develop its business is constrained by very limited cash and weak equity markets.

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

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

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

2. Basis of preparation

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

Statement of Compliance

These condensed interim consolidated financial statements of the Company for the nine months ended January 31, 2018 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), on a basis consistent with the significant accounting policies disclosed in note 3 of the most recent annual financial statements as at and for the year ended April 30, 2017 as filed on SEDAR at www.sedar.com. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and were approved and authorized for issue by the audit committee on March 29, 2018.

Basis of measurement

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

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

Going concern of operations

The Company has not generated revenue from operations. The Company incurred a loss of \$1,166,590 during the nine months ended January 31, 2018 and, as of that date the Company's deficit was \$35,518,455. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. The Company had cash of \$1,596,277 at January 31, 2018 (April 30, 2017 – \$35,220).

ePower Metals Inc.

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Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2018

2. Basis of preparation (continued)

Critical accounting estimates and judgements

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

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

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim consolidated financial statements within the next financial year are the same as those that applied to the Company's April 30, 2017 annual financial statements.

3. New accounting pronouncements

IASB or the IFRS Interpretations Committee have issued certain pronouncements that are mandatory for accounting years beginning on or after May 1, 2017. None of these are expected to be relevant to the Company's financial statements, except for the following:

IFRS 9 Financial Instruments

IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 introduces an expected loss model of impairment and retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 will be effective for the fiscal year beginning May 1, 2018. The Company is evaluating the impact of the new standard.

IFRS 16 - Leases

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring that lessees recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and will be applicable to the Company's fiscal year beginning May 1, 2019, although early adoption is permitted. The Company has not yet assessed the impact of this standard or determined whether it will early adopt.

ePower Metals Inc.

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Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2018

4. Receivables

The Company's receivables consist of the following:

	January 31, 2018	April 30, 2017
	\$	\$
Share subscription receivable (note 9)	10,000	-
GST/HST - value added tax	8,163	1,028
Total	18,163	1,028

5. Exploration and evaluation assets

	April 30, 2017	Changes	January 31, 2018
	\$	\$	\$
Panther Creek	-	4,422,265	4,422,265
Split Dome	-	21,775	21,775
Ike Block	50,000	22,770	72,770
	50,000	4,466,810	4,516,810

Panther Creek – Idaho

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

To earn 100% interest in the property the Company needs to make the following additional payments and expenditures:

- payment of an additional US\$150,000, in cash or shares at the Company's option, and incurring at least US\$75,000 of expenditures on the property within the first 12 months;
- payment of an additional US\$150,000, in cash or shares at the Company's option, and incurring at least an additional US\$100,000 of expenditures on the property within 24 months; and
- incurring at least an additional US\$200,000 of expenditures on the property within 36 months.

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

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

ePower Metals Inc.

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Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2018

5. Exploration and evaluation assets (continued)

	Panther Creek
	\$
Balance, April 30, 2017	-
Acquisition	
Cash	257,000
Shares issued	4,125,000
Contractors	11,947
Land maintenance	26,282
Travel and accomodation	2,036
Balance January 31, 2018	4,422,265

Split Dome

In June 2017, the Company staked claims totalling approximately 4700 hectares located 55 km north-east of Hazelton, BC on the west side of the Babine Valley.

The Company completed surveying, geological, and geochemical expenses on the Split Dome as follows:

	Split Dome
	\$
Balance, April 30, 2017	-
Acquisition - staking	8,361
Contractors	9,300
Drilling and metallurgical testing	760
Field supplies	1,550
Travel and accomodation	1,804
Balance January 31, 2018	21,775

ePower Metals Inc.

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Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2018

5. Exploration and evaluation assets**Ike Block**

The Company staked certain claims in the Selwyn Basin in the Yukon Territory of Canada.

The Company completed surveying, geological, and geochemical expenses on the Ike block as follows:

	Ike Block
	\$
Balance, April 30, 2016	-
Contractors	20,742
Field supplies	2,163
Filing fees	1,958
Geochemistry	1,563
Helicopter	10,804
Labour	7,741
Travel and accomodation	5,029
Balance, April 30, 2017	50,000
Contractors	11,800
Field supplies	675
Geochemistry	1,569
Helicopter	5,415
Travel and accomodation	3,311
Balance January 31, 2018	72,770

6. Equipment

	Computer equipment
	\$
Cost	
At April 30, 2017	-
Additions	3,004
At January 31, 2018	3,004
Accumulated depreciation	
At April 30, 2017	-
Charge for the period	37
At January 31, 2018	37
Net book value	
At April 30, 2017	-
At January 31, 2018	2,967

ePower Metals Inc.**(formerly Argus Metals Corp.)****Notes to the Condensed Interim Consolidated Financial Statements**For the nine months ended January 31, 2018

7. Loans payable

- a) In June 2016, the Company entered into agreements to convert \$150,677 of current liabilities to debt. The debt bears annual interest of 12% and must be repaid on or before the maturity date of December 2, 2017. Of the amount converted, \$123,025 was due to the Company's president and CEO and \$2,000 was due to the Company's CFO. During the year ended April 30, 2017, the Company repaid \$5,188 of debt to a non-related party. In May 2017, the Company settled \$100,000 of debt with the Company's president and CEO through the issuance of 1,000,000 common shares. In October 2017, the Company repaid a further \$20,461 of debt to a non-related party which agreed to forgive \$3,752 of accrued interest. In December 2017, the Company repaid the remaining outstanding loans.

	\$
Balance, April 30, 2016	-
Conversion of accounts payable to long-term debt	150,677
Interest accrued	16,265
Repayment	(5,188)
<hr/>	
Balance, April 30, 2017	161,754
Issuance of shares for repayment	(100,000)
Interest accrued	3,648
Repayment	(61,650)
Forgiveness of interest accrued	(3,752)
<hr/>	
Balance, January 31, 2018	-

- b) In August 2016, the Company entered into an unsecured loan with a related party for \$22,000 bearing annual interest of 12% and maturing on August 4, 2018. The Company repaid the loan in March 2017.

	\$
Balance, April 30, 2016	-
Cash received	22,000
Interest accrued	1,670
Repayment	(23,670)
<hr/>	
Balance, April 30, 2017	-

8. Convertible debenture

In March 2017, the Company borrowed \$60,000 under a secured convertible debenture issued to a company controlled by a director of the Company. The debenture was due in March 2020 and bore interest at 8% calculated and payable semi-annually. The debenture was convertible into common shares at \$0.15 per share, at any time at the election of the holder. At the date of issue \$51,440 was attributed to the liability component of the convertible debenture and \$8,560 to the equity component based on an effective interest rate of 8%.

In December 2017, the convertible debenture was converted to common shares of the Company.

ePower Metals Inc.

(formerly Argus Metals Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2018

8. Convertible debenture (continued)

	Liability Component	Equity Component	Total Liability and Equity Component
	\$	\$	\$
Balance at April 30, 2016	-	-	-
Convertible debenture issuance	51,440	8,560	60,000
Accretion expense	342	-	342
Interest accrued	574	-	574
Balance at April 30, 2017	52,356	8,560	60,916
Interest accrued	2,700	-	2,700
Interest repaid	(3,616)	-	(3,616)
Conversion of debenture	(51,440)	(8,560)	(60,000)
Balance at January 31, 2018	-	-	-

The accrued interest and accretion are included in interest expense on the statement of comprehensive loss.

9. Share capital and reserves**Authorized capital**

Unlimited number of common shares without par value.

Issued capital

33,870,923 common shares (April 30, 2017 – 9,001,567).

Common shares**Fiscal 2018**

In May 2017, the Company settled \$100,000 of debt with the Company's president and CEO through the issuance of 1,000,000 common shares.

In July 2017, the Company closed a private placement and issued 1,638,000 units at a price of \$0.10 per unit and 302,981 flow-through shares at a price of \$0.12 per flow-through share for gross proceeds of \$200,158. Each unit consists of one common share and one-half of one common share purchase warrant. The Company recognized a flow-through premium of \$9,500. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.15 per share until July 2019. In connection with the private placement, the Company paid cash commissions totalling \$1,925 and issued 35,000 common shares and 54,250 finder's warrants that are exercisable into common shares at \$0.15 per share until July 2019.

ePower Metals Inc.

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Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2018

9. Share capital and reserves (continued)

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

In connection with the Second Private Placement, the Company paid cash commissions totalling \$37,240 and issued 186,200 finder's warrants, each such finder's warrant entitling the holder to acquire one common share of the Company exercisable at \$0.45 per share until December 7, 2019. All shares, warrant shares and finder's warrants, will be subject to a hold period under applicable Canadian securities laws expiring on April 8, 2017.

In December 2017, the Company issued 5,500,000 common shares pursuant to the mineral property option agreement with UMR. (see note 5).

In December 2017, the Company issued 400,000 common shares pursuant to the convertible debenture (see note 8).

In December 2017 and January 2018, option holders exercised options to acquire 830,000 common shares at \$0.10 per share for proceeds of \$83,000.

In December 2017 and January 2018, 163,375 warrants were exercised at \$0.15 per share for proceeds of \$24,506.

Fiscal 2017

In August 2016, the Company closed a private placement, consisting of two tranches, and issued 580,500 units at a price of \$0.10 per unit and 333,000 flow-through shares at a price of \$0.15 per flow-through share for gross proceeds of \$108,000. Each unit consists of one common share and one-half of one common share purchase warrant. The Company recognized a flow-through premium of \$13,000. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.15 per share until August 2018.

In January 2017, 156,000 warrants were exercised for gross proceeds of \$23,400.

ePower Metals Inc.**(formerly Argus Metals Corp.)****Notes to the Condensed Interim Consolidated Financial Statements**For the nine months ended January 31, 2018

9. Share capital and reserves (continued)

The following is a summary of changes in common share capital from April 30, 2016 to January 31, 2018:

	Number of Shares	Issue Price \$	Common Shares \$
Balance - April 30, 2016	7,932,067		30,856,665
Private placement of units	580,500	0.10	58,050
Private placement of flow-through shares	333,000	0.15	49,950
Exercise of warrants	156,000	0.15	23,400
Liability to renounce exploration expenditures	-	-	(13,000)
Less share issue costs	-	-	(1,290)
Balance April 30, 2017	9,001,567		30,973,775
Shares for debt	1,000,000	0.10	100,000
Private placement of units	1,638,000	0.10	163,800
Private placement of flow-through shares	302,981	0.12	36,358
Finders' units	35,000	0.10	3,500
Private placement of units	10,000,000	0.10	1,000,000
Private placement of units	5,000,000	0.20	1,000,000
Exercise of warrants	163,375	0.15	24,506
Exercise of stock options	830,000	0.10	83,000
Issuance of shares for property acquisition	5,500,000	0.75	4,125,000
Issuance of shares for convertible debenture	400,000	0.15	60,000
Adjustment for residual value of debenture	-	-	1,900
Fair value of stock options exercised	-	-	51,300
Fair value of warrants exercised	-	-	1,000
Liability to renounce exploration expenditures	-	-	(6,060)
Less share issue costs	-	-	(169,372)
Balance January 31, 2018	33,870,923		37,448,707

Reserves

Reserves recorded in equity comprise the fair value of share-based payments before exercise and unrecognized gains and losses on available-for-sale investments. The following is a summary of changes in reserves from April 30, 2016 to January 31, 2018

	\$
Balance - April 30, 2016 and 2017	3,214,264
Share-based compensation	911,000
Fair value of stock options exercised	(51,300)
Fair value of warrants exercised	(1,000)
Fair value of finder's warrants granted	91,900
Balance - January 31, 2018	4,164,864

ePower Metals Inc.**(formerly Argus Metals Corp.)****Notes to the Condensed Interim Consolidated Financial Statements**For the nine months ended January 31, 2018

9. Share capital and reserves (continued)**Warrants**

Warrant activity for the respective years are as follows:

	January 31, 2018		April 30, 2017	
	Number	Weighted Avg. Exercise Price \$	Number	Weighted Avg. Exercise Price \$
Warrants outstanding, beginning of period	134,250	0.15	1,600,000	0.10
Granted	8,559,450	0.33	290,250	0.15
Exercised	(163,375)	0.15	(156,000)	0.15
Expired	-	-	(1,600,000)	0.10
Warrants outstanding, end of period	<u>8,530,325</u>	0.33	<u>134,250</u>	0.15

Warrants outstanding and exercisable at January 31, 2018:

Number	Price	Expiry Date
25,000	0.15	August 17, 2018
819,125	0.15	July 27, 2019
5,000,000	0.30	December 7, 2019
2,500,000	0.45	December 7, 2019
186,200	0.45	December 7, 2019
<u>8,530,325</u>		

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

Risk-free interest rate	1.33%
Dividend yield	0.00%
Expected volatility	79%
Expected life	2 years

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

Risk-free interest rate	1.49%
Dividend yield	0.00%
Expected volatility	102%
Expected life	2 years

ePower Metals Inc.**(formerly Argus Metals Corp.)****Notes to the Condensed Interim Consolidated Financial Statements**For the nine months ended January 31, 2018

10. Share-based compensation

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

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

	January 31, 2018		April 30, 2017	
	Number	Weighted Avg. Exercise Price \$	Number	Weighted Avg. Exercise Price \$
Options outstanding, beginning of period	-	-	41,250	3.02
Granted	3,115,000	0.10	-	-
Exercised	(830,000)	0.10	-	-
Expired	-	-	(41,250)	3.02
Options outstanding, end of period	<u>2,285,000</u>	0.66	<u>-</u>	-
Exercisable, end of period	<u>2,010,000</u>	0.66	<u>-</u>	-

In May 2017, the Company granted incentive stock options to directors, officers, employees and consultants of the Company to purchase an aggregate of 890,000 shares at a price of \$0.10 per share for a period of three years. Using the Black Scholes method the value of the stock options was calculated as \$55,000.

In December 2017, the Company granted incentive stock options to directors, officers, employees and consultants of the Company to purchase an aggregate of 2,225,000 shares at a price of \$0.10 per share for a period of three years. Options vested on grant except for 275,000 options issued to an investor relations provider that vest over a 12-month period ending in December 2018. Using the Black Scholes method, the grant-date value of each option was \$0.42 and share-based compensation expense to be recognized in the period ended January 31, 2018 was \$856,000

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

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

ePower Metals Inc.**(formerly Argus Metals Corp.)****Notes to the Condensed Interim Consolidated Financial Statements**For the nine months ended January 31, 2018

11. Loss per share

The calculation of the basic and diluted loss per share for the three and nine months presented is based on the following data:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2018	2017	2018	2017
Loss for the period	(\$1,068,692)	(\$28,906)	(\$1,166,590)	(\$41,099)
Weighted average number of common shares outstanding	24,731,814	8,865,915	15,522,948	8,462,804
Loss per share, basic and fully diluted	(\$0.04)	(\$0.00)	(\$0.08)	(\$0.00)

Diluted loss per share for the three and nine months ended January 31, 2018 and 2017 is the same as basic loss per share as the exercise of the 2,285,000 options (April 30, 2017 – nil) and 8,530,325 warrants (April 30, 2017 – 134,250) would be anti-dilutive.

12. Related party transactions and balances

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

At January 31, 2018, the Company had no employees but had arrangements with contractors to provide administrative, accounting and management services. In the current and prior year, management personnel waived their fees.

	Three months ended January 31,		Nine months ended January 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Key management personnel compensation				
Management fees	53,400	-	59,710	-
Total	53,400	-	59,710	-

Included in the above is compensation paid through companies:

S2 Management Inc.	3,090	-	3,710	-
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S2 Management Inc. is controlled by the Company's CFO.

ePower Metals Inc.

(formerly Argus Metals Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended January 31, 2018

12. Related party transactions and balances (continued)

During the nine months ended January 31, 2018, the Company paid \$12,528 (2017 - \$nil) to an officer of the Company for capitalized exploration costs.

In fiscal 2018, the Company granted 1,650,000 stock options to officers and directors of the Company valued at \$529,506.

Included in the payables and accruals is \$1,113 (April 30, 2017 - \$2,017) owed to directors and officers of the Company. Advances from directors and officers of \$nil (April 30, 2017 - \$5,000) represent amounts paid to cover the Company's operating expenses.

13. Supplemental disclosure with respect to cash flows

For the nine months ended January 31,	2018	2017
	\$	\$
Shares issued for settlement of loan payable	100,000	-
Shares issued for property acquisition	4,125,000	-
Shares issued for convertible debenture	61,900	-
Shares issued for finder's fees	3,500	-
Fair value of warrants issued as finders' fees	91,900	-
Fair value of stock options exercised	51,300	-
Fair value of warrants exercised	1,000	-
Forgiveness of debt	3,752	-
Liability to renounce exploration expenditures	6,060	13,000

14. Segmented information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At January 31, 2018 and 2017 all assets with value were located in Canada and the United States. All operating costs were incurred in Canada and the United States. Long-lived assets by geographic segment were:

	January 31, 2018	April 30, 2017
	\$	\$
Canada	94,545	50,000
United States	4,422,265	-
	4,516,810	50,000
