

VALORE METALS CORP.

(Formerly “Kivalliq Energy Corporation”)

FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2019 AND 2018

**Canadian Dollars
Unaudited – Prepared by Management**

Notice of Non-review of Condensed Interim Financial Statements

The attached condensed interim financial statements for the six-month period ended March 31, 2019 and 2018 have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed interim financial statements.

ValOre Metals Corp. (formerly “Kivalliq Energy Corporation”)

(An Exploration Stage Company)

Statements of Financial Position

(Expressed in Canadian Dollars)

	Notes	March 31, 2019	September 30, 2018
ASSETS			
Current assets:			
Cash and cash equivalents		\$ 1,135,306	\$ 145,557
Marketable securities	3	96,595	148,112
Other receivables	4	25,832	39,580
GST recoverable		13,451	41,081
Prepaid expenses		72,788	40,847
		1,343,972	415,177
Equipment	5	177,096	196,988
Exploration and evaluation assets	6	58,091,500	57,702,577
		\$ 59,612,568	\$ 58,314,742
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 34,814	\$ 514,805
		34,814	514,805
Long-term liability	6	150,000	100,000
Deferred tax liability		3,085,366	3,092,320
		3,270,180	3,707,125
SHAREHOLDERS' EQUITY			
Share capital	7	63,984,984	61,748,478
Contributed surplus	7	11,790,371	11,608,187
Accumulated other comprehensive loss	3	(241,652)	(197,090)
Deficit		(19,191,316)	(18,551,958)
		56,342,388	54,607,617
		\$ 59,612,568	\$ 58,314,742

Nature of Operations and Going Concern (*Note 1*)

Subsequent Events (*Note 12*)

APPROVED ON May 30, 2019 ON BEHALF OF THE BOARD:

“James Paterson”, CEO, Director

“Dale Wallster”, Director

- The accompanying notes are an integral part of these financial statements -

ValOre Metals Corp. (formerly “Kivalliq Energy Corporation”)

(An Exploration Stage Company)

Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

	Note	Three months ended March 31,		Six months ended March 31,	
		2019	2018	2019	2018
Expenses					
Depreciation	5	9,946	\$ 12,485	19,892	\$ 24,969
Bank charges and interest		23,095	14	23,550	459
Investor relations		26,277	8,251	45,823	16,726
Listing and filing fees		17,804	2,336	20,042	3,506
Office and sundry		46,086	23,090	74,346	45,721
Professional fees		8,282	7,454	44,811	12,372
Project evaluation		2,925	-	3,395	-
Salaries and consulting fees		164,013	126,930	301,701	257,899
Share-based compensation		21,680	-	70,452	-
Transfer agent fees		3,576	768	5,672	2,257
Travel and conference		30,537	10,554	30,537	11,071
Loss before the undernoted		(354,221)	(191,882)	(640,221)	(374,980)
Other income (expenses)					
Interest		2,221	85	2,276	1,116
Loss on foreign exchange		(408)	-	(408)	-
Write off of exploration and evaluation assets		-	-	(1,005)	-
Loss before income taxes		(352,408)	(191,797)	(639,358)	(373,864)
Deferred tax (expense) recovery		-	(29,048)	-	(29,048)
Net income (loss) for the period		(352,408)	(220,845)	(639,358)	(402,912)
Change in fair value of marketable securities		(32,198)	(64,397)	(51,517)	(64,397)
Tax recovery (expense) in OCI from change in fair value of marketable securities		4,347	8,694	6,955	8,694
Total comprehensive loss for the period		\$ (380,259)	\$ (276,548)	\$(683,920)	\$ (458,615)
Basic and diluted loss per common share		\$ (0.008)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding		45,413,566	24,701,062	34,955,446	24,700,360

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ValOre Metals Corp. (formerly “Kivalliq Energy Corporation”)

(An Exploration Stage Company)

Statements of Cash Flows

(Expressed in Canadian Dollars)

	Notes	Six months ended March 31, 2019	Six months March 31, 2018
Operating Activities			
Net loss for the period		\$ (639,358)	\$ (402,913)
Items not involving cash:			
Depreciation	5	19,892	24,969
Deferred tax expense (recovery)		-	29,047
Share-based compensation	7,8	70,452	-
Interest income		(2,276)	(1,116)
Write off of exploration and evaluation assets	6	1,005	-
Changes in non-cash working capital:			
Other receivables		13,748	91,661
GST recoverable		27,630	47,303
Prepaid expenses		(31,941)	144,453
Accounts payable and accrued liabilities		(479,991)	(103,228)
		(1,018,562)	(169,824)
Interest received		2,276	1,116
		(1,016,286)	(168,708)
Investing Activities			
Exploration and evaluation assets		(339,927)	180,662
		(339,927)	180,662
Financing Activities			
Issuance of share capital, net of share issuance costs	7	2,348,238	-
		2,348,238	-
Net increase (decrease) in cash and cash equivalents		989,749	11,957
Cash and cash equivalents, beginning of the year		145,557	1,097,072
Cash and cash equivalents, end of the year		\$ 1,135,306	\$ 1,109,029

Cash and cash equivalents consist of:

	March 31, 2019	March 31, 2018
Cash on hand	\$ 1,135,306	\$ 604,065
Term deposits	\$ -	\$ 504,964
	\$ 1,135,306	\$ 1,109,029

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ValOre Metals Corp. (formerly “Kivalliq Energy Corporation”)

(An Exploration Stage Company)

Statements of Changes in Shareholders Equity

(Expressed in Canadian Dollars)

	Share Capital				Accumulated other comprehensive income (loss)	Total shareholders' equity
	Number of shares	Amount	Contributed surplus	Deficit		
Balance, September 30, 2017	24,699,677	\$61,730,978	\$11,102,447	\$(17,174,497)	\$ (23,219)	\$ 55,635,709
Shares issued pursuant to option agreement (note 6)	25,000	17,500	-	-		17,500
Tax expense in OCI from fair value adjustment on marketable securities in OCI	-	-	-	-	8,694	8,694
Fair value adjustment on marketable securities	-	-	-	-	(64,397)	(64,397)
Loss for the period	-	-	-	(402,912)	-	(402,912)
Balance at March 31, 2018	24,724,677	\$61,748,478	\$11,102,447	\$(17,577,409)	\$(78,922)	\$55,194,594
Balance, September 30, 2018	24,724,677	\$61,748,478	\$11,608,187	\$(18,551,958)	\$(197,090)	\$54,607,617
Shares issued in rights offering (note 7)	24,500,000	2,343,738	106,262			2,450,000
Share issue costs – cash (note 7)	-	(101,761)				(101,761)
Share issue costs- warrants (note 7)	-	(5,470)	5,470			-
Share-based compensation	-	-	70,452			70,452
Tax expense in OCI from fair value adjustment on marketable securities in OCI	-	-	-	-	(51,517)	(51,517)
Fair value adjustment on marketable securities	-	-	-	-	6,955	6,955
Loss for the period	-	-	-	(639,358)	-	(639,358)
Balance at March 31, 2019	49,224,677	\$63,984,984	\$11,790,371	\$(19,191,316)	\$(241,652)	\$56,342,388

-The accompanying notes are an integral part of these financial statements-

ValOre Metals Corp. (formerly “Kivalliq Energy Corporation”)

(An Exploration Stage Company)

Schedule of Exploration and Evaluation Assets

(Expressed in Canadian Dollars)

	For the Six Months Ended March 31, 2019			For the year ended September 30, 2018
	Acquisition Costs	Deferred Exploration Costs	Total	Total
Angilak				
Land Administration	\$ 80,059	\$ -	\$ 80,059	\$ 102,969
Air Support and Transportation	-	10,104	10,104	3,027
Field and General Operations	-	8,244	8,244	51,498
Field Contractors and Consultants	-	-	-	21,140
Fuel	-	-	-	7,678
Salaries and Wages	-	9,916	9,916	29,087
Travel and Accommodation	-	890	890	576
Baffin Gold				
Land Administration	145,278	-	145,278	163,383
Air Support and Transportation	-	-	-	215,486
Field and General Operations	-	5,973	5,973	62,706
Fuel	-	-	-	26,514
Laboratory Costs	-	1,187	1,187	54,085
Salaries and Wages	-	36,637	36,637	319,994
Travel and Accommodation	-	(2,292)	(2,292)	33,510
Sale of Royalty	-	-	-	(600,000)
Baker Basin				
Land Administration	-	-	-	-
Salaries and Wages	-	202	202	-
Write off of property	-	(202)	(202)	(289,050)
Genesis				
Land Administration	-	-	-	2,439
Salaries and Wages	-	133	133	1,471
Hatchet Lake				
Land Administration	870	-	870	1,042
Air Support and Transportation	-	1,037	1,037	60,787
Field and General Operations	-	3,241	3,241	8,516
Field Contractors and Consultants	-	1,377	1,377	3,643
Travel and Accommodation	-	8,300	8,300	27,132
Fuel	-	714	714	7,805
Salaries and Wages	-	10,988	10,988	79,331
Exploration and Evaluation Assets for the year				
	226,207	162,716	388,923	394,769
Balance, Beginning of the year	\$ 952,920	\$ 56,749,657	\$ 57,702,577	\$ 57,307,808
Balance, End of the period	\$ 1,179,127	\$ 56,912,373	\$ 58,091,500	\$ 57,702,577

- The accompanying notes are an integral part of these financial statements –

ValOre Metals Corp. (formerly “Kivalliq Energy Corporation”)

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements for the Six Months Ended March 31, 2019

(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

ValOre Metals Corp. is an exploration stage company focusing on the acquisition, exploration and development of resource properties. The Company’s registered and records office is located at Suite 1020, 800 West Pender Street, Vancouver, BC, V6C 2V6.

Kivalliq Energy Corporation (“Kivalliq”) was incorporated as a wholly owned subsidiary of Kaminak Gold Corporation (“Kaminak”) on February 13, 2008 as 0816479 BC Ltd. under British Columbia’s Company Act. Effective February 20, 2008, 0816479 BC Ltd. changed its name to Kivalliq Energy Corporation.

Kivalliq became a reporting issuer in Alberta and British Columbia on July 4, 2008 by virtue of a reorganization transaction involving the exchange of securities between Kaminak, Kivalliq and the shareholders of Kaminak. The reorganization transaction involved the acquisition from Kaminak of a 100% interest in Kaminak’s Angilak Uranium property. On July 7, 2008, after completion of its private placements, Kivalliq’s shares became publicly traded on the TSX Venture Exchange under the symbol “KIV”.

On June 28, 2018, Kivalliq’s name was officially changed to ValOre Metals Corp. (“ValOre” or the “Company”) and ValOre’s shares commenced trading on the Toronto Venture Exchange under the ticker symbol (“VO”) on the basis of ten (10) pre-consolidation shares for one (1) post consolidation share.

All share and per share amounts are shown on a post-consolidated basis retroactively throughout these financial statements.

Long-term continuance of the Company’s operations is dependent upon achieving profitable operations and obtaining additional equity or debt financing. The recoverability of the carrying values of the Company’s resource property interests is dependent upon the existence and discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production from or proceeds from the disposition of resource properties. At March 31, 2019, the Company has not achieved profitable operations and has accumulated losses since inception. Management estimates that there is sufficient working capital to continue operations for the next twelve months due to a successful rights offering closing in January 2019 (Note 7).

2. Significant Accounting Policies and Basis of Presentation

These condensed interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company’s most recent annual financial statements for the year ended September 30, 2018.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of May 30, 2019, the date the Board of Directors approved the statements. Certain of the comparative year figures have been reclassified to conform to the current year’s presentation. The condensed interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended September 30, 2018.

ValOre Metals Corp. (formerly “Kivalliq Energy Corporation”)

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements for the Six Months Ended March 31, 2019

(Expressed in Canadian Dollars)

2. Significant Accounting Policies and Basis of Presentation – Continued

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9 Financial instruments: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

3. Marketable Securities and Other Comprehensive Income

	Fair value Oct 1, 2017	Additions Sep 30, 2018	Disposals Sep 30, 2018	Fair value adjustment Sep 30, 2018	Fair value Sep 30 2018
Common shares	\$ 321,983	\$ -	\$ -	\$ (173,871)	\$ 148,112

	Fair value Oct 1, 2018	Additions Mar 31, 2019	Disposals Mar 31, 2019	Fair value adjustment Mar 31, 2019	Fair value Mar 31 2019
Common shares	\$ 148,112	\$ -	\$ -	\$ (51,517)	\$ 96,595

During the year ended September 30, 2017, Roughrider Exploration Limited (“Roughrider”) settled a payment due to earn its 50% interest in the Genesis property in the form of shares (Note 6). The Company received payment of 2,500,000 shares of Roughrider on August 31, 2017. The fair value of the shares on this day was \$137,500.

Management has determined it appropriate to record these investments as available-for-sale financial assets. The initial investments were recorded at cost. The Company will revalue the investments at each reporting period. Any changes in the fair value of the investments will be recorded in other comprehensive income (“OCI”) until the investments are sold or otherwise disposed.

4. Other Receivables

	March 31, 2019	September 30, 2018
Other miscellaneous receivables	25,832	39,580
Total other receivables	\$ 25,832	\$ 39,580

Other miscellaneous receivables as at September 30, 2018 pertains to monies due from various companies. All other miscellaneous receivables were settled subsequent to September 30, 2018

Other miscellaneous receivables as at March 31, 2019 pertains to monies due from two parties.

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(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements for the Six Months Ended March 31, 2019

(Expressed in Canadian Dollars)

5. Equipment

	Furniture & Equipment	Computer Equipment	Field Equipment	Total
Cost				
Balance at September 30, 2017	\$ 31,595	\$ 24,719	\$ 925,225	\$ 981,539
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at September 30, 2018	\$ 31,595	\$ 24,719	\$ 925,225	\$ 981,539
Accumulated depreciation				
Balance at September 30, 2017	\$ 23,942	\$ 19,197	\$ 691,475	\$ 734,614
Depreciation	1,531	1,656	46,750	49,937
Disposals	-	-	-	-
Balance at September 30, 2018	\$ 25,473	\$ 20,853	\$ 738,225	\$ 784,551
Net book value at September 30, 2018	\$ 6,122	\$ 3,866	\$ 187,000	\$ 196,988

	Furniture & Equipment	Computer Equipment	Field Equipment	Total
Cost				
Balance at September 30, 2018	\$ 31,595	\$ 24,719	\$ 925,225	\$ 981,539
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at March 31, 2019	\$ 31,595	\$ 24,719	\$ 925,225	\$ 981,539
Accumulated depreciation				
Balance at September 30, 2018	\$ 25,473	\$ 20,853	\$ 738,225	\$ 784,551
Depreciation	612	580	18,700	19,892
Disposals	-	-	-	-
Balance at March 31, 2019	\$ 26,085	\$ 21,433	\$ 756,925	\$ 804,443
Net book value at March 31, 2019	\$ 5,509	\$ 3,286	\$ 168,300	\$ 177,096

6. Exploration and Evaluation Assets

Details are as follows:

	Acquisition Costs	Exploration Costs	Cumulative as at March 31 2019	Cumulative as at September 30, 2018
Angilak, Nunavut	\$ 1,029,498	\$ 54,612,446	\$ 55,641,944	55,532,732
Baffin Gold, Nunavut	\$ 145,278	\$ 1,356,338	\$ 1,501,616	1,314,833
Baker Basin, Nunavut	\$ -	\$ -	\$ -	-
Genesis Property, Saskatchewan and Manitoba	\$ 2,439	\$ 99,002	\$ 101,441	101,308
Hatchet Lake, Saskatchewan	\$ 1,912	\$ 844,587	\$ 846,499	753,704
Total	\$ 1,179,127	\$ 56,912,373	\$ 58,091,500	57,702,577

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(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements for the Six Months Ended March 31, 2019

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets – *Continued*

General

The Company has the Angilak, Baker Basin, and the Baffin Gold Properties in Nunavut Territory, Canada, the Genesis Property in the Provinces of Saskatchewan and Manitoba, Canada, and the Hatchet Lake Property in Saskatchewan, Canada.

Angilak, Nunavut

The Angilak Property was acquired from Kaminak, formerly a related party with common directors and officers, through the reorganization transaction (Note 1). The Angilak Property is comprised of a central Inuit Owned Land parcel surrounded by adjacent and contiguous mineral claims on Federal Crown lands in Nunavut.

Kaminak originally signed an Exploration Agreement (“EA”) with Nunavut Tunngavik Inc. (“NTI”) whereby Kaminak was granted a 100% interest in the minerals within privately owned Inuit Owned Lands. This parcel is located directly adjacent to Kaminak’s “Angilak (formerly Yathkyed) IOCG Project” which is comprised of staked claims located on Federal Crown land.

In order to keep the Inuit Owned Lands in good standing, ValOre has or will complete the following:

- ValOre issued 100,000 common shares from treasury to NTI staged over 36 months beginning after final TSX Venture Exchange approval for the spin-out transaction. Upon completion of a feasibility study on any portion of the property, NTI has the option of taking either a 25% participating interest or a 7.5% net profits royalty in the specific area subject to the feasibility study.
- Upon completion of a National Instrument 43-101 compliant report that outlines a measured resource of at least 12 million pounds of uranium, ValOre will pay NTI a cash sum of \$1,000,000.

As a consequence of the land claims settlement, the Inuit Owned Lands are not subject to royalty obligations to the Government of Canada, but instead are subject to an underlying 12% net profits royalty payable on all minerals to NTI. During periods of positive operating revenue, gross uranium revenue shall be calculated as 130% of the value of the product. Starting December 31, 2008, ValOre is to pay annual advance royalty payments to NTI in the sum of \$50,000 annually (2008 – 2014 paid). NTI has allowed the Company to defer the annual advance royalty payments due on December 31, 2015, 2016, and 2018 to December 31, 2019, 2020 and 2021, respectively. The \$50,000 payments originally due December 31, 2015, December 31, 2016 and December 31, 2018 are recorded as a long-term liability. The payment for December 31, 2017 was paid in December, 2017.

In January 2017, the Company received \$700,000 from Sandstorm Gold Ltd. (“Sandstorm”) as part of a \$1,000,000 royalty package in return for ValOre granting to Sandstorm a 1% NSR royalty payable on all mineral products produced from the property. The \$700,000 payment received was recorded against the carrying value of the property. In connection with the \$700,000 Angilak royalty, the Company paid finders’ fees of \$42,000 in cash and 52,500 share purchase warrants (note 7(b)).

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Notes to the Condensed Interim Financial Statements for the Six Months Ended March 31, 2019

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets – Continued

Baffin Gold, Nunavut

In May 2017, the Company acquired mineral tenures for a land package on central Baffin Island. This land package consolidates several types of mineral tenures into a single property called the “Baffin Gold Property”.

The Baffin Gold Property consists of:

- 100% interest in an Inuit Owned Lands (“IOL”) parcel acquired through a Mineral Exploration Agreement (“MEA”) ValOre signed directly with NTI;
- 100% interest in several prospecting permits ValOre acquired through staking;
- Option Agreement with Commander Resources Ltd. (“Commander”) for 100% interest in certain mineral claims and IOL parcels through an MEA Commander signed with NTI.

Under terms of both the ValOre and Commander MEA’s with NTI, NTI will receive:

- Annual fees and exploration work commitments;
- \$1 million and \$5.5 million cash payments upon demonstrating NI 43-101 compliant Measured Resources of 1 million and 5 million ounces gold respectively;
- \$3 million and \$5 million cash payments with the commencement of a Feasibility Study and at Commercial Production respectively;
- \$50,000 annual advanced royalty payments after both a Measured Resource of 1 million ounces gold and a positive Feasibility Study is attained; and
- At Commercial Production, an underlying 12% net profits royalty payable on exploration areas (deductions not to exceed 70% of gross revenues)

During the year ended September 30, 2018 an annual fee amount of \$145,278 was paid to NTI.

Upon execution of, and pursuant to the terms of the Baffin Gold Property Option Agreement with Commander dated May 2017:

- Commander will receive a cash payment of \$10,000 (paid);
- Commander will receive an aggregate of 50,000 ValOre shares within 12 months (issued);
- ValOre will fulfill Commanders obligations to NTI for Year 1; (fulfilled)
- Commander will receive 50,000 ValOre shares at a Bankable Feasibility Study;
- Commander will receive a cash payment up to \$6 million upon commencement of Commercial Production;
- Commander will retain a 0.25% to 0.5% NSR royalty on Commander’s Baffin Gold Property optioned lands;
- As part of a data purchase agreement, ValOre will grant Commander a 0.25% NSR royalty on certain of ValOre’s Baffin mineral tenures; and
- Terms of the Baffin Gold Property Option Agreement may be adjusted up until the date of any first royalty payment to reflect the possible impact of any past commercial agreements or interests.

On March 27, 2018 the Company announced that it had received a \$600,000 payment from Sandstorm Gold Ltd. (“Sandstorm”) in return for ValOre granting to Sandstorm up to a 1.75% net smelter returns (“NSR”) royalty payable on all future mineral production from the Property. At any time up and until 36 months after signing the agreement, ValOre may reduce the Royalty to a 1.0% NSR by making a \$1.0 million payment to Sandstorm.

On March 27, 2018 the Company also announced that it has exercised the Option to earn a 100% project interest on portion of the Property from Commander, by issuing 25,000 ValOre shares to Commander.

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Notes to the Condensed Interim Financial Statements for the Six Months Ended March 31, 2019

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets – *Continued*

Baker Basin, Nunavut

The Baker Basin Property is located south of the hamlet of Baker Lake, Nunavut Territory, Canada. ValOre acquired 100% of Pacific Ridge Exploration Ltd’s (“PEX”) ownership interest in the Property through payment of 60,000 shares of ValOre, \$55,000 in cash and a \$70,000 private placement purchase of PEX units.

During the year ended September 30, 2018 the Company determined it will not conduct further exploration on the Property and therefore wrote the property down to a value of \$Nil. During the quarter ended December 31, 2018 a final charge on Baker Basin of \$202 was recorded and subsequently was written down to a value of \$Nil.

Genesis, Saskatchewan and Manitoba

On July 10, 2014, the Company signed a Mining Option Agreement with Roughrider Exploration Limited (“Roughrider”) on the Genesis Property. Roughrider can acquire up to an 85% interest in the Genesis Property in exchange for 3,939,656 common shares, \$1,000,000 cash, and \$5,000,000 in exploration expenditures over four years. Upon acquisition of an 85% interest in the Genesis Property by Roughrider, ValOre’s remaining 15% interest will be carried through to completion of a bankable feasibility study and a recommendation from the board of Roughrider to proceed to commercial production.

On December 22, 2015, the Company and Roughrider amended certain terms in the Mining Option Agreement which included a reduction in minimum exploration expenditures and a one-year extension to all phases of the agreement. On the amendment date Roughrider paid the Company \$400,000, of which \$200,592 was recorded to exploration and evaluation assets to bring the Genesis carrying value down to \$nil. The remaining \$199,408 was recorded to recovery on exploration and evaluation assets in the statement of operations and comprehensive loss during the year ended September 30, 2016.

On August 30, 2016, the Company received 1,969,828 Roughrider shares as per the amended agreement. The shares had a fair value of \$177,285 and were recorded against the property to reduce the carrying value.

On August 31, 2017 Roughrider earned a 50% interest in the Genesis Property by making a final payment to the Company of \$175,000. The payment was settled via common shares of Roughrider, with the Company receiving 2,500,000 shares of Roughrider (Note 3).

Hatchet Lake, Saskatchewan

On February 10, 2015, ValOre announced it had acquired 100% of the Hatchet Lake Uranium Property (the “Hatchet Lake Property”) from Rio Tinto Exploration Canada Inc. and Rio Tinto Canada Uranium Corporation (“Rio Tinto”) on the following terms:

- ValOre made a cash payment upon execution of the agreement of \$220,000, subject to all claims being in good standing as of the closing date;
- Rio Tinto transferred a 100% interest in the Hatchet Lake Property to ValOre;
- ValOre granted Rio Tinto a 2% net smelter return (“NSR”) royalty on the Hatchet Lake Property, with ValOre holding a buy-down right of 0.5% for \$750,000.

The Hatchet Lake Property encompasses six claims adjacent to the north-eastern margin of the Athabasca Basin in Saskatchewan northwest of ValOre’s Genesis Property.

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Notes to the Condensed Interim Financial Statements for the Six Months Ended March 31, 2019

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets – Continued

Hatchet Lake, Saskatchewan - Continued

In January 2017, the Company received \$250,000 from Sandstorm as part of a \$1,000,000 royalty package in return for ValOre transferring and assigning to Sandstorm the Company's 0.5% buyback right. Upon Sandstorm's exercise of this royalty buyback right, ValOre has agreed to grant to Sandstorm a 0.5% NSR royalty payable on all mineral products produced from the Hatchet Lake property. The \$250,000 payment received was recorded against the carrying value of the property. In connection with the \$250,000 Hatchet Lake royalty, the Company paid finders' fees of \$15,000 in cash and 18,750 share purchase warrants (note 7(b)).

7. Share Capital

As at March 31, 2019, there were an unlimited number of common voting shares without par value authorized.

On June 28, 2018 the Company completed a consolidation of its share capital on a 10:1 basis. All share and per share information is shown on a post-consolidated basis retroactively throughout these financial statements.

a) Private Placements

On January 16, 2017, the Company completed a non-brokered private placement of 2,592,500 units at \$0.80 per unit for \$2,074,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is convertible into a common share at \$1.50 for five years. The warrants attached to this issuance have been valued at \$416,969 based upon the Black-Scholes Method using the following assumptions: risk-free interest rate 1.16%; expected dividend yield 0%; expected stock price volatility 78%; and an average expected life of 5 years.

In aggregate, the financing was subject to the following finders' fees: \$135,560 of cash commission and other fees and 155,550 finder's warrants with a strike price of \$1.50 exercisable for a period of five years from the date of this private placement. The Company has recorded the fair value of these finder warrants as share issuance costs. The finders' warrants attached to this issuance have been valued at \$115,314 based upon the Black-Scholes Method using the assumptions noted above.

On January 14, 2019 the Company completed a rights offering (the “Rights Offering”) raising a total of \$2,450,000. In connection with the Rights Offering, the Company issued a total of 24,500,000 common shares of the Company at a price of \$0.10 per common share and issued an aggregate of 2,450,000 bonus warrants. Each bonus warrant is exercisable into a common share at a price of \$0.23 per common share for two years from the date of issuance.

The Company paid a solicitation fee of \$6,224 and issued 62,235 warrants in connection with the distribution of securities in the Rights Offering. The warrants issued as part of the solicitation fee are exercisable for one common share at a price of \$0.23 and valid for two years from closing.

As previously announced on October 26, 2018, the CEO of the Company agreed to lend the Company up to \$1 million on a revolving basis (“Bridge Loan”) in order to allow the Company to continue its operations until the closing of the Rights Offering. The total amount advanced by the CEO under the Bridge Loan as of the expiry date of the rights offering was \$610,000. The acquisition cost of 5,462,500 Common Shares (\$546,250) acquired by the CEO pursuant to a standby commitment relating to the Rights Offering was recorded as a reduction of the amounts payable to the CEO pursuant to the Bridge Loan. All remaining payments due to the CEO were made in the quarter.

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7. Share Capital - Continued

b) Warrants

The changes in warrants issued are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding warrants, September 30, 2017	1,523,050	\$1.50
Issued	-	-
Expired	-	-
Outstanding Warrants, September 30, 2018	1,523,050	\$1.50
Issued	2,512,235	\$0.23
Expired	-	-
Outstanding Warrants, March 31, 2019	4,035,285	\$0.71

At March 31, 2019, warrants enabling the holders to acquire common shares as follows:

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life in Years
January 14, 2021	\$0.23	2,512,235	1.79
January 16, 2022	\$1.50	1,451,800	2.80
February 17, 2022	\$1.50	71,250	2.89
Weighted average of exercise price and remaining contractual life	\$0.71	4,035,285	2.18

On February 17, 2017, the Company issued a total of 71,250 finders' warrants in connection with the Sandstorm royalty packages on the Angilak and Hatchet Lake properties (note 6). The warrants are exercisable at \$1.50 for a period of 5 years. The warrants have been valued at \$67,441 based upon the Black-Scholes Method using the following assumptions: risk-free interest rate 1.16%; expected dividend yield 0%; expected stock price volatility 79%; and an average expected life of 5 years. The fair value of the referral warrants are recorded in exploration and evaluation assets as a reduction of the proceeds received.

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7. Share Capital - Continued

c) Stock Options

Under the Company’s stock option plan, the board of directors may grant options for the purchase of up to 10% of the total number of issued and outstanding common shares of the Company. Options granted under the plan vest over time at the discretion of the board of directors and expire no later than five years from the date of issuance. Exercise prices on options granted under the plan cannot be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange and the minimum exercise price per common share must be at least \$0.10.

	Number of Options	Weighted Average Exercise Price
Outstanding options, September 30, 2017	821,000	\$2.40
Granted	1,090,000	\$1.00
Expired	(122,000)	\$3.30
Outstanding options, September 30, 2018	1,789,000	\$1.47
Granted	-	-
Expired	-	-
Outstanding options, March 31, 2019	1,789,000	\$1.47

At March 31, 2019 the following stock options were outstanding:

Expiry Date	Weighted Average Exercise Price	Issued Number of Options	Vested and Exercisable Number of Options	Weighted Average Remaining Contractual Life in Years
September 12, 2019	\$2.20	699,000	699,000	0.45
July 6, 2022	\$1.00	1,090,000	817,500	3.27
Weighted average of exercise price and remaining contractual life	\$1.47	1,789,000	1,516,500	2.17

The fair value of stock options issued during 2018 and 2017 was estimated at the grant date based on the Black-Scholes option pricing model with the following weighted average assumptions:

	2018	2017
Risk-free interest rate	n/a	1.50%
Expected dividend yield	n/a	0%
Share price	n/a	\$1.00
Expected stock price volatility	n/a	81.08%
Average expected option life	n/a	5 years
Fair value of options granted	n/a	\$0.06

During the quarter ended March 31, 2019, the Company recognized \$21,680 (2017 – \$Nil) in share-based payments expense for the fair value of the vested portion of stock options granted during the year ended September 30, 2017.

The risk-free interest rate is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected volatility is based on the Company’s historical prices. The expected average option life is the average expected period to exercise, based on the historical activity patterns for options.

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8. Related Party Transactions

Key management compensation

Key management consists of the Company's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. The aggregate value of compensation with key management for the six months ended March 31, 2019 was \$294,532 (2018 - \$170,400) and was comprised of the following:

		Six Months ended March 31, 2019	Six months ended March 31, 2018
Salaries and consulting fees	\$	138,571	54,000
Directors fees		98,400	116,400
Share-based compensation		56,229	-
Non-cash benefits		1,332	-
Total remuneration	\$	294,532	170,400

Related party transactions and balances not disclosed elsewhere in these financial statements are as follows:

The balance payable to key management at March 31, 2019 was \$Nil (March 31, 2018 - \$76,500) and such payables are unsecured and are expected to be repaid under normal trade terms. These balances are recorded on the statement of financial position under accounts payable and accrued liabilities.

As at March 31, 2019 \$49,200 (2018-\$58,200) was included in prepaid expenses for director's fees.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements.

9. Financial Instruments

Categories of financial assets and liabilities

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The fair value of the Company's cash and cash equivalents, other receivables, and accounts payable and accrued liabilities approximate carrying value which is the amount recorded on the statement of financial position due to their short-term nature. The Company's marketable securities, under the fair value hierarchy, are based on level one inputs. Long-term liabilities approximate their fair values.

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9. Financial Instruments - Continued

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, other receivables, marketable securities and GST recoverable. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents, marketable securities, other receivables and GST recoverable is remote as they relate to deposits and interest receivable from major financial institutions, marketable securities held with a major brokerage firm, and one other small balance. The maximum credit risk as at March 31, 2019 was \$1,271,184 (March 31, 2018 - \$1,376,296).

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 March 31, 2019, ValOre had a cash and cash equivalents balance of \$1,135,306 (March 31, 2018 - \$1,109,029) to settle accounts payable and accrued liabilities of \$34,814 (March 31, 2018 \$169,416). Management believes that ValOre has sufficient funds to meet its obligations as they become due as a successful rights offering was completed in January 2019.

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 no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of March 31, 2019, ValOre had \$Nil (March 31, 2018 \$504,964) in term deposits.

(b) Foreign currency risk

The Company operates predominately in Canada and is not exposed to any significant foreign currency risk.

(c) 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 resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company maintains certain investments in marketable securities which are measured at fair value, being the closing price of each equity investment at the statement of financial position date. We are exposed to changes in share prices which would result in gains and losses being recognized in total comprehensive loss. A 10% fluctuation in the price of the Company's marketable securities would increase/decrease comprehensive loss by \$9,660 as at March 31, 2019 (March 31, 2018 - \$25,758).

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10. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain flexible capital structure for its projects for the benefit of its stakeholders.

In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There were no changes in the Company's approach to capital management during the six months ended March 31, 2019. The Company is not subject to externally imposed capital requirements.

11. Segment Information

The Company operates in one reportable segment, being the acquisition, exploration and evaluation of mineral resources. All of the Company's equipment and exploration and evaluation assets are located in Canada.

12. Subsequent Events

On May 28, 2019 the Company announced that it had entered into arms length, binding agreement, effective as of May 24, 2019 with Jangada Mines PLC to purchase all of Jangada's Pedra Branca project through the purchase of 100% of Jangada's shareholdings in the Brazilian company Pedra Branca Brasil Mineracao Ltda.

The Pedra Branca Project is a Platinum Group Metals District located in north-eastern Brazil covering a total area of 38,940 hectares (96,223 acres), that comprises of 38 exploration licenses. An independent National Instrument 43-101 resource estimate comprised of 5 distinct deposit areas hosts an inferred resource of 1,165,500 ounces PGM+Gold (Palladium, Platinum and Gold; Pd, Pt+Au) in 28.8 Mt grading 1.26 g/t PGM+Gold per tonne. PGM mineralization outcrops at surface and all of the inferred resources are potentially open pittable.

In return for acquiring the Pedra Branca Shares, ValOre will give the following consideration to Jangada:

- (a) issuance and allotment of 25,000,000 ValOre common shares on the date of closing of the Acquisition; and
- (b) cash payments to Jangada in the aggregate of C\$3,000,000, as follows:
 - (i) exclusivity payments totalling C\$250,000 (paid);
 - (ii) C\$750,000 payable on closing of the Acquisition;
 - (iii) C\$1,000,000 on, or before, three (3) months after the closing of the Acquisition; and
 - (iv) C\$1,000,000 on, or before, six (6) months after the closing of the Acquisition.

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12. Subsequent Events - Continued

The closing of the acquisition is subject to conditions precedent which are normal for transactions of this nature, including necessary shareholder and regulatory approvals. The acquisition is not subject to any finders' fees.

Upon closing of the acquisition, Jangada will have the right to appoint up to two members to ValOre's Board of Directors for a two-year term. The term may be extended if mutually agreed in writing by ValOre, Jangada and each of the nominee board members.

ValOre plans an equity financing of not less than C\$3,000,000 to fund transaction costs of the acquisition, exploration expenditures on the project and for general working capital purposes. The terms of the financing, and any potential advisory fees payable related to successfully completing the financing and/or the closing of the acquisition, will be determined in the context of the market and will be announced at a later date. Completion of the financing is subject to acceptance by the TSX Venture Exchange.