

VALORE METALS CORP.
(Formerly “Kivalliq Energy Corporation”)

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED JUNE 30, 2018 AND 2017

Canadian Dollars

Unaudited- Prepared by Management

Notice of Non-review of Condensed Interim Financial Statements

The attached condensed interim financial statements for the nine-month period ended June 30, 2018 and 2017 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	June 30, 2018	September 30, 2017
ASSETS			
Current assets:			
Cash and cash equivalents		\$ 933,225	\$ 1,097,072
Marketable securities	3	193,190	321,983
Other receivables	4	8,165	94,143
GST recoverable		4,702	54,502
Prepaid expenses	8	55,803	217,742
		1,195,085	1,785,442
Equipment	5	209,472	246,925
Exploration and evaluation assets	6	57,205,580	57,307,808
		\$ 58,610,137	\$ 59,340,175
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 202,568	\$ 231,374
		202,568	231,374
Long-term liability	6	100,000	100,000
Deferred tax liability		3,396,247	3,373,092
		3,698,815	3,704,466
SHAREHOLDERS' EQUITY			
Share capital		61,748,478	61,730,978
Contributed surplus		11,102,447	11,102,447
Accumulated other comprehensive income (loss)		(134,625)	(23,219)
Deficit		(17,804,978)	(17,174,497)
		54,911,322	55,635,709
		\$ 58,610,137	\$ 59,340,175

Nature of Operations and Going Concern (Note 1)

APPROVED ON August XX, 2018 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)

Condensed Interim Statements of Operations and Comprehensive Loss

(Unaudited – Expressed in Canadian Dollars)

	Note	Three months ended June 30,		Nine months ended June 30,	
		2018	2017	2018	2017
Expenses					
Amortization and depreciation	5	12,484 \$	15,679	37,453 \$	47,038
Bank charges and interest		7	53	466	132
Investor relations		9,679	9,189	26,405	26,777
Listing and filing fees		11,027	13,256	14,533	17,818
Office and sundry		28,515	24,807	74,236	72,200
Professional fees		2,280	396	14,652	23,262
Project evaluation		-	1,598	-	32,540
Salaries and consulting fees		149,983	44,285	407,882	135,358
Transfer agent fees		5,642	881	7,899	4,319
Travel and conference		1,384	10,175	12,455	40,214
Loss before the undernoted		(221,001)	(120,319)	(595,981)	(399,658)
Other income (expenses)					
Project operator fees		-	-	-	7,073
Interest		4,926	1,410	6,042	2,255
Other income		-	-	-	3,441
Loss on foreign exchange		-	-	-	(182)
Realized gain on sale of marketable securities		-	-	-	20,119
Amortization of flow-through premium liability	7	-	-	-	8,193
Loss before income taxes		(216,075)	(118,909)	(589,939)	(358,759)
Deferred tax (expense) recovery		(11,495)	(95,757)	(40,543)	163,842
Net income (loss) for the period		227,570	(214,666)	(630,482)	(194,917)
Change in fair value of marketable securities		(64,396)	(98,492)	(128,793)	(159,810)
Tax recovery (expense) in OCI from change in fair value of marketable securities		8,694	13,296	17,388	21,574
Total comprehensive income (loss) for the period		(283,272) \$	(299,862)	(741,887) \$	(333,153)
Basic and diluted loss per common share		(0.01) \$	(0.01)	(0.03) \$	(0.01)
Weighted average number of common shares outstanding		24,724,677	24,687,311	24,708,468	23,653,281

NOTE: On June 28, 2018 the Company's shares started trading on the basis of ten pre-consolidation shares for one post consolidation share.

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

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

(An Exploration Stage Company)

Condensed Interim Statements of Cash Flows

(Unaudited – Expressed in Canadian Dollars)

Notes	Nine months ended June 30, 2018	Nine months ended June 30, 2017
Operating Activities		
Net loss for the period	\$ (630,482)	\$ (194,917)
Items not involving cash:		
Amortization and depreciation	5 37,455	47,038
Deferred tax expense (recovery)	40,542	(163,842)
Amortization of flow-through premium liability	7 -	(8,193)
Realized gain on sale of marketable securities	3 -	(20,119)
Interest income	(6,042)	(2,255)
Changes in non-cash working capital:		
Other receivables	85,978	21,555
GST recoverable	49,800	24,381
Prepaid expenses	161,939	50,954
Accounts payable and accrued liabilities	(28,807)	65,431
	(289,617)	(281,875)
Interest received	6,042	2,325
	(283,575)	(279,550)
Investing Activities		
Exploration and evaluation assets	(480,272)	(777,421)
Proceeds from sale of royalty	600,000	950,000
Proceeds from the sale of marketable securities	3 -	72,144
	119,728	244,723
Financing Activities		
Issuance of share capital, net of issuance costs	-	1,938,440
	-	1,938,440
Net change in cash and cash equivalents	163,847	1,903,613
Cash and cash equivalents, beginning of period	1,097,072	395,719
Cash and cash equivalents, end of period	933,225	2,299,332

Cash and cash equivalents consist of:

	June 30, 2018	September 30, 2017
Cash on hand	\$ 432,050	\$ 93,127
Term deposits	\$ 501,175	\$ 1,003,945
	\$ 933,225	\$ 1,097,072

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

(An Exploration Stage Company)

Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital				Accumulated other comprehensive income	Total shareholders' equity
	Number of shares	Amount	Contributed surplus	Deficit		
Balance, September 30, 2016	220,821,731	\$60,294,821	\$10,438,229	\$(16,659,067)	\$ 144,556	\$ 54,218,539
Private placement shares & warrants issued (note(7a))	25,925,000	1,417,316	656,684	-	-	2,074,000
Share issuance costs- cash	-	(135,560)	-	-	-	(135,560)
Share issuance costs-warrants	-	(115,314)	115,314	-	-	-
Referral warrants (note 6)	-	-	67,441	-	-	67,441
Shares issued pursuant to option agreement (note 6)	250,000	30,000	-	-	-	30,000
Share-based compensation	-	-	-	-	-	64,494
Tax expense in OCI from fair value adjustment on marketable securities in OCI	-	-	-	-	21,574	21,574
Fair value adjustment on marketable securities	-	-	-	-	(159,810)	(159,810)
Loss for the period	-	-	-	(99,160)	-	(99,160)
Balance, June 30, 2017	246,996,731	61,491,263	11,277,668	(16,758,227)	6,320	56,017,024
Balance, September 30, 2017	246,996,731	61,730,978	11,102,447	(17,174,497)	(23,219)	\$ 55,635,709
Share issued pursuant to option agreement (note 6)	250,000	17,500	-	-	-	17,500
Tax expense in OCI from fair value adjustment on marketable securities in OCI	-	-	-	-	17,388	17,388
Fair value adjustment on marketable securities	-	-	-	-	(128,794)	(128,794)
Loss for the nine months to June 30, 2018	-	-	-	(630,481)	-	(630,481)
Balance, June 30, 2018	24,724,677	61,748,478	11,102,447	(17,804,978)	(134,625)	54,911,322

Note: On June 28, 2018 the Company's shares started trading on the basis of ten pre-consolidation shares for one post consolidation share.

-The accompanying notes are an integral part of these condensed interim 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 Nine-Month Period Ended June 30, 2018			For the year ended September 30, 2017
	Acquisition Costs	Deferred Exploration Costs	Total	Total
Angilak				
Land Administration	\$ 85,519	\$ -	\$ 85,519	\$ 124,405
Air Support and Transportation	-	517	517	11,433
Field and General Operations	-	25,930	25,930	59,252
Field Contractors and Consultants	-	10,352	10,352	21,521
Laboratory Costs	-	-	-	50,668
Fuel	-	4,344	4,344	(12,834)
Salaries and Wages	-	13,495	13,495	50,164
Travel and Accommodation	-	-	-	9,047
Proceeds from sale of royalty (net of referral fees)	-	-	-	(608,306)
Baffin Gold				
Land Administration	162,778	-	162,778	131,718
Air Support and Transportation	-	-	-	262,534
Field and General Operations	-	12,272	12,272	147,733
Field Contractors and Consultants	-	-	-	2,021
Fuel	-	4,116	4,116	43,026
Laboratory Costs	-	26,570	26,570	17,725
Salaries and Wages	-	121,848	121,848	371,965
Travel and Accommodation	-	6,105	6,105	62,433
Sale of Royalty	(600,000)	-	(600,000)	
Baker Basin				
Land Administration	60	-	60	130
Salaries and Wages	-	1,803	1,803	277
Genesis				
Salaries and Wages	-	6,738	6,738	6,850
Travel and Accommodation	-	-	-	495
Property Option Payment	-	-	-	(137,500)
Hatchet Lake				
Land Administration	1,042	-	1,042	78,282
Field Contractors and Consultants	-	3,643	3,643	107,216
Fuel	-	-	-	3,986
Salaries and Wages	-	10,643	10,643	5,797
Proceeds from sale of royalty (net of referral fees)	-	-	-	(217,253)
Exploration and Evaluation Assets for the Period				
	(350,603)	248,375	(102,228)	592,785
Balance, Beginning of the Period	\$ 1,183,318	\$ 56,124,490	\$ 57,307,808	\$ 56,715,023
Balance, End of the Period	\$ 832,715	\$ 56,372,865	\$ 57,205,580	\$ 57,307,808

- 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 Nine Months Ended June 30, 2018

(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

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

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 13, 2018 Kivalliq announced a proposed consolidation of the common shares of Kivalliq on the basis of ten (10) pre-consolidation shares for one (1) post consolidation share. In conjunction with the consolidation, Kivalliq’s name will be changed to ValOre Metals Corp.

On June 26, 2018 Kivalliq announced that on June 28, 2018, Kivalliq’s name will be officially changed to ValOre Metals Corp. (“ValOre” or the “Company”) and that ValOre’s shares will trade 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.

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 June 30, 2018, 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.

These financial statements have been 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. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

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, 2017.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of August XX, 2018, 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

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

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements for the Nine Months Ended June 30, 2018

(Expressed in Canadian Dollars)

2. Significant Accounting Policies and Basis of Presentation – Continued

interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended September 30, 2017.

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, 2016	Additions Sep 30, 2017	Disposals Sep 30, 2017	Fair value adjustment Sep 30, 2017	Fair value Sep 30, 2017
Common shares	\$ 428,516	\$ 137,500	\$ (52,025)	\$ (192,008)	\$321,983

	Fair value Oct 1, 2017	Additions June 30, 2018	Disposals June 30, 2018	Fair value adjustment June 30, 2018	Fair value June 30, 2018
Common shares	\$ 321,983	\$-	\$-	\$ (128,793)	\$ 193,190

During the year ended September 30, 2017, the Company sold common shares for proceeds of \$72,144 (2016: \$35,625), net of transaction costs. The common shares were initially acquired at a cost of \$52,025 (2016: \$17,975) which resulted in a realized gain of \$20,119 (2016: \$17,650).

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, at which point any gains and losses recorded to date will be recognized through profit or loss.

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

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements for the Nine Months Ended June 30, 2018

(Expressed in Canadian Dollars)

4. Other Receivables

	June 30, 2018	September 30, 2017
Due from Commander Resources Ltd (Note 6)	-	42,339
Other miscellaneous receivables	12,867	51,804
Total other receivables	\$ 12,867	\$ 94,143

Other miscellaneous receivables as at September 30, 2017 pertains to monies due from Dunnedin Ventures Inc. for reimbursement of wages for use of the Company's staff.

5. Equipment

	Furniture & Equipment	Computer Equipment	Field Equipment	Leasehold Improvements	Total
Cost					
Balance at September 30, 2016	\$ 31,595	\$ 24,719	\$ 925,225	\$ 58,513	\$ 1,040,052
Additions	-	-	-	-	-
Disposals	-	-	-	(58,513)	(58,513)
Balance at September 30, 2017	\$ 31,595	\$ 24,719	\$ 925,225	\$ -	\$ 981,539
Accumulated depreciation					
Balance at September 30, 2016	\$ 22,029	\$ 16,831	\$ 633,036	\$ 58,513	\$ 730,409
Depreciation	1,913	2,366	58,439	-	62,718
Disposals	-	-	-	(58,513)	(58,513)
Balance at September, 2017	\$ 23,942	\$ 19,197	\$ 691,475	\$ -	\$ 734,614
Net book value at September 30, 2017	\$ 7,653	\$ 5,522	\$ 233,750	\$ -	\$ 246,925

	Furniture & Equipment	Computer Equipment	Field Equipment	Leasehold Improvements	Total
Cost					
Balance at September 30, 2017	\$ 31,595	\$ 24,719	\$ 925,225	\$ 58,513	\$ 1,040,052
Disposals	-	-	-	(58,513)	(58,513)
Balance at June 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	1,148	1,242	35,063	-	37,453
Disposals	-	-	-	-	-
Balance at June 30, 2018	\$ 25,090	\$ 20,439	\$ 726,538	\$ -	\$ 772,067
Net book value at June 30, 2018	\$ 6,505	\$ 4,280	\$ 198,687	\$ -	\$ 209,472

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

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements for the Nine Months Ended June 30, 2018

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets

Details are as follows:

	Acquisition Costs	Exploration Costs	Cumulative as at June 30, 2018	Cumulative as at September 30, 2017
Angilak, Nunavut	\$ 931,989	\$ 54,524,925	\$ 55,456,914	\$ 55,316,757
Baffin Gold, Nunavut	294,496	478,348	772,844	1,039,155
Baker Basin, Nunavut	205,190	85,723	290,913	289,050
Genesis Property, Saskatchewan and Manitoba	-	104,136	104,136	97,398
Hatchet Lake, Saskatchewan	1,042	579,733	580,773	565,448
Total	\$ 1,432,717	\$ 55,772,864	\$ 57,205,580	\$ 57,307,808

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 1,000,000 (or 100,000 Post Consolidation shares) 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 and December 31, 2016 are recorded as a long-term liability. The payment for December 31, 2017 was paid in December, 2017.

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

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Notes to the Condensed Interim Financial Statements for the Nine Months Ended June 30, 2018

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets – Continued

Angilak, Nunavut - Continued

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 525,000 share purchase warrants (note 7(b)).

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 Innuited 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 three-month period ended December 31, 2017 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 C\$10,000 (paid);
- Commander will receive an aggregate of 500,000 (or 50,000 Post Consolidation shares) ValOre shares within 12 months (500,000 shares or 50,000 Post Consolidation shares have were issued);
- ValOre will fulfill Commanders obligations to NTI for Year 1; (all Year 1 obligations have been fulfilled)
- Commander will receive 500,000 (or 50,000 Post Consolidation shares) 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;

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Notes to the Condensed Interim Financial Statements for the Nine Months Ended June 30, 2018

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets – Continued

Baffin Gold, Nunavut - Continued

- 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 CDN\$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 ValOre’s Baffin Gold Property, located in Nunavut Territory, Canada. 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 CAD\$1.0 million payment to Sandstorm. The net proceeds received from Sandstorm will be used to fund exploration and property costs at ValOre’s projects in Canada, as well as for general corporate purposes.

On March 27, 2018 the Company also announced that it has exercised the Option to earn a 100% project interest on portion of the Baffin Gold Property from Commander Resources Ltd., as described in a news release on May 8, 2017, by issuing 250,000 (or 25,000 Post Consolidation shares) ValOre shares to Commander.

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 Baker Basin Uranium Property through payment of 600,000 shares (or 60,000 Post Consolidation shares) of ValOre, \$55,000 in cash and a \$70,000 private placement purchase of PEX units.

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. Pursuant to the Mining Option Agreement, ValOre acquired ownership of 1,969,828 common shares of Roughrider.

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.

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6. Exploration and Evaluation Assets – Continued

Genesis, Saskatchewan and Manitoba - Continued

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).

Roughrider can increase its ownership in the Genesis Property to 85% by making cash payments to the Company of \$250,000 and \$450,000 on or before August 31, 2018 and August 31, 2019 respectively, and incurring exploration expenditures on the Genesis Property of \$2,500,000 on or before August 31, 2019.

Hatchet Lake, Saskatchewan

On February 10, 2015, ValOre announced it had acquired 100% of the Hatchet Lake Uranium Property (“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.

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 187,500 (or 18,750 Post Consolidation) share purchase warrants (note 7(b)).

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7. Share Capital

As at June 30, 2018, there were an unlimited number of common voting shares without par value authorized.

a) Private Placements

On January 16, 2017, the Company completed a non-brokered Private Placement of 25,925,000 (or 2,592,500 Post Consolidation shares) units at \$0.08 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 \$0.15 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 1,555,500 (or 155,550 Post Consolidation warrants) finder's warrants with a strike price of \$0.15 (or \$1.50 Post Consolidation) 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.

For all valuation models, the risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed warrant life. The expected volatility is based on the Company's historical prices. The expected average warrant is the average expected period to exercise, based on the historical activity patterns for warrants.

b) Warrants

The changes in warrants issued are as follows:

Note: On June 28, 2018 the Company's shares started trading on the basis of ten pre-consolidation shares for one post consolidation share. The outstanding warrants were also adjusted on this basis.

	Number of Warrants	Weighted Average Exercise Price
Outstanding warrants, September 30, 2017	17,470,500	\$0.15
Issued	-	-
Expired	-	-
Outstanding Warrants, June 30, 2018	1,747,050	\$1.50

At June 30, 2018, 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
July 6, 2018	\$1.50	200,000	0.02
July 6, 2018	\$1.50	24,000	0.02
January 16, 2022	\$1.50	1,451,800	3.55
February 17, 2022	\$1.50	71,250	3.64
Weighted average of exercise price and remaining contractual life	\$1.50	1,747,050	3.10

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7. Share Capital - Continued

On February 17, 2017, the Company issued a total of 712,500 (or 71,250 Post Consolidation warrants) finders' warrants in connection with the Sandstorm royalty packages on the Angilak and Hatchet Lake properties (note 6). The warrants are exercisable at \$0.15 (or \$1.50 Post Consolidation) 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.

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.

The changes in stock options issued are as follows:

Note: On June 28, 2018 the Company's shares started trading on the basis of ten pre-consolidation shares for one post consolidation share. The outstanding options were also adjusted on this basis.

	Number of Options	Weighted Average Exercise Price
Outstanding options, September 30, 2017	17,890,000	\$0.15
Cancelled	-	-
Expired	-	-
Outstanding options, June 30, 2018	1,789,000	\$1.50

At June 30, 2018 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	1.20
July 6, 2022	\$1.00	1,090,000	272,500	4.02
Weighted average of exercise price and remaining contractual life	\$1.50	1,789,000	971,500	2.92

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7. Share Capital - Continued

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

Risk-free interest rate	1.50%
Expected dividend yield	0%
Share price	\$0.10
Expected stock price volatility	81.08%
Average expected option life	5 years

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.

d) Flow-through Share Premium Liability

	June 30, 2018	September 30, 2017
Balance, beginning of period	\$ -	\$ 8,193
Premium attributed to flow-through shares issued	-	-
Reduction of liability due to expenditures incurred	-	(8,193)
Balance, end of period	\$ -	\$ -

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 nine months ended June 30, 2018 was \$255,600 (2017 - \$212,408) and was comprised of the following:

	Nine months June 30, 2018	Nine months June 30, 2017
Wages, salaries and consulting fees	\$ 81,000	\$ 198,566
Directors fees	174,600	-
Non-cash benefits	-	13,842
Total remuneration	\$ 255,600	\$ 212,408

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

The balance payable to related parties at June 30, 2018 was \$102,000 (June 30, 2017 - \$NIL) and such payables are unsecured, non-interest bearing 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.

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.

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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, GST recoverable, 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 both level one (shares) and level three (warrants) inputs.

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 GST recoverable from the Government of Canada, and other balances which have been subsequently collected. The maximum credit risk as at June 30, 2018 was \$1,139,282 (September 30, 2017 - \$1,567,700).

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 June 30, 2018, ValOre had a cash and cash equivalents balance of \$933,225 (September 30, 2017 - \$1,097,072) to settle accounts payable and accrued liabilities of \$202,568 (September 30, 2017 - \$231,375). All of ValOre's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Management believes that ValOre has sufficient funds to meet its obligations as they become due.

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.

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9. Financial Instruments - Continued

(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 June 30, 2018, ValOre had \$501,175 (September 30, 2017 – \$1,003,945) 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 \$19,319 as at June 30, 2018 (September 30, 2017 - \$32,198).

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 nine-month period ended June 30, 2018. 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.