FIRST COBALT CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

MANAGEMENT'S COMMENTS ON UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the unaudited condensed interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of First Cobalt Corp. (the "Corporation") have been prepared by and are the responsibility of the Corporation's management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Corporation's independent auditor, MNP LLP, has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

FIRST COBALT CORP.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018 (UNAUDITED)
(expressed in Canadian Dollars)

	March 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	$ 25,479,634	$ 29,817,031
Prepaid expenses and deposits (Note 4)	449,769	708,966
GST receivable	1,074,880	718,106
Investments in marketable securities (Note 6)	1,650,285	-
	28,654,568	31,244,103
Non-Current Assets		
Exploration and evaluation asset (Note 7)	105,865,528	105,858,028
Plant and equipment (Note 6)	4,716,395	4,705,776
Total Assets	$ 139,236,491	$ 141,807,907
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 8)	$ 1,300,671	$ 1,991,221
Flow-through share liability (Note 9)	1,228,416	1,489,760
	2,529,087	3,480,981
Non-Current Liabilities		
Asset retirement obligations (Note 6)	800,000	800,000
Total Liabilities	$ 3,329,087	$ 4,280,981
Shareholders' Equity		
Common shares (Note 9)	144,276,454	141,945,521
Common shares to be issued	-	2,214,433
Share subscriptions receivable (Note 9)	-	(339,928)
Reserves (Notes 10 and 11)	7,250,778	1,803,046
Warrants to be issued (Note 10)	-	4,258,460
Accumulated other comprehensive income	396,668	406,930
Deficit	(16,016,496)	(12,761,536)
	$ 135,907,404	$ 137,526,926
Total Liabilities and Shareholders' Equity	$ 139,236,491	$ 141,807,907

Nature and continuance of operations (Note 1)
Subsequent events (Note 20)

Approved on behalf of the Board of Directors

/s/ Jeff Swinoga	*/s/ Trent Mell*
Jeff Swinoga, Director	Trent Mell, Director

FIRST COBALT CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017 (UNAUDITED)

(expressed in Canadian Dollars)	**Three months ended March 31, 2018**	**Three months ended March 31, 2017**
		(Note 2)
OPERATING EXPENSES		
Exploration and evaluation expenditures (Note 13)	$ 1,273,428	$ 12,700
General and administrative	234,325	79,498
Investor relations	457,548	232,396
Marketing and conferences	75,645	-
Professional fees	165,460	73,710
Salaries, benefits and consulting fees (Note 19)	409,034	158,712
Share-based payments (Note **Error! Reference**	1,189,273	921,502
Travel	88,933	19,679
Operating Expenses	(3,893,646)	(1,498,197)
OTHER		
Foreign exchange gain (loss)	(1,162)	1,823
Interest expense	(17,273)	(1,169)
Unrealized gain on investments (Note 6)	372,048	-
Write off of exploration and evaluation assets	-	(118,179)
Write-off of debt	23,729	104,966
Other non-operating income	-	2,945
Flow-through share premium	261,344	-
Net Loss	(3,254,960)	(1,507,811)
Other Comprehensive Income		
Foreign currency translation	(10,262)	-
Net Loss and Comprehensive Loss	$ (3,265,222)	$ (1,507,811)
Basic and diluted loss per share	$ (0.01)	$ (0.09)
Weighted average number of shares outstanding (basic and diluted) (Note 13)	233,307,908	16,416,339

FIRST COBALT CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017 (UNAUDITED)

(expressed in Canadian Dollars)	**Three months ended March 31, 2018**	**Three months ended March 31, 2017**
		(Note 2)
Cash Flows used in Operating Activities		
Net loss	$ (3,254,960)	$ (1,507,811)
Adjustments for items not affecting cash		
Write-off of exploration and evaluation assets	-	118,179
Write-off of debt	-	104,966
Share-based payment expense	1,189,273	921,502
Unrealized gain on investments	(372,048)	-
Flow-through share premium	(261,344)	-
	(2,699,080)	(363,164)
Changes in non-cash working capital		
Decrease (Increase) in receivables	(356,774)	(22,084)
Decrease (Increase) in prepaid and other current assets	259,198	(192,540)
Increase (Decrease) in accounts payable and accrued liabilities	(728,395)	(389,090)
Increase (Decrease) in promissory note receivable	-	220,000
Increase (Decrease) in due to related party	-	22,314
	(3,525,051)	(724,564)
Cash Flows used in Investing Activities		
Capital expenditures	(10,620)	-
Investment in exploration and evaluation assets	(7,500)	(535,000)
Purchase of investments	(1,278,237)	-
	(1,296,357)	(535,000)
Cash Flows from Financing Activities		
Proceeds from issuance of common shares	452,428	6,055,695
Proceeds from exercise of warrants	4,000	124,000
Share issuance costs	-	(135,183)
	456,428	6,044,512
Changes in cash during the period	(4,364,980)	4,784,948
Effect of exchange rates on cash	27,583	-
Cash – Beginning of the period	$ 29,817,031	$ 555,188
Cash – End of the period	$ 25,479,634	$ 5,340,136

Supplemental Information (Note 17)

FIRST COBALT CORP.
CONDENSED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

	Common Shares								
	Number of Shares	**Amount**	**Common Shares to be issued**	**Subscriptions receivable**	**Reserves**	**Warrants to be issued**	**Accumulated Other Comprehensive Income**	**Deficit**	**Total**
Balance – December 31, 2017	219,888,826	$ 141,945,521	$ 2,214,433	$ (339,928)	$ 1,803,046	$ 4,258,460	$ 406,930	$(12,761,536)	$ 137,526,926
Net loss for the period								(3,254,960)	(3,254,960)
Shares and units issued for:									
Acquisition of property (Note 7)	1,790,933	1,453,781	(1,453,781)	-	-	-	-	-	-
Cash (Note 9)	151,364	166,500	(50,000)	-	-	-	-	-	116,500
Exercise of warrants (Note 10)	595,674	710,652	(710,652)	-	-	-	-	-	-
Subscriptions received	-	-	-	339,928	-	-	-	-	339,928
Warrants issued	-	(24,218)	-	-	4,282,678	(4,258,460)	-	-	-
Share-based payment expense	-	-	-	-	1,189,273	-	-	-	1,189,273
Unrealized gain on foreign exchange translation	-	-	-	-	-	-	(10,262)	-	(10,262)
Balance – March 31, 2018	222,426,797	$ 144,252,236	$ -	$ -	$ 7,274,997	$ -	$ 396,668	$ (16,016,496)	$ 135,907,405
Balance – December 31, 2016	22,657,750	$ 2,610,952	$ -	$ -	$ 808,268	$ -	$ -	$ (2,644,811)	$ 774,409
Net loss for the period	-	-	-	-	-	-	-	(1,507,811)	(1,507,811)
Shares and units issued for:									
Acquisition of property (Note 7)	6,900,000	1,725,000	-	-	-	-	-	-	1,725,000
Cash (Note 9)	12,000,000	5,984,000	-	-	-	-	-	-	5,984,000
Exercise of warrants (Note 10)	1,360,000	176,066			(52,066)			-	124,000
Issuance of stock options (Note 11)	-	-	-	-	921,502	-	-	-	921,502
Share issuance costs (Note 9)	1,200,000	(135,183)	-	-	-	-	-	-	(135,183)
Balance – March 31, 2017	44,117,750	$ 10,360,835	$ -	$ -	$ 1,677,704	$ -	$ -	$ (4,152,622)	$ 7,885,917

1. General Information and Nature of Operations

First Cobalt Corp. (the "Corporation" or "First Cobalt") was incorporated on July 13, 2011 under the Business Corporations Act of British Columbia (the "Act). The Corporation is in the business of acquisition and exploration of resource properties. The Corporation is focused on building a diversified portfolio of assets that are highly leveraged to the cobalt market and primarily focused in North America.

First Cobalt is a public company which is listed on the Toronto Venture Stock Exchange (TSX-V) and Australian Stock Exchange (ASX) (in both instances under the symbol FCC). The Corporation's registered and records office is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 and corporate head office located at 140 Yonge Street, Suite 201, Toronto, Ontario, M5C 1X6.

Nature of Operations

The Corporation is in the process exploring and developing its mineral properties. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, successful permitting, the ability of the Corporation to obtain necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of each mineral property. Furthermore, the acquisition of title to mineral properties is a complicated and uncertain process, and while the Corporation has taken steps in accordance with normal industry standards to verify its title to the mineral properties in which it has an interest, there can be no assurance that such title will ultimately be secured. The carrying amounts of mineral properties are based on costs incurred to date, and do not necessarily represent present or future values.

2. Significant accounting policies and basis of preparation

Statement of Compliance
These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, these condensed interim consolidated financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting process.

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Corporation's audited financial statements for the nine months ended December 31, 2017. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued as of May 28, 2018, the date the Board of Directors approved the financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Corporation's consolidated financial statements for the nine months ended December 31, 2017.

Functional Currency
The functional currency of the Corporation and its controlled entities are measured using the principal currency of the primary economic environment in which each entity operates. The functional currency of the Corporation and its subsidiaries is Canadian dollars, except for Cobalt One Which has a functional currency of Australian Dollars

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are retranslated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

(expressed in Canadian dollars)

2. Significant accounting policies and basis of preparation (continued)

Foreign exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the costs of assets when they are regarded as an adjustment to interest costs on those currency borrowings
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks and
- Exchange differences on monetary items receivable from or payable to a foreign operation which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Basis of consolidation
These consolidated financial statements include the accounts of the Corporation and its controlled entities. Control is achieved when the Corporation has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation until the date on which control ceases.

The following subsidiaries has been consolidated for all dates presented within these financial statements:

Subsidiary	Ownership	Location
Cobalt Projects International Corp.	100%	Canada
Cobalt Industries of Canada Corp.	100%	Canada
First Cobalt Holdings (Cayman) Ltd.	100%	Cayman Islands
First Cobalt (Cayman) Ltd.	100%	Cayman Islands
Cobalt One Limited	100%	Australia
CobalTech Mining Inc.	100%	Canada

All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

Comparative Figures
In 2017, the Corporation changed its fiscal year end from March 31, 2017 to December 31 ,2017. Accordingly, the comparative period being the three months ended March 31, 2017 has been reclassified to conform to the current period's presentation.

3. Recent accounting standards issued but not yet effective

The Corporation has reviewed amendments to accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation:

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. IFRS 9 is effective for annual period beginning on or after January 1, 2018. The Corporation does not expect the adoption of IFRS 9 to have an impact on the consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers
In May 2014, the International Accounting Standards Board ("IASB") issued IFRS 15 Revenue from Contracts with Customers, which specifies how and when an entity will recognize revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. IFRS 15 is effective for annual period beginning on or after January 1, 2018. The Corporation does not expect the adoption of IFRS 15 to have an impact on the consolidated financial statements.

(expressed in Canadian dollars)

4. Recent accounting standards issued but not yet effective (continued)

IFRS 16 - Leases
This new standard was issued with the objective to recognize all leases on the balance sheet. IFRS 16 requires lessees to recognize a "right of use" asset and a lease liability calculated using a prescribed methodology. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. Early adoption is permitted provided that IFRS 15, Revenue from Contracts with Customers, is also adopted. The Corporation is currently assessing the impact these standards and amendments may have on its financial statements.

IFRS 2 – Share-based Payment
On June 30, 2016, the IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments apply for annual periods beginning on or after January 1, 2018. The Corporation intends to adopt the amendments to IFRS 2 in its consolidated financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined. The Corporation is currently assessing the impact these standards and amendments may have on its financial statements.

5. Prepaid expenses and deposits

	March 31, 2018	December 31, 2017
Prepaid expenses	$ 329,189	$ 619,378
Deposits	120,580	89,588
	$ 449,769	$ 708,966

6. Investments in Marketable Securities

During the three months ended March 31, 2018, the Corporation purchased 1,410,500 publicly traded common shares of US Cobalt Inc. valued at $1,278,237. Management has determined it appropriate to record the investments as financial assets and the changes in fair values being recording through profit or loss. The Corporation revalues the common shares at each reporting period. Any changes in the fair value of the common shares and warrants is recorded as unrealized gain or loss of investments until the investments are sold or impaired for an extended period, at which point any gains and losses recorded to date will be recognized as gain or loss on investments.

The initial common shares had a fair value of $1,650,285 based on the market value of the investments, therefore an unrealized gain on investments of $372,048 was recorded during the three months ended March 31, 2018.

7. Plant and Equipment

As part of the acquisition of Cobalt One Limited ("Cobalt One"), the Corporation acquired the properties, permits, assets and rights of a cobalt-silver-nickel refinery ("Refinery") located in North Cobalt, Ontario, Canada. The carrying value of the Refinery is $4,716,395 (December 31, 2017 - $4,705,775) (Note 7). As at March 31, 2018, the Corporation's estimated closure costs for the Refinery are estimated to be $800,000 (December 31, 2017: $800,000) and are recorded as asset retirement obligations. No depreciation was recorded for the Refinery in the current year.

(expressed in Canadian dollars)

8. Exploration and Evaluation Assets

	Balance March 31, 2017	Acquisition Costs	Write-Down	Balance December 31, 2017	Acquisition Costs	Balance March 31, 2018
Cobalt North, Ontario						
Kerr Lake area	$ -	$ 13,026,368	$ -	$ 13,026,368	$ -	$ 13,026,368
Cobalt North Properties	-	56,018,275	-	56,018,275	-	56,018,275
Cobalt Central, Ontario	-					
Cobalt Central Properties		31,050,209	-	31,050,209	-	31,050,209
Cobalt South, Ontario						
South Lorraine	1,810,000	10,000	-	1,820,000	7,500	1,827,500
Keeley-Frontier	-	3,156,876	-	3,156,876	-	3,156,876
Bellellen	-	325,000	-	325,000	-	325,000
Werner Lake East Cobalt	-	296,300	-	296,300	-	296,300
Dickens Lake	375,058	-	(375,058)	-	-	-
Quebec Cobalt Properties	-	165,000	-	165,000	-	165,000
Total	$ 2,185,058	$ 104,048,028	$ (375,058)	$ 105,858,028	$ 7,500	$ 105,865,528

(a) Acquisition of Cobalt One Limited ("Cobalt One")

On June 23, 2017, the Corporation entered into a letter of intent ("LOI") with Cobalt One to acquire 100% of the issued and outstanding common shares of Cobalt One. Under the terms of the agreement, Cobalt One shareholders will receive 0.145 of a common share of the Corporation for each Cobalt One ordinary share (a "CO1 Share"), based on a share exchange ratio using the last trading price ($0.76) of the Corporation's shares on June 23, 2017.

In November 2017, the Corporation completed the acquisition of all the issued and outstanding shares of Cobalt One through the issuance of 107,948,909 common shares. The fair value of the shares is measured by the last trading price ($0.73) of the date of shareholder approval, November 20, 2017.

This acquisition has been recorded as an asset purchase of exploration and evaluation assets with the costs of the acquisition allocated as follows:

Purchase price:		
Common shares issued (107,948,909 shares at $0.73 per share)	$	78,802,704
Net assets acquired:		
Current assets	$	1,127,637
Current liabilities		(854,463)
Plant and equipment (Note 6)		4,476,528
Asset retirement obligations		(800,000)
Exploration and evaluation asset		74,853,002
	$	78,802,704

The exploration and evaluation asset acquired from Cobalt One has been allocated to Cobalt North, Ontario (comprised primarily the Silverfields mine and other Cobalt North Properties) and Cobalt Central, Ontario.

In relation to the acquisition of Cobalt One and CobalTech, the Corporation capitalized acquisition costs of $1,143,861 to be paid in the form of 1,566,934 common shares measured at a fair value of $0.73 per share. The Corporation has attributed $875,301 of the acquisition cost to the exploration assets of Cobalt One based on the value of the net assets acquired. As at March 31, 2018, the common shares are recorded as common shares to be issued.

(expressed in Canadian dollars)

8. Exploration and Evaluation Assets (continued)

(b) Acquisition of CobalTech Inc. ("CobalTech")

On August 18, 2017, the Corporation entered into an arrangement agreement with CobalTech to acquire 100% of the issued and outstanding common shares of CobalTech. Under the terms of the agreement, CobalTech shareholders will receive 0.2632 of a common share of the Corporation for each CobalTech ordinary share (a "CSK Share"), based on the share exchange ratio using last trading price ($0.76) of the Corporation's shares on June 23, 2017.

In November 2017, the Corporation completed the acquisition of all the issued and outstanding shares of CobalTech through the issuance of 24,422,438 common shares. The fair value of the shares is measured by the last trading price ($0.99) of the date of shareholder approval, November 22, 2017.

This acquisition has been recorded as an asset purchase of exploration and evaluation assets with the costs of the acquisition allocated as follows:

Purchase price:		
Common shares issued (24,422,438 shares at $0.99 per share)	$	24,178,214
Net assets acquired:		
Current assets	$	1,122,415
Current liabilities		(211,789)
Exploration and evaluation asset		23,267,588
	$	24,178,214

The exploration and evaluation asset acquired from CobalTech has been allocated to Other Cobalt North Properties (comprising of Kerr, Drummond, Conisil, and Silver Banner.), Werner Lake East Cobalt and Quebec Properties.

In relation to the acquisition of Cobalt One and CobalTech, the Corporation capitalized acquisition costs of $1,143,861 to be paid in the form of 1,566,933 common shares measured at a fair value of $0.73 per share. The Corporation has attributed $268,660 of the acquisition cost to the exploration assets of CobalTech based on the value of the net assets acquired. As at March 31, 2018, the common shares are recorded as common shares to be issued.

(c) Acquisition of Cobalt Projects International Corp. (Keeley-Frontier)

On April 10, 2017, the Corporation acquired all of the outstanding share capital of Cobalt Projects International Corp. ("Cobalt Project"), a privately held Ontario-based mineral exploration company. Cobalt Project holds the rights to earn up to a 100% interest from Canadian Silver Hunter Inc. ("Canadian Silver Hunter") in the Keeley-Frontier mine ("Keeley-Frontier"), located within the historic Silver Centre camp, and bordering on the Corporation's existing South Lorrain cobalt claim blocks. As consideration for the acquisition, the Corporation issued 4,450,000 common shares, with a fair value of $2,430,000, to existing shareholders of Cobalt Projects, which shall vest in 6 equal tranches over a 4 to 18-month period. Additionally, promissory notes totaling $435,000 were forgiven. The fair value of the common shares transferred was estimated to be $2,430,000 using the Black-Scholes Option Pricing Model, assuming a risk free rate of 0.76%, an expected life of 0.67 years, an expected volatility of 88% and a an exercise price of $0.70 per share.

Under the terms of the option agreement between Cobalt Projects and Canadian Silver Hunter, the Corporation may earn up to 100% interest in Keeley-Frontier as follows:

- 50% interest upon payment of $850,000 (of which $550,000 has been paid) and incurring expenditures of $1,750,000 on the property over a period of three years.

8. Exploration and Evaluation Assets (continued)

- 51% interest upon payment of $200,000 within 60 days of having exercised the first option and producing a technical report in compliance with NI 43-101 – *Standards of Disclosure for Mineral Projects* by the fourth anniversary.
- 100% interest upon payment of $750,000 and incurring additional expenditures of $1,250,000 by the fifth anniversary.

Upon earning a 100% interest, Canadian Silver Hunter shall be granted a 2% net smelter return royalty, subject to the Corporation having the right to purchase 1% for $1 million over the ensuing 10 years. The Corporation may elect to accelerate the earn-in.

(d) Acquisition of Cobalt Industries of Canada Inc. (South Lorraine)

On December 12, 2016, the Corporation entered into an agreement to acquire all of the outstanding share capital of Cobalt Industries of Canada Inc. ("Cobalt Industries"), a privately-held Ontario-based mineral exploration company. Cobalt Industries holds the "South Lorraine Cobalt" claim group, which consists of 17 claim blocks covering an area of 1,950 hectares or 19.50 square kilometers. The claim group is located adjacent to the Keeley-Frontier property in the former mining camp of Silver Centre, Ontario, Canada, approximately 30 kilometers south of the town of Cobalt, Ontario.

In consideration for the acquisition, the Corporation issued 6,900,000 common shares for all outstanding share capital of Cobalt Industries with a fair value of $0.25 per share.

As of the acquisition date of Cobalt Industries, management of the Corporation concluded that the acquisition does not constitute a business combination as determined by IFRS 3 Business Combinations, the acquisition was accounted for as an asset acquisition.

During the three months ended March 31, 2018, the Corporation paid $7,500 option payment for a South Lorraine property.

(e) Bellellen

On June 7, 2017, the Corporation acquired 22 mining claims totalling 848 hectares from Brixton Metals Corp. ("Brixton"). These mining claims include the former producing Bellellen Mine and are located immediately to the northeast of the Keeley-Frontier property. The claims cover prospective ground in both the south end of the mining camp, near Silver Centre, as well as the north, near the town of Cobalt, Ontario. The Bellellen Mine is adjacent to the Keeley-Frontier Mine. In consideration for the acquisition of the mining claims, the Corporation made a cash payment of $325,000 to Brixton during the nine months ended December 31, 2017.

(f) Dickens Lake Property

On July 5, 2012, the Corporation acquired a 90% interest in the Dickens Lake Property, located in Saskatchewan, Canada from Unity Energy Corp. ("Unity") in exchange for 3,182,750 common shares of the Corporation with a fair value of $1,466,749. The fair value of the common shares was equal to Unity's carrying value of the Dickens Lake Property.

The Dickens Lake Property is subject to a 2% net smelter royalty ("NSR"), which may be purchased by the Corporation for $1,500,000. During the year ended March 31, 2017 the Corporation re-purchased 1.5% of the 2% NSR for $164,963. All of the claims will lapse in June 2018 and the Corporation does not plan to continue exploration work on the property, therefore total carrying value of $375,058 relating to Dickens Lake property will be written down to $nil as at December 31, 2017.

(expressed in Canadian dollars)

8. Exploration and Evaluation Assets (continued)

(g) Gold Rush Cariboo

On December 7, 2017, the Corporation entered into an agreement to acquire mineral claims from Gold Rush Cariboo Inc. in exchange for 224,000 common shares at a fair value of $1.33 per share for a total carrying value of $297,920. During the three months ended March 31, 2018, the 224,000 common shares were issued (Note 9). These claims are included within the Cobalt Central Properties.

9. Accounts Payable and Accrued Liabilities

	March 31, 2018	December 31, 2017
Accounts Payable	$ 1,260,623	$ 1,485,471
Accrued Liabilities	40,047	505,750
	$ 1,300,670	$ 1,991,221

Accounts payable and accrued liabilities comprise primarily of trade payables incurred in the normal course of business. Included in accounts payable are amounts total $91,785 (December 31, 2017 - $219,764) due to related parties (see note 19).

10. Share Capital

(a) *Authorized Share Capital*

The Corporation is authorized to issue an unlimited number of common shares without par value. As at March 31, 2018, the Corporation had 219,888,826 (December 31, 2017 – 219,888,826 common shares outstanding.

(b) *Issued Share Capital*

During the three-month period ended March 31, 2018, the Corporation issued common shares as follows:

- On January 16, 2018, as part of the Offering, the Corporation completed a non-brokered private placement by issuing 151,364 Units at $1.10 per unit for gross proceeds of $166,500. Each Unit consists of one common share of the Corporation and one-half of one common share purchase warrant (each whole common share purchase warrant (a "Warrant")) of the Corporation. Each full warrant is exercisable at $1.50 per share for a period of 24 months following the date of issue of Warrants.

- The Corporation issued 595,674 common shares on exercise of warrants which was recorded as common shares to be issued as at December 31, 2017. The funds of $710,652 were received during the nine months ended December 31, 2017.

- The Corporation issued 224,000 common shares at a fair value of $297,920 to acquire mineral claims from Gold Rush Cariboo Inc. (Note 7).

- In relation to the acquisition of Cobalt One and CobalTech (see Note 7 (a)), the Corporation capitalized acquisition costs of $1,143,861 to be paid in the form of 1,566,934 common shares measured at a fair value of $0.73 per share.

10. Share Capital (continued)

During the nine-month period ended December 31, 2017, the Corporation issued common shares as follows:

- The Corporation issued 9,840,728 common shares on exercise of warrants for total gross proceeds of $1,164,830, of which $42,008 is recorded as a subscription receivable. The Corporation received funds of $710,652 for the exercise of 595,674 warrants. The amount is recorded as common shares to be issued.

- The Corporation issued 1,175,000 common shares on exercise of stock options for total gross proceeds of $359,250.

- On April 10, 2017, the Corporation issued 4,450,000 common shares with a fair value of $2,430,000 for the acquisition of Cobalt Projects.

- On May 31, 2017, the Corporation issued 2,050,001 flow-through shares at $0.60 per share for total gross proceeds of $1,230,001. In connection with the flow-through share offering, the Corporation paid cash finders' fee of $37,029.

  The Corporation renounced $1,230,001 under the general method on December 31, 2017. As at December 31, 2017, the Corporation has spent all proceeds reserved for flow-through exploration expenditures.

- On November 30, 2017, the Corporation issued 107,948,909 common shares at $0.73 per share for the acquisition of Cobalt One (Note 7).

- On November 30, 2017, the Corporation issued 24,422,438 common shares at $0.99 per share for the acquisition of CobalTech (Note 7).

- On December 21, 2017, the Corporation issued on a bought deal basis (i) 4,700,000 units of the Corporation ("Flow-Through Units") at $1.51 per unit and 20,950,000 units (the "Units") at $1.10 per unit for gross proceeds of $30,142,000 (the "Offering").

  Each Unit consists of one common share of the Corporation and one-half of one common share purchase warrant (each whole common share purchase warrant (a "Warrant") of the Corporation. Each Flow-Through Unit consists of one 'flow-through share' (a "Flow-Through Share") of the Corporation and one-half of one Warrant. Each full warrant is exercisable at $1.50 per share for a period of 24 months following the date of issue of Warrants.

  Of the cash proceeds received from the Units, $24,492,000 was allocated to share capital and $4,193,000 was allocated to warrants based on their relative fair value.

  The amount of the flow-through share liability associated with the flow-through shares was determined to be $1,457,000 based on the difference between the fair value price per share of the Flow-Through Units and the Units.

  The remaining proceeds from the Flow-Through Units, after deducting the flow-through share liability was $9,843,000, of which $5,650,000 was allocated to share capital and $4,193,000 was allocated to warrants based on their relative fair value. As at December 31, 2017, the Corporation has recorded the warrants as warrants to be issued.

  The Corporation renounced $7,097,000 under the look-back method on December 31, 2017. During the three months ended March 31, 2018, the Corporation spent $1,273,000 of flow-through exploration expenditures and therefore has reclassified $261,344 of the flow-through share liability to other income. The Corporation intends to spend the remaining balance of $5,824,000 in the fiscal year ending December 31, 2018.

(expressed in Canadian dollars)

10. Share Capital (continued)

- Concurrent with the Offering, the Corporation completed a non-brokered private placement on December 28, 2017 of 234,000 Flow-Through Units at $1.33 per unit for gross proceeds of $311,220, of which $297,920 is recorded as a subscription receivable. Each Flow-Through Unit consists of one flow-through share and one-half share purchase warrant. Each full warrant is exercisable at $1.50 per share for 24 months from the date of issue of Warrants. The issuance of the warrants is subject to shareholder approval.

  The amount of the flow-through share liability associated with the flow-through shares was determined to be $32,760 based on the difference between unit price of the flow-through unit less the stock price as at the date of grant. The remaining proceeds from the flow-through shares, after deducting the flow-through share liability was $278,460, of which $213,000 was allocated to share capital and $65,460 was allocated to warrants based on their relative fair value. As at December 31, 2017, the Corporation has recorded the warrants as warrants to be issued.

  The Corporation renounced $311,220 under the look-back method on December 31, 2017. As at December 31, 2017, the Corporation has not spent any proceeds reserved for flow-through expenditures and intends to spend the balance of $311,220 in the fiscal year ending December 31, 2018.

- The issuance of the Warrants was subject to the approval of the Australian Stock Exchange ("ASX") and approval of the shareholders of the Corporation. Pursuant to ASX listing requirements, the Corporation called a special meeting of shareholders to seek approval for the issuance of the Warrants. On March 9, 2018, the shareholders of the Corporation have approved the issuance of all common share purchase warrants under the Offering. Accordingly, an aggregate of 13,017,682 common share purchase warrants which formed part of the Corporation's December 2017 bought deal private placement (12,825,000 warrants) and non-brokered private placement (192,682 warrants) were issued.

11. Warrants

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted Average exercise price	Number of shares issued or issuable on exercise
Balance – March 31, 2017	$0.10	9,840,000
Issuance of warrants	$1.14	1,674,584
Issuance of warrants	$1.20	526,400
Exercise of warrants	$0.06	(700,000)
Exercise of warrants	$0.10	(8,940,000)
Exercise of warrants	$1.14	(270,002)
Exercise of warrants	$1.20	(526,400)
Expiry of warrants, unexercised	$1.14	(1,404,582)
Balance – December 31, 2017	$0.06	200,000
Issuance of warrants	$1.50	13,017,682
Balance – March 31, 2018	$1.48	13,217,682

(expressed in Canadian dollars)

11. Warrants (continued)

The expiry of warrants are as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
May 31, 2016	May 31, 2021	200,000	$0.06
January 16, 2018	January 16, 2020	13,017,682	$1.50
		13,217,682	$1,48

During the nine months ended December 31, 2017, the Corporation issued 2,200,984 share purchase warrants and received subscriptions for 12,942,000 share purchase warrants which were issued after year end (Note 9). The total fair value of $4,258,460 was recorded in equity. The fair value of the warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk free interest rate of 1.68% to 1.69%, an expected life of 2 years, an expected volatility of 74% to 133% and no expected dividends.

During the three months ended March 31, 2018, the Corporation issued 75,682 share purchase warrants (see Note 9 (b)). The total fair value of $24,218 was recorded in equity. The fair value of the warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk free interest rate of 1.68% to 1.69%, an expected life of 2 years, an expected volatility of 74% to 133% and no expected dividends.

12. Share based payments

The Corporation adopted a new long-term incentive plan on November 21, 2017 (the "Plan") whereby it can grant stock options, restricted share units ("RSUs"), Deferred Share Units ("DSUs"), and Performance Share Units ("PSUs") to directors, officers, employees, and consultants of the Corporation. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Corporation at any time.

(a) *Stock Options*

The changes in incentive share options outstanding are summarized as follows:

	Weighted average exercise price	Number of shares issued or issuable on exercise	Amount
Balance – March 31, 2017	$0.50	4,050,000	$ 1,013,473
Stock options granted	$1.07	3,248,482	--
Share based compensation expense	-	-	468,716
Stock options exercised	$0.31	(1,175,000)	(162,522)
Balance – December 31, 2017	$0.50	4,050,000	$ 1,013,473
Share based compensation expense	-	-	448,565
Balance – March 31, 2018	$0.50	4,050,000	$ 1,462,038

During the nine-month period year ended December 31, 2017, the Corporation granted 3,248,482 incentive stock options, respectively, to employees, consultants, and directors. The options may be exercised within 5 years from the date of grant at a price of $0.69 and $1.43, respectively, per share, and have a vesting period of 2 years.

(expressed in Canadian dollars)

12. Share based payments (continued)

The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.69% to 1.00% per annum, an expected life of options of 2.5 years, an expected volatility of 80.1% to 86.5%, and no expected dividends.

Incentive share options outstanding and exercisable March 31, 2018 are summarized as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	**Number of Shares Issuable on Exercise**	**Weighted Average Remaining Life (Years)**	**Weighted Average Exercise Price**	**Number of Shares Issuable on Exercise**	**Weighted Average Exercise Price**
$0.25	250,000	3.47	$0.25	250,000	$0.25
$0.35	350,000	3.71	$0.35	350,000	$0.35
$0.38	300,000	3.73	$0.38	300,000	$0.38
$0.66	1,975,000	3.92	$0.66	1,975,000	$0.66
$0.69	1,565,000	4.17	$0.69	586,875	$0.69
$1.43	1,683,482	4.68	$1.43	210,435	$1.43
	6,123,482	4.15	$0.83	3,672,310	$0.63

(b) DSUs and PSUs

During the nine-months ended December 31, 2017, the Corporation issued 898,964 DSUs to certain non-executive directors of the Corporation and 581,682 PSUs to the chairman and certain officers of the Corporation. DSUs vest immediately and may not be exercised until a director ceases to serve on the board. PSUs may vest in two tranches over a 12-month period contingent on achieving strategic corporate objectives. During the three months ended March 31, 2018, the Corporation has recorded $379,659 (2017: $nil) and $361,048 (2017: $nil) as share-based payment expense respectively.

13. Exploration and Evaluation Expense

Exploration and evaluation expenditures incurred for the three months ended March 31, 2018 and 2017 are as follows

	March 31, 2018	March 31, 2017
Drilling	$ 548,427	$ -
Exploration support and administration	21,665	-
Field Operations and consumables	48,486	-
Geochemistry	243,333	-
Geological consulting	272,644	12,700
Property taxes	5,633	-
Sampling and geological costs	133,240	-
	$ 1,273,428	$ 12,700

(expressed in Canadian dollars)

14. Loss Per Share

The following table sets forth the computation of basic and diluted loss per share for three months ended March 31, 2018 and 2017:

	March 31, 2018	March 31, 2017
Numerator		
Net loss for the period	$ (3,512,304)	$ (1,507,811)
Denominator		
Basic – weighted average number of shares outstanding	233,307,908	16,416,339
Effect of dilutive securities	-	-
Diluted – adjusted weighted average number of shares outstanding	233,307,908	16,416,339
Loss Per Share – Basic and Diluted	$(0.02)	$(0.09)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year.

The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive.

Share purchase warrants and stock options were excluded from the calculation of diluted weighted average number of common shares outstanding during the three months ended March 31, 2018 as the warrants and stock options were anti-dilutive since the Corporation was in a loss position.

15. Financial Instruments

Fair value
The Corporation's financial instruments consisted of cash and cash equivalents. The fair values of cash and cash equivalents approximate their carrying values because of their current nature.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation's primary exposure to credit risk is on its cash and short-term investments which are being held in bank accounts. The cash and short-term investments are deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Corporation has secondary exposure to risk on its sales tax receivables. The risk is minimal since it is recoverable from the Canadian government.

Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Corporation's functional currency. The Corporation only operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Corporation's exposure to interest rate risk relates to its ability to earn interest income on cash at variable rates. The risk is minimal.

15. Financial Instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements on an ongoing basis. The Corporation attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. Liquidity risk is assessed as low.

16. Management of Capital

The Corporation manages its capital structure, consisting of share capital, and will make adjustments to it depending on the funds available to the Corporation for its future acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the business.

The Corporation's objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize the availability of finance to fund the growth and development of its mining projects, and to support the working capital required to maintain its ability to continue as a going concern. The Corporation manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. To maintain or adjust its capital structure, the Corporation considers all sources of finance reasonably available to it, including but not limited to issuance of new capital, issuance of new debt and the sale of assets in whole or in part, including mineral property interests.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Corporation, is reasonable. The Corporation is not subject to externally imposed capital requirements. There were no changes in the Corporation's approach to capital management during the three months ended March 31 2018 compared to the nine months ended December 31, 2017.

17. Supplemental Cash Flow Information

The Corporation did not make any cash payments and had no cash receipts for interest or income taxes during the three months ended March 31, 2018 and 2017.

The acquisition of the Cobalt Industries (see note 8(d)) is a non-cash transaction, whereby, 6,900,000 shares at a price of $0.25 per share is exchanged as consideration for the mineral property.

18. Segmented Information

The Corporation's exploration and evaluation activities are located in the provinces of Ontario, Quebec and Saskatchewan, Canada, with its head office function in Canada. All of the Corporation's capital assets, including property, plant and equipment and exploration and the exploration and evaluation asset are located in Canada.

(expressed in Canadian dollars)

19. Related Party Transactions

The Corporation's related parties include key management personnel and companies related by way of directors or shareholders in common.

(a) Key Management Personnel Compensation

During the three months ended March 31, 2018 and 2017, the Corporation paid and/or accrued the following fees to management personnel and directors:

	March 31, 2018	March 31, 2017
Management	$ 48,333	$ 58,849
Directors	190,731	16,983
	$ 239,064	$ 75,832

During the three months ended March 31, 2018 the Company also had share based payments made to management and directors of $1,073,654 (2017 - $1,057,815).

(b) Due to Related Parties

As at March 31, 2018 and December 31, 2017, the Corporation has the follow amounts due to related parties:

	March 31, 2018	December 31, 2017
Accounts payable and accrued liabilities	$ 91,785	$ 219,764
	$ 91,785	$ 219,764

20. Subsequent Events

(a) On March 14, 2018, the Corporation and US Cobalt Inc. ("US Cobalt") announced a definitive agreement (the "Arrangement Agreement") whereby the Corporation will acquire all of the issued and outstanding shares of US Cobalt pursuant to a plan of arrangement (the "Transaction"), further enhancing the Corporation's position as a pure-play North American cobalt company. The Transaction will be completed pursuant to a plan of arrangement. On May 18, 2018, the Transaction was approved by US Cobalt shareholders at special meeting.

Under the terms of the Arrangement Agreement, all of the US Cobalt issued and outstanding common shares will be exchanged on the basis of 1.5 common shares of the Corporation for each US Cobalt common share issued and outstanding (the "Exchange Ratio"). The Exchange Ratio represents a 61.8% premium to US Cobalt's closing price and a 58.5% premium based on both companies' 5-day volume-weighted average trading prices, both as at March 13, 2018. As part of the Transaction, it is expected that (a) all US Cobalt stock options outstanding will be replaced with stock options of the Corporation and be exercisable for shares of the Corporation based on the Exchange Ratio for the remainder of their original term, and (b) all US Cobalt warrants outstanding will participate in the Transaction on a comparable basis to holders of US Cobalt common shares based on the in-the-money portion of those securities. This implies a total equity value of approximately $149.9 million on a fully-diluted in-the-money basis.

20. Subsequent Events (continued)

The directors and senior officers of US Cobalt, representing approximately 6.7% of the outstanding US Cobalt common shares, have entered into voting support agreements, pursuant to which they will vote their common shares held in favour of the Transaction. Upon completion of the Transaction, existing shareholders of the Corporation and US Cobalt shareholders will own approximately 62.5% and 37.5% of the combined company respectively, on a fully-diluted in-the-money basis, assuming all US Cobalt options and warrants are exercised prior to completion of the Transaction. The Corporation has agreed to appoint a US Cobalt nominee to its Board of Directors effective at the closing of the Transaction.

In addition to security holder and court approvals, the Transaction is subject to applicable regulatory and governmental approvals, including acceptance by the TSX-V, and the satisfaction of certain other closing conditions customary for a transaction of this nature.

(b) On December 1, 2017, the Board of Directors of the Corporation approved the grant of 1,683,482 stock options, 898,964 DSUs, and 581,682 PSUs (the “Granted Securities”) to certain directors, officers, employees and consultants of the Corporation under its Amended and Restated Long-Term Incentive Plan (“LTIP”). The manner in which the Granted Securities under the LTIP were granted did not comply with the ASX Listing Rules and therefore, at the request of the ASX the Granted Securities were cancelled on May 24, 2018. Under the rules of the TSX-V, this method of making long-term incentive grants to directors, officers, employees and consultants under an approved long-term incentive plan is customary. However, since the Corporation’s admission to the ASX, it must also comply with Australian listing rules, which vary in a few significant respects. The Board intends to re-issue Options, PSUs and DSUs to these holders on the same terms (and in the case of the Options, at the same exercise price) as the previously granted Options, PSUs and DSUs, upon receipt of the requisite shareholder and regulatory approvals.