FIRST COBALT CORP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

GENERAL

This Management's Discussion and Analysis of First Cobalt Corp. ("First Cobalt" or the "Corporation") ("MD&A") was prepared on August 14, 2018 and provides analysis of the Corporation's financial results for the six months ended June 30, 2018 and 2017. The following information should be read in conjunction with the accompanying consolidated interim financial statements for the three and six months ended June 30, 2018 and 2017 with accompanying notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures are expressed in Canadian dollars unless otherwise stated.

COMPANY OVERVIEW

First Cobalt Corp. was incorporated on July 13, 2011 under the Business Corporations Act of British Columbia. 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 head office is located at Suite 201 – 140 Yonge Street, Toronto, Ontario, M5C 1X6. The Corporation's registered and records office is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

Q2 2018 HIGHLIGHTS AND RECENT EVENTS

Acquisition of US Cobalt

On June 4, 2018, the Corporation announced that it completed the acquisition of US Cobalt Inc. ('US Cobalt") by way of plan of arrangement. US Cobalt shareholders received 1.5 common shares of the Corporation for each US Cobalt share held and US Cobalt became a wholly-owned subsidiary of the Corporation.

Under the terms of the agreement, US Cobalt received 115,318,357 common shares of the Corporation at a deemed price of $0.76 per share, based on the trading price of the shares on May 23, 2018, totalling $87,641,951. In addition, the Corporation paid $1,650,285 for 1,410,000 of US Cobalt shares, subsequently cancelled, and issued 9,360,000 First Cobalt stock options to former US Cobalt option holders.

US Cobalt has an option to the Iron Creek Project in Idaho, USA, which has a historic mineral resource estimate (non-compliant with NI 43-101) of 1.3 million tons grading 0.59% cobalt, contained on patented property.

OUTLOOK

The Company's vision is to become the largest primary cobalt producer outside the DRC. In support of this vision, in 2017 First Cobalt completed a three-way merger with Cobalt One and CobalTech to consolidate the Canadian Cobalt Camp. More recently, First Cobalt acquired US Cobalt to secure a prospective patented land position in Idaho, which is known to host primary cobalt deposits. These transactions strategically position First Cobalt as a leading non-DRC cobalt company with North American projects and a refinery located in close proximity to infrastructure as well as electric vehicle and technology hubs such as Michigan and California.

As a vertically integrated North American cobalt company, First Cobalt's strategy is to explore, develop and refine cobalt material in North America for preferential sale back into the American battery market. Over the past 18 months, First Cobalt has acquired three significant North American assets:

1. **The Iron Creek Project in Idaho**

   In 2017, US Cobalt commenced a drill program designed to validate the historic estimate and test mineralization beyond the higher grade historic Noranda resource. The 40-hole program covered a 460-metre strike length and the results of this drill program are the basis for a NI 43-101-compliant mineral resource estimate expected by October of 2018.

   First Cobalt acquired US Cobalt in early 2018 and intends to drill 30,000 metres at Iron Creek by the fourth quarter 2018. The 90-hole work program is intended to extend the known mineralization along strike, including broader intercepts of lower grade mineralization that were not included in the historic Noranda resource estimate. The work program is also expected to bring a portion of the Inferred Mineral Resource estimate expected in October into a Measured and Indicated Resource estimate.

Results of drilling to date have extended the total strike length to 520 metres along two mineralized zones, the No Name Zone and the Waite Zone, and drill results from the footwall of the Waite Zone have encountered additional mineralization.

2. The only permitted cobalt refinery in North America capable of producing battery materials

The First Cobalt Refinery is a hydrometallurgical cobalt-silver-nickel refinery located approximately five kilometres east of Cobalt, Ontario. The facility was commissioned in 1996 and in its current configuration, has a throughput design of 24 tonnes per day. The facility is located on a 40-acre property that can be expanded to 120 acres with two settling ponds and an autoclave pond. The building footprint also includes an empty feed warehouse that once housed a mill, which could be used under an expansion scenario.

A study was commissioned in April 2018 to estimate the capital requirements to restart the facility in its current configuration and under an expansion scenario. The expansion scenario study will estimate the additional capital requirements and increase in throughput of an expanded facility within the current building footprint. Operating cost estimates will be provided for both scenarios.

The Company is currently exploring early feed sources including third party mine feed and battery material from recycling companies, either of which First Cobalt believes could facilitate a restart of the Refinery within two years.

3. A large land package in the Ontario Cobalt Camp spanning over 11,000 hectares with more than 50 past-producing mines.

First Cobalt controls almost half of the historic Canadian Cobalt Camp, with more than 50 past producing mines over 100 km^2. Early in 2018, drilling identified a mineralized zone in Cobalt North that now extends for over 350m, called the Kerr #2 Zone. Subsequently, the Company confirmed the existence of a second cobalt mineralized trend parallel to and 400m north of the Kerr #2 Zone. Cobalt mineralization has been traced within the known 500m strike length of the historic Drummond and Kerr Lake Mines.

The 2018 work program for the Cobalt Camp includes a $7 million investment to assess near-surface mineralization that could be amenable to open pit mining. The Camp was historically mined underground for high grade silver and has seen very little exploration over the past 60 years.

With the completion of the US Cobalt acquisition, it is anticipated that the combined entity will have an enhanced capital markets profile that could leverage First Cobalt's global institutional shareholder base, a strong balance sheet and a proven management team. First Cobalt expects a shortage of cobalt over the next five years while few companies are doing significant work to identify new sources of supply. Recent transactions create a larger platform to discover and develop cobalt projects for the growing electric vehicle market by combining high quality North American assets in two of the best cobalt jurisdictions outside the DRC. US Cobalt's Idaho project complements First Cobalt's Canadian Cobalt Camp properties, offering upside potential for shareholders of both companies. The Corporation views the First Cobalt Refinery as a strategic asset as it is the only permitted cobalt refinery in North America capable of producing battery materials.

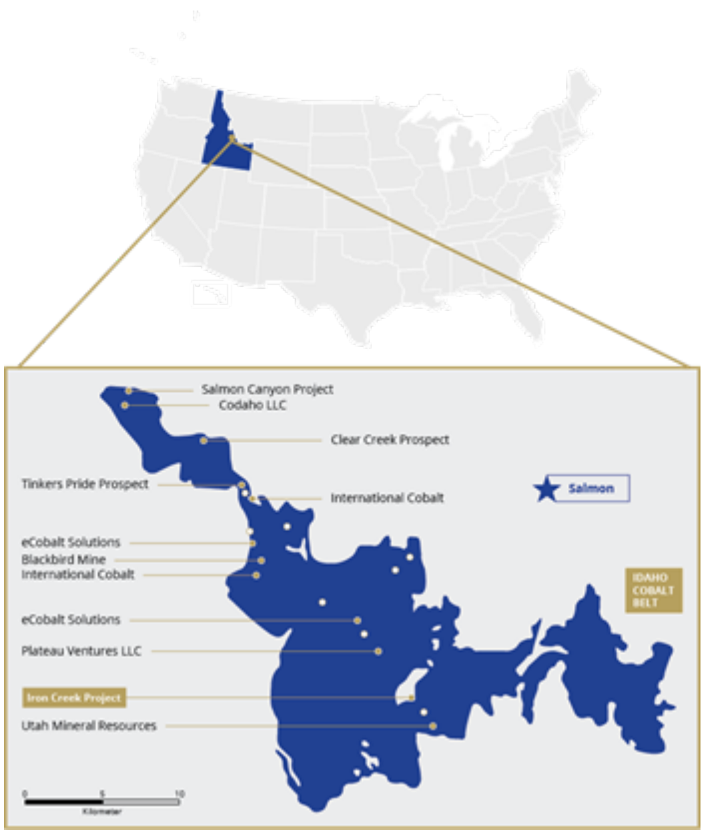
2018 Exploration Program for Iron Creek, Idaho, USA

Subsequent to the closing of the acquisition of US Cobalt, the Corporation announced a $9 million work program for the Iron Creek Project (Figure 1). The Corporation intends to publish a mineral resource estimate by October 2018 and complete an additional 30,000 metres of drilling intended to double the mineralized zone along strike beyond the area drilled in 2017.

The objectives of the 2018 Iron Creek work program are as follows:

- Publish maiden NI 43-101 mineral resource estimate by October 2018;
- 70-hole program, totalling 30,000m will include both infill drilling to convert a portion of Inferred Resources into Measured and Indicated Resources as well as extensional drilling to support a second resource estimate in early 2019;
- Drilling intended to extend the strike length of the cobalt-copper mineralized zone to 900 metres from the current 460 metres;
- Down dip extension of mineralization 200 metres below existing underground adits will also be tested; and
- Other zones of mineralization found in the footwall will be explored.

Figure 1: Iron Creek Project, Idaho, USA



2018 Exploration Program for Cobalt, Ontario, Canada .

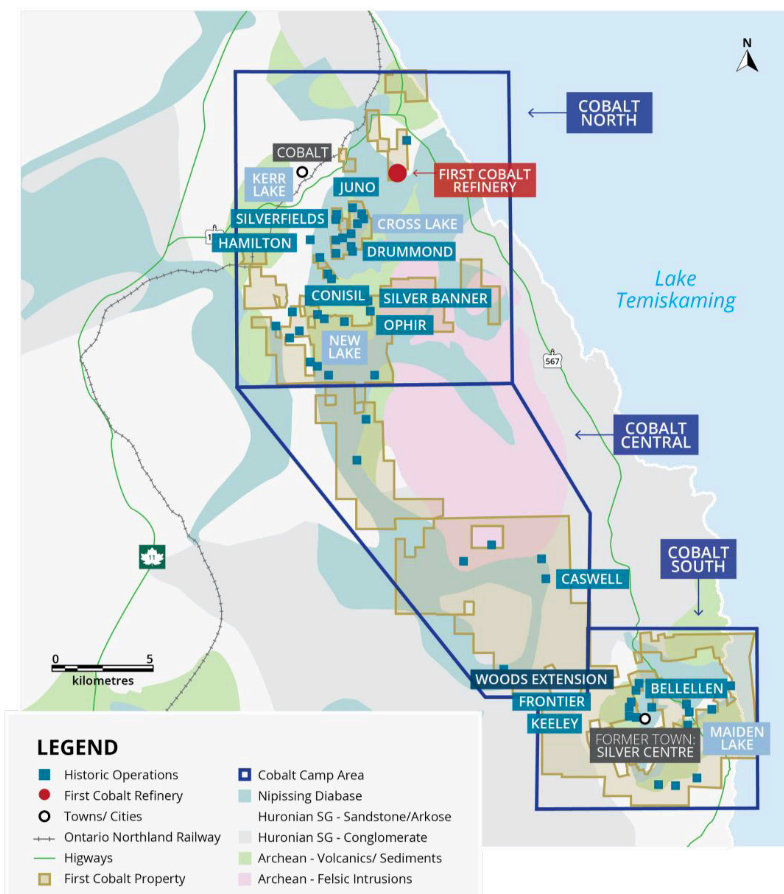
The Corporation launched a $7 million exploration program for 2018, which includes over 26,000 meters of drilling on 13 different targets. The 2018 program is being financed from the flow-through proceeds from the recent bought deal. The 2018 program is a significant expansion over 2017 exploration activities and will test the mineralized areas throughout the Cobalt Camp proximal to more than ten past-producing mines know to contain cobalt in addition to new targets within three regional areas.

The objectives of the 2018 program are as follows:

- Over 26,000 meters of drilling planned at 13 targets across the Cobalt Camp, testing different geological settings;
- Geophysical testing techniques including downhole and ground geophysical surveys, televiewer surveys, soil geochemistry will be applied in some areas to refine targets in this program;
- Regional mapping and prospecting will be conducted throughout the Camp with emphasis on the highly under-explored Central Cobalt area; and
- Digitization and 3D modelling of 100 years of data are ongoing to facilitate new structural interpretations for drilling target follow-up in 2018.

The 26,500-metre drilling program has been designed to test mineralized areas throughout the Cobalt Camp with known historical production of cobalt and silver. These areas include the Kerr, Drummond, Juno, Ophir, Hamilton, Silver Banner and Silverfields mines in Cobalt North and the Bellellen, Keeley and Frontier mines in Cobalt South (Figure 2).

Figure 2. Regional bedrock geology of the Cobalt Camp showing target areas for exploration work in 2018.



2018 Refinery and Mineral Processing Studies

First Cobalt commissioned Primero Group Ltd to conduct a desktop level capital and operating cost estimate for the restart of the First Cobalt Refinery located in 600 km by road from Toronto, Ontario, Canada. The study will consider capital and operating costs associated with a restart of the refinery under various throughput scenarios. First Cobalt is considering third party feed options to support a restart of the First Cobalt Refinery. The study is expected in Q3 2018.

Another strategic objective is to identify opportunities to generate early cash flow from materials from the historic mining operations in the Cobalt Camp in Ontario. First Cobalt completed the first phase of a muckpile sampling program and a second phase commenced during the second quarter. The program will provide a better understanding of representative grade characteristics of muckpiles and processing methods for early cash flow. Ore sorting tests have also been initiated to assess opportunities to remive waste rock from muckpile material prior to processing.

The Corporation initiated metallurgical testing on high grade inventory of refinery residue and crushed waste rock materials located hear the First Cobalt mill facility in the Canadian Cobalt Camp. A successful testing program could have broader implications for the ongoing assessment of processing options for historical mine material throughout the Cobalt Camp using First Cobalt's mill and refinery.

MINERAL PROPERTIES

The Corporation is in the business of acquisition and exploration of resource properties. The Corporation is focused on building a diversified North American portfolio of assets that are highly leveraged to the cobalt market.The Corporation's Iron Creek Project in Idaho includes patented and unpatented claims totalling 1,268 acres as well as 600 metres of underground drifting from three adits. , The Corporation also controls over 10,000 hectares of prospective land and 50 historic mining operations in the Cobalt Camp in Ontario, Canada as well as a mill and what is believed to be the only permitted cobalt refinery in North America designed to produce battery materials.

	Balance March 31, 2017	Acquisition Costs	Write-Down	Balance December 31, 2017	Acquisition Costs	Balance June 30, 2018
Iron Creek, USA	$ -	$ -	$ -	$ -	$ 94,164,801	$ 94,164,801
Cobalt North, Canada						
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, Canada	-					
Cobalt Central Properties		31,050,209	-	31,050,209	-	31,050,209
Cobalt South, Canada						
South Lorrain	1,810,000	10,000	-	1,820,000	7,500	1,827,500
Keeley-Frontier	-	3,156,876	-	3,156,876	42,000	3,198,876
Bellellen	-	325,000	-	325,000	-	325,000
Werner Lake East, Canada	-	296,300	-	296,300	-	296,300
Dickens Lake, Canada	375,058	-	(375,058)	-	-	-
Quebec Properties, Canada	-	165,000	-	165,000	-	165,000
Total	$ 2,185,058	$ 104,048,028	$ (375,058)	$ 105,858,028	$ 94,214,301	$ 200,072,329

(a) Acquisition of US Cobalt (Iron Creek)

On June 4, 2018, the Corporation completed the acquisition of US Cobalt Inc. ("US Cobalt") by acquiring 100% of the issued and outstanding common shares of US Cobalt. Under the terms of the agreement, US Cobalt received 115,318,357 common shares of the Corporation at $0.76 per share, based on the trading price of the shares on May 23, 2018, totalling $87,641,951. In addition, the Corporation paid $1,381,746 for 1,410,500 of US Cobalt shares and issued 9,360,000 First Cobalt stock options to former US Cobalt option holders

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 (115,318,357 shares at $0.76 per share)	$	87,641,951
Common shares owned by First Cobalt (1,410,500 shares)		1,381,746
Stock options of US Cobalt (9,360,000 stock options)		3,910,355
		92,934,052
Net assets acquired:		
Current assets	$	1,459,019
Current liabilities		(2,689,768)
Exploration and evaluation asset		94,164,801
	$	92,934,052

The exploration and evaluation asset acquired from US Cobalt has been allocated to Iron Creek property.

(b) Acquisition of Cobalt One

On June 23, 2017, the Corporation entered into a letter of intent 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 received 0.145 of a common share of the Corporation for each Cobalt One ordinary 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 was 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		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 Kerr Lake area 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.

(c) Acquisition of 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 received 0.2632 of a common share of the Corporation for each CobalTech ordinary 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 was 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 1,566,934 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.

(d) 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., 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. in the Keeley and Frontier mines (“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 vest in 6 equal tranches over a 4 to 18-month period. Additionally, promissory notes totaling $435,000 were forgiven. The fair value were 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.
- 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.

(e) Acquisition of Cobalt Industries of Canada Inc. (South Lorrain)

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 Lorrain 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 period ended June 30, 2018, the Corporation paid a $7,500 option payment for a South Lorrain property.

(f) 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.

(g) 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 lapsed in June 2018, therefore total carrying value of $375,058 relating to Dickens Lake property was written down to $nil as at December 31, 2017.

(h) 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. These claims are included within Cobalt Central Properties.

Exploration and evaluation expenditures incurred for the six months ended June 30, 2018 and 2017 are as follows

	June 30, 2018			June 30, 2017		
	Cobalt, Canada	**Iron Creek, USA**	**Total**	**Cobalt, Canada**	**Iron Creek, USA**	**Total**
Drilling	$ 1,119,753	$ 595,336	$ 1,715,089	$ -	$ -	$ -
Exploration support and administration	4,219	3,776	7,995	-	-	-
Field Operations and consumables	84,086	-	84,086	-	-	-
Geochemistry	736,530	116,143	852,673	-	-	-
Geological consulting	390,861	248,300	639,161	67,574	-	67,574
Property taxes	22,301	-	22,301	-	-	-
Sampling and geological costs	440,641	-	440,641	-	-	-
	$ 2,798,391	$ 963,555	$ 3,761,946	$ 67,574	$ -	$ 67,574

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2018

The following are highlights from the Corporation's results of operations for the six months ended June 30, 2018 and 2017:

- Exploration and evaluation expenditures were $3,761,946 for the six months ended June 30, 2018, compared to $67,574 for the six months ended June 30, 2017. The increase is due to the acquisition of US Cobalt during the 2018 period.

- Investor relations expenditures were $708,630 during the six months ended June 30, 2018 compared to $1,000,416 during the six months ended June 30, 2017. The Corporation had higher investor relations expense in the 2017 period in relation to investor awareness campaigns undertaken by the Corporation.

- Professional fees of $1,136,675 were incurred during the six months ended June 30, 2018, compared to $267,684 incurred during the six months ended June 30, 2017. The primary increase is from fees associated with the increase in corporate development activities during the six months ended June 30, 2018. A significant portion of these costs relate to the acquisition of US Cobalt.

- Salaries, benefits and consulting fees were $1,755,787 during the six months ended June 30, 2018 compared to $339,728 during the six months ended June 30, 2017. Salaries and consulting fees increased due to the increased number of staff, management team and consultants, compared to the same period in the prior year, where the Corporation only had one employee for a portion of the period.

- Share-based payment expenses were $1,457,855 for the six months ended June 30, 2018 compared to $985,072. The increase was due to an increased number of options, deferred share units and performance share units issued in the six months ended June 30, 2018.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2018

The following are highlights from the Corporation's results of operations for the three months ended June 30, 2018 and 2017:

- Exploration and evaluation expenditures were $2,488,518 for the three months ended June 30, 2018, compared to $54,874 for the three months ended June 30, 2017. The increase is due to the 2018 exploration programs at Iron Creek and in the Cobalt Camp.

- Investor relations expenditures were $251,082 during the three months ended June 30, 2018 compared to $768,020 during the three months ended June 30, 2017. The Corporation had higher investor relations expense in the 2017 period in relation to an investor awareness campaigns undertaken by the Corporation.

- Professional fees of $971,215 were incurred during the three months ended June 30, 2018, compared to $193,974 incurred during the three months ended June 30, 2017. The primary increase is from fees associated with the increase corporate development activities during the three months ended June 30, 2018. A significant portion of these costs relate to the acquisition of US Cobalt.

- Salaries, benefits and consulting fees were $1,346,753 during the three months ended June 30, 2018 compared to $181,016 during the three months ended June 30, 2017. Salaries and consulting fees increased due to the increased number of staff, management team and consultants, compared to the same period in the prior year, where the Corporation only fewer employee and business activities.

- Share-based payment expenses were $268,582 for the three months ended June 30, 2018 compared to $63,570. The increase was due to an increased number of options, deferred share units and performance share units issued in the three months ended June 30, 2018.

SUMMARY OF QUARTERLY RESULTS

Key financial information for the three months ended June 30, 2018 as well as the quarters spanning the most recently preceding fiscal years is summarized as follows, reported in Canadian dollars except for per share amounts:

	June 30, 2018 ($)	March 31, 2018 ($)	December 31, 2017 ($)	September 30, 2017 ($)
Current Assets	21,800,761	28,654,568	31,244,103	3,291,061
Current Liabilities	3,535,066	2,790,431	3,800,781	714,945
Total Assets	226,612,485	139,236,491	141,807,907	9,532,620
Total Operating Expenses	(5,801,954)	(3,893,646)	(4,494,469)	(2,142,268)
Net Loss	(5,717,868)	(3,254,960)	(4,847,592)	(2,094,449)
Loss per Share	(0.02)	(0.01)	(0.05)	(0.04)

	June 30, 2017 ($)	March 31, 2017 ($)	December 31, 2016 ($)	September 30, 2016 ($)
Current Assets	4,918,144	6,100,556	785,984	278,176
Current Liabilities	420,617	399,697	576,507	304,068
Total Assets	11,209,702	8,285,614	1,279,221	711,413
Total Operating Expenses	(1,621,990)	(1,498,197)	(705,907)	(25,037)
Net Loss	(1,666,873)	(1,507,811)	(705,907)	(25,037)
Loss per Share	(0.03)	(0.09)	(0.03)	(0.00)

CAPITAL STRUCTURE

As of the date of this MD&A, the Corporation has 339,200,994 common shares issued and outstanding, and no debt. There are outstanding share purchase warrants and stock options for a further 17,506,815 and 13,217,682 common shares, respectively. In addition, the Corporation has 954,801 Deferred Share Units (DSUs) and 120,833 Performance Share Units (PSUs) issued under the Corporations Long-Term Incentive Plan (LTIP).

Subsequent to June 30, 2018, the Corporation issued 1,205,842 common shares on the vesting and entitlement of certain DSUs, PSUs, and RSUs.

The following warrants were outstanding at the date of this report:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
May 31, 2016	May 31, 2021	200,000	$0.06
March 9, 2018	March 9, 2020	13,017,682	$1.50
		13,217,682	$1.48

The following incentive stock options were outstanding at the date of this report:

Grant Date	Expiry Date	Number of shares issuable on exercise	Weighted Average Exercise Price
December 15, 2016	December 15, 2021	350,000	$0.35
December 22, 2016	December 22, 2021	300,000	$0.38
March 2, 2017	March 2, 2022	1,975,000	$0.66
June 1, 2017	June 1, 2022	1,565,000	$0.69
June 4, 2018	September 2, 2018	3,281,250	$0.294
June 4, 2018	February 9, 2022	187,500	$0.294
June 4, 2018	September 2, 2018	393,750	$0.358
June 4, 2018	May 17, 2021	562,500	$0.358
June 4, 2018	September 2, 2018	1,200,000	$0.418
June 4, 2018	August 2, 2022	225,000	$0.418
June 4, 2018	September 2, 2018	2,250,000	$0.511
June 4, 2018	January 17, 2023	810,000	$0.511
June 4, 2018	January 31, 2023	450,000	$0.518
June 27, 2018	June 27, 2023	1,683,482	$1.43
June 27, 2018	June 27, 2023	2,273,333	$0.49
		17,506,815	$0.57

CAPITAL RESOURCES

The Corporation defines capital as consisting of shareholder's equity and cash. The Corporation manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Corporation does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Corporation's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this, given the relative size of the Corporation, is appropriate.

As at June 30, 2018 and December 31, 2017, the Corporation is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Corporation's approach to capital management during the six months ended June 30, 2018 and 2017.

LIQUIDITY

The Corporation's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements. The Corporation has historically financed its operations primarily through the sale of share capital by way of private placements.

At June 30, 2018, the Corporation had cash of $19,820,447 (December 31, 2017 - $29,817,031) and working capital of $18,265,695 (December 31, 2017 – $27,763,122)

To maintain liquidity, the Corporation issued common shares for cash proceeds during the six months ended June 30, 2018 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 250,000 common shares on exercise of stock options for total proceeds of $62,500.

Cash used in operating activities was $10,534,914 during the six months ended June 30, 2018, compared to $2,617,628 from operating activities during the six months ended June 30, 2017. The increase was due to an increase in overall operating expenses in the six months ended June 30, 2018 compared to the six months ended June 30, 2017.

Cash used in investing activities was $174,830 during the six months ended June 30, 2018, compared to $1,670,000 used in the six months ended June 30, 2017.

Cash flows from financing activities was $513,748 during the six months ended June 30, 2018, compared to the $7,964,483 from financing activities during the six months ended June 30, 2017.

The development of the Corporation in the future will depend on the Corporation's ability to obtain additional financings. In the past, the Corporation has relied on the issuance of equity securities to meet its cash requirements. Funding for potential future development obligations, in excess of funds on hand, will depend on the Corporation's ability to obtain financing through joint venturing of projects, debt and equity financing, or other means. There can be no assurances that the Corporation will be successful in obtaining any such financing or in joint venturing its property; failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Corporation's properties.

RELATED PARTY TRANSACTIONS

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

Key Management Personnel Compensation

During the six months ended June 30, 2018 and 2017, the Corporation paid and/or accrued the following fees to management personnel and directors:

	June 30, 2018	June 30, 2017
Management	$ 417,904	$ 232,546
Directors	325,833	16,983
	$ 743,737	$ 249,529

During the three months ended March 31, 2018 the Company also had share based payments made to management and directors of $935,053 (2017 - $45,702). As at June 30, 2018, the Corporation had $25,369 payable to management (December 31, 2017 - $219,764)

OFF BALANCE SHEET ARRANGEMENTS

The Corporation currently has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels.

The hierarchy is as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

The fair value of cash approximates their carrying value due to the short-term maturity. The Corporation considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

As at June 30, 2018 and December 31, 2017, the Corporation does not any have level 2 and 3 financial assets or liabilities.

Financial Risk Factors

The Corporation's risk exposure and the impact on the Corporation's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Corporation if the counterparty to a financial instrument fails to meet its contractual obligations. The Corporation's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Corporation limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

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 currently settles its financial obligations with cash. The Corporation is expected to able to satisfy obligations in the near term with its cash balances.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation has no interest-bearing debt. The Corporation's sensitivity to interest rates is minimal.

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, Canadian Dollars. The Corporation is exposed to foreign currency risk on fluctuations related to cash, receivables, prepayments, and accrued liabilities that are denominated in US Dollars. The Corporation has not used derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

BUSINESS RISKS AND UNCERTAINTIES

There are many risk factors facing companies involved in the mineral exploration industry. Risk Management is an ongoing exercise upon which the Corporation spends a substantial amount of time. While it is not possible to eliminate all the risks inherent to the industry, the Corporation strives to manage these risks, to the greatest extent possible. The following risks are most applicable to the Corporation.

<u>Industry and Mineral Exploration Risk</u>

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Corporation's exploration efforts will be successful. At present, the Corporation's projects do not contain any proven or probable reserves. Success in establishing reserves is a result of a number of factors, including the quality of the project itself. Substantial expenditures are required to establish reserves or resources through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves. The Corporation may be subject to risks, which could not reasonably be predicted in advance. Events such as labour disputes, natural disasters or estimation errors are prime examples of industry related risks. The Corporation attempts to balance this risk through insurance programs where required and ongoing risk assessments conducted by its technical team.

Commodity Prices

The Corporation is in the business of mineral exploration and as such, its prospects are largely dependent on movements in the price of various minerals. Prices fluctuate on a daily basis and are affected by a number of factors well beyond the control of the Corporation. The mineral exploration industry in general is a competitive market and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist. Due to the current grassroots nature of its operations, the Corporation has not entered into any price hedging programs.

Environmental

Exploration projects or operations are subject to the environmental laws and applicable regulations of the jurisdiction in which the Corporation operates. Environmental standards continue to evolve and the trend is to a longer, more complete and rigid process. The Corporation reviews environmental matters on an ongoing basis. If and when appropriate, the Corporation will make appropriate provisions in its financial statements for any potential environmental liability.

Title of Assets

Although the Corporation conducts title reviews in accordance with industry practice prior to any purchase of resource assets, such reviews do not guarantee that an unforeseen defect in the chain on title will not arise and defeat our title to the purchased assets. If such a defect were to occur, our entitlement to the production from such purchased assets could be jeopardized.

Competition

The Corporation engages in the highly competitive resource exploration industry. The Corporation competes directly and indirectly with major and independent resource companies in its exploration for and development of desirable resource properties. Many companies and individuals are engaged in this business, and the industry is not dominated by any single competitor or a small number of competitors. Many of such competitors have substantially greater financial, technical, sales, marketing and other resources, as well as greater historical market acceptance than does the Corporation. The Corporation will compete with numerous industry participants for the acquisition of land and rights to prospects, and for the equipment and labor required to operate and develop such prospects. Competition could materially and adversely affect the Corporation's business, operating results and financial condition. Such competitive disadvantages could adversely affect the Corporation's ability to participate in projects with favorable rates of return.

Financing

Historically, the Corporation has raised funds through equity financing to fund its operations. The market price of natural resources, specifically cobalt prices, is highly speculative and volatile. Instability in prices may affect the interest in resource properties and the development of and production from such properties. This may adversely affect the Corporation's ability to raise capital to fund corporate activities as well as acquire and explore resource properties.

Additional information on risks and uncertainties relating to First Cobalt’s business is provided in First Cobalt’s Annual Information Form dated April 2, 2018 under the heading “Risk Factors”.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Corporation’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ significantly from these estimates.

Areas requiring a significant degree of judgment relate to the recoverability and measurement of deferred tax assets and liabilities, the ability to continue as a going concern and the capitalization of development costs. Actual results may differ from those estimates and judgments. Areas requiring a significant degree of estimation include allowances for doubtful accounts.

Areas requiring a significant degree of judgement that have the most significant effect on the amounts recognized in the Corporation's consolidated financial statements are as follows:

- *Exploration and Evaluation Assets*

  The net carrying value of each mineral property is reviewed regularly for conditions that suggest potential indications impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future.

- *Going Concern*

  The assessment of the Corporation's ability to continue as a going concern involves critical judgement based on historical experience and expectations of the Corporation's ability to generate adequate financing. Significant judgements are used in the Corporation's assessment of its ability to continue as a going concern.

- *Income taxes*

  Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward.

  The determination of the ability of the Corporation to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgement and make certain assumptions about the future performance of the Corporation. Management is required to assess whether it is probable that the Corporation will benefit from these prior losses and other deferred tax assets. Change in economic conditions, metal prices and other factors could result in revision to the estimates of the benefits to be realized or the timing of utilizing the losses.

- *Acquisition Accounting*

  The Corporation has accounted for the acquisitions of Cobalt One Limited, CobalTech Inc., Cobalt Projects International Corp., and Cobalt Industries of Canada Inc. as asset acquisitions. Significant judgment was required to determine that the application of this accounting treatment was appropriate for the transaction. These included, among others, the determination that CobalTech Inc., Cobalt Projects International Corp. and Cobalt Industries of Canada Inc. did not meet the definition of a business under IFRS 3: Business combinations. The acquisitions of US Cobalt and Cobalt One Limited were considered an asset acquisition due to the fact that management and the board of directors remained under the control of the Corporation. In addition, the basis for the calculation of the fair value of the asset acquired included significant estimates of the fair value of the consideration transferred. The Corporation has measured the fair value of the consideration transferred based on the last trading price of the date of shareholder approval for the acquisition.

- *Environmental rehabilitation*

  Management's determination of the Corporation's decommissioning and rehabilitation provision is based on the reclamation and closure activities it anticipates as being required, the additional contingent mitigation measures it identifies as potentially being required and its assessment of the likelihood of such contingent measures being required, and its estimate of the probable costs and timing of such activities and measures. Significant judgements must be made when determining such reclamation and closure activities and measures required and potentially required.

- *Valuation of Share-Based Payments*

  The Corporation uses the Black-Scholes Option Pricing Model for valuation of share-based payments and the warrant liability. Option pricing models require the input of subjective assumptions including the share price, expected share price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Corporation's net loss and equity reserves.

SIGNIFICANT ACCOUNTING POLICIES

The Corporation's significant accounting policies are summarized in Note 2 to the audited consolidated financial statements for the nine months ended December 31, 2017 and for the year ended March 31, 2017.

FUTURE CHANGES IN ACCOUNTING POLICIES

The IASB has issued or amended a number of new standards that are not effective at June 30, 2018. These standards have not been early adopted in these consolidated financial statements.

IFRS 9 Financial Instruments ("IFRS 9") was issued on July 24, 2014. This standard is to replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). Amendments to IFRS 9 were made on the approach in determining whether a financial asset is measured at amortized cost, fair value through OCI, or fair value through income. This replaces the mixed measurement model present in IAS 30. The basis for this classification of the financial assets is dependent on the entity's business model and contractual cash flow characteristics of the financial asset. Most of the requirements set forth in IAS 39 for classification and measurement of financial liabilities were carried forward to IFRS 9. The only change regarding financial liabilities is that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in OCI, instead of through the income. Changes towards the requirements for hedge effectiveness are made by replacing the bright line hedge effective tests. It requires an economic relationship between the hedge item and hedging instrument and for the hedged ratio to be the same as the one management actually uses for risk management purposes. IFRS 9 is effective for all accounting periods beginning on or after January 1, 2018. Early adoption of this standard is permitted. The Company has not elected to early adopt the standard and is currently assessing the impact that the new standard will have on the consolidated financial statements.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31.

Revenue Barter Transactions involving Advertising Services. IFRS 15 establishes a single five step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has not elected to early adopt the standard and is currently assessing the impact that the new standard will have on the consolidated financial statements.

In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which replaces IAS 17 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company has not elected to early adopt the standard and is currently assessing the impact that the new standard will have on the consolidated financial statements.

No other IFRS or IFRIC pronouncements that are not yet effective would be expected to have a material impact on the Company.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The President and Chief Executive Officer and Chief Financial Officer of the Corporation are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There was no change in the Corporation's internal controls over financial reporting that occurred during the six months ended June 30, 2018 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Corporation is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Corporation's President and Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures that as of June 30, 2018, the Corporation's disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Corporation are appropriately designed.

Limitations of Controls and Procedures

The Corporation's management, including the President and Chief Executive Officer and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may be deemed "forward-looking statements", including statements regarding developments in the Corporation's operations in future periods, adequacy of financial resources and future plans and objectives of Corporation. All statements in this document, other than statements of historical fact, which address events or developments that the Corporation expects to occur, are forward looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future exploration programs, liquidity and effects of accounting policy changes.

Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Readers are cautioned not to place undue reliance on this forward-looking information.

Forward-looking statements are based on the beliefs, estimates and opinions of the Corporation's management on the date the statements are made. The Corporation undertakes no obligation to update these forward-looking statements in the event that Management's beliefs, estimates, opinions or other factors should change except as required by law.

These statements are based on a number of assumptions including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Corporation and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Corporation's proposed transactions and exploration and development programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.