CANADA COBALT WORKS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

OF THE COMPANY'S FINANCIAL

CONDITION AND RESULTS OF

OPERATIONS

YEAR ENDED

DECEMBER 31, 2019

Report Date

The information in this report is presented as of April 29, 2020.

Note to readers

This management discussion and analysis ("MD&A") should be read in conjunction with the December 31, 2018 audited consolidated financial statements and notes thereto of Canada Cobalt Works Inc. ("Canada Cobalt" or the "Company"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board (IASB). All figures are in Canadian dollars unless stated otherwise. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to the Company's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward looking statements. Additional information, including the above mentioned financial statements, which contain extensive disclosure of the history and properties of the Company are available on SEDAR and may be accessed at www.sedar.com.

Cautionary Note Regarding Forward-Looking Statements

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of Canada Cobalt to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Canada Cobalt to fund the capital and operating expenses necessary to achieve the business objectives of Canada Cobalt, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by Canada Cobalt. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of Canada Cobalt should not place undue reliance on these forward-looking statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

Description of business

Canada Cobalt Works Inc. ("Canada Cobalt" or the “Company") was incorporated on April 29, 2005 pursuant to the Canada Business Corporations Act under the name Naples Capital Corp. On November 19, 2007, the Company amended its articles to change its name to Takara Resources Inc., on November 28, 2016 the Company amended its name to Castle Silver Resources Inc. and on February 23, 2018, the Company changed its name to Canada Cobalt Works Inc. The address of the Company’s head office is 3028 Quadra Court, Coquitlam, BC V6B 5X6. Canada Cobalt’s principal business activities are the acquisition, evaluation, exploration and development of mineral properties. To date, the Company has not realized any revenues from its properties.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and evaluation activities, and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, government licensing requirements or regulations, social licensing requirements, non-compliance with regulatory and environmental requirements or aboriginal land claims.

Going concern

As at December 31, 2019, the Company had not yet achieved profitable operations, had a working capital deficiency and expects to incur future losses in the development of its business. These items represent material uncertainties which cast significant doubt about the ability of the Company to continue as a going concern. The Company is in the process of exploring its properties and had not yet determined whether these properties contain economically recoverable reserves. The continued operations of the Company are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the financing to complete the necessary exploration and development of such property and upon attaining future profitable production or proceeds from disposition of the properties. Management is actively pursuing additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

These consolidated financial statements have been prepared on a going concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Financings

On January 15, 2018, the Company closed a private placement offering, raising gross proceeds of $1,030,000. The Company issued 2,942,857 units at a price of $0.35 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.50 per share for a period of two years from closing.

On July 27, 2018, the Company closed a private placement offering, raising gross proceeds of $1,449,054. The Company issued 2,229,313 units at a price of $0.65 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.90 per share for a period of two years from closing. Finder's fees were paid in connection with the private placement in the amount of $36,630 cash and 56,534 broker warrants on the same terms as the purchaser warrants.

On September 6, 2019 the Company closed a private placement offering, raising gross proceeds of $423,000. The Company issued 1,410,000 units at a price of $0.30 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.50 per share for a period of 2 years.

On September 23, 2019 the Company closed a private placement offering, raising gross proceeds of $305,000. The Company issued 1,016,667 units at a price of $0.30 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of $0.50 per share for a period of 2 years.

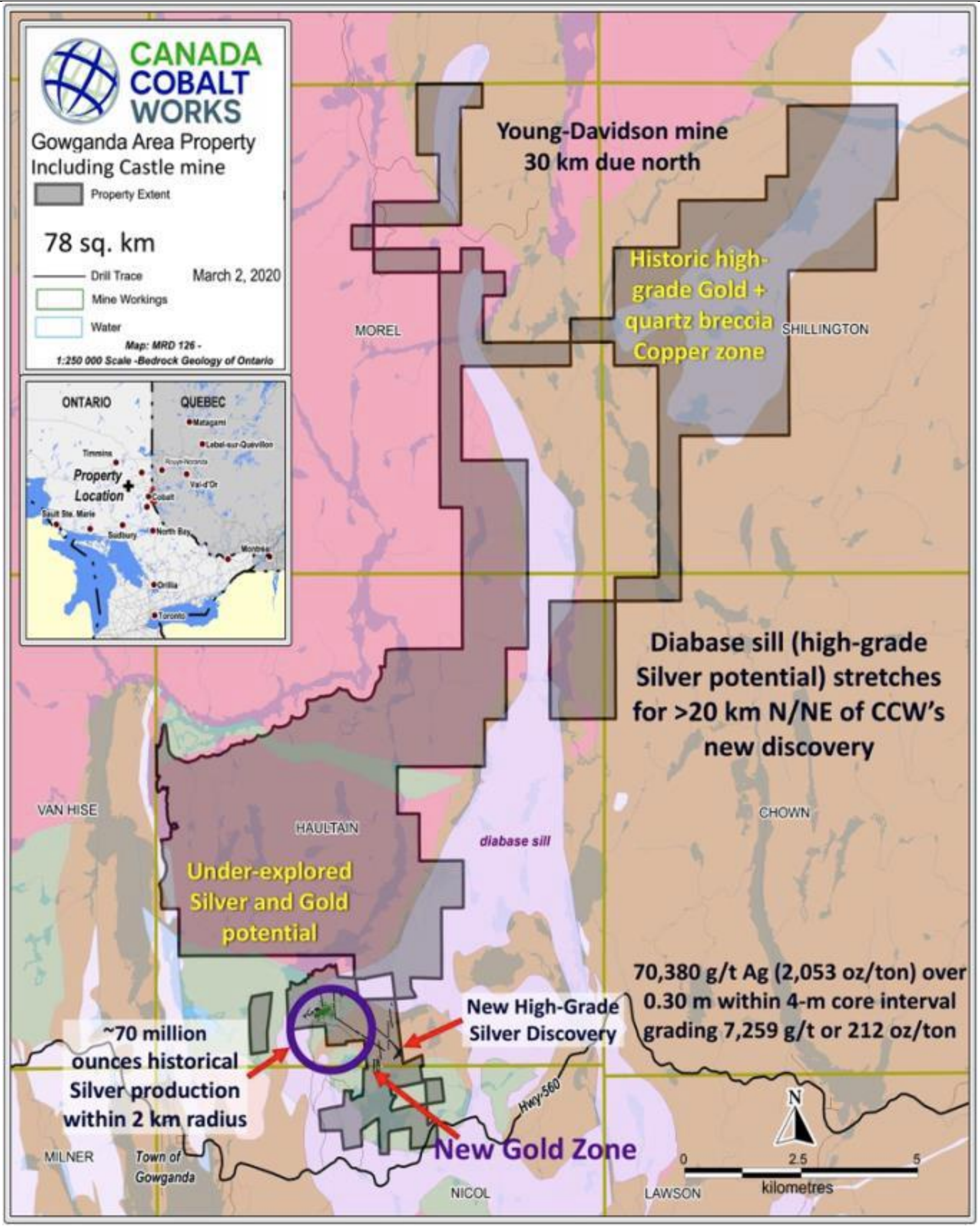
November 14, 2019 the Company closed an over-subscribed hard dollar financing of 4,018,571units at 35 cents per unit for total proceeds of $1,406,500. Each unit consisted of one common share in the capital of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one share of the Company for a period of 24 months from closing at an exercise price of 55 cents per share.

On December 4, 2019 the Company closed a non-brokered flow-through ("FT") private placement with strategic investors, raising gross proceeds of $800,000. The Company issued 1,600,000 FT shares at $0.50 per share. Finder's fees were paid in connection with the private placement in the amount of $45,500 in cash and 91,000 finder warrants. Each finder warrant is exercisable at $0.50 per share for two years from closing.

Exploration and Evaluation Projects.

Castle Silver Mine Property

The Castle Silver Mine Property, retains a 100% interest in 34 Mining Leases and 2 Mining Licenses of Occupation located in the Haultain and Nicol Townships of Ontario covering a total of 564.41 hectares, along with an additional 329 cells totaling 7,229 hectares. Approximately 4,200 additional hectares were acquired in a property purchase in May 2019 from a local prospector and another approximately 600 hectares were acquired by staking for contiguity. The total land holdings, encompassing cells, mining leases and licenses of occupation, now amounts to 7,794 hectares (or nearly 78km^2).



Castle East:

Late in 2014, a small trenching program was initiated to follow up on significant results based on a boulder train of rusty, highly altered, angular boulders with 3-5% sulphides and substantial quartz veining originally identified in late 2012 while prospecting. Assay results included grab samples in one trench of up to 0.37 g/t Au and another of 0.26 g/t Au with 1.032% Cu. The area along strike of this mineral occurrence was named Golden Corridor.

Further results from the late 2014 trenching include channel sample assays in trench D3 grading 2.24 g/t Au over 2.20 metres including one sample of 3.77 g/t Au over 1.27 metres. In trench D1, channel sampling grading 0.77 g/t Au over 3.98 metres including a sample of 1.25 g/t over 0.83 metres (Press Release April 2, 2015).

As follow-up, an IP survey was completed at the end of January 2017 covering approximately 15 line-kilometres aimed at identifying IP anomalies typical of gold and silver mineralization. The IP survey tested for chargeability (highs caused by pyrite, coincident with resistivity lows (caused by alteration) which are commonly associated with gold ore. Such mineralization and alteration with gold and copper mineralization were encountered in surface trenching and sampling. The IP tested also for high chargeability-low resistivity anomalies associated with silver-cobalt vein deposits.

Based on the IP survey and historic documentation, a series of diamond drill holes were planned to test a number of different hypotheses. Historically, in the Gowganda area, most of the historic production came from the upper third of the mafic intrusive body known regionally as the Nipissing Diabase. However, regionally, from Gowganda to South Lorrain, south of Cobalt, an estimated 75% of silver production has come from outside this horizon – including in Huronian and Archean rocks both above and below the Nipissing Diabase. The drill program was planned to test these other horizons.

The 2018 drill program consisted of a total of 3175 metres in 7 holes plus 1 wedge hole. After hole CS-1815 and CS-1816 intersected significant alteration (green carbonate, silica, fuchsite and sericite) and faulting associated with quartz-veining and pyrite mineralization a wedge hole was drilled to intersect the same fault and a further 3 holes drilled parallel to and as step-out holes. This zone is also encouraging as it may represent a zone of weakness that continues to the Archean rocks below the Nipissing diabase which would be a prospective zone for classic silver-cobalt veining. Holes CS-1815, CS-1816 and CS-1816W all intersected wide widths of anomalous nickel-copper mineralization. Hole CS-1919, itself a gold-focused hole, was stepped-out west of CS-1816W which cut three separate intervals of gold mineralization including 5.5 g/t over 0.37 meters, 1.59 g/t over 1.32 meters within 6.15 meters grading 0.56 g/t, and 1.35 g/t over 1.27 meters within 2.12 meters grading 0.92 g/t (core lengths). CS-1919 intersected a 12.5 metre length of 1.5 g/t gold including a 4.0 metre length of 4.3 g/t gold within an overall length of 30-metre mineralized zone grading 0.70 g/t gold at a vertical depth of approximately 240 metres. Within this zone was a 1-metre interval grading 15.2 g/t gold. The above intervals are all core lengths values as true widths are, as yet, unknown. Further drilling and trenching will be required to show the connection between these zones intersected at depth and the surface exposures identified above with the 2015 trenching program.

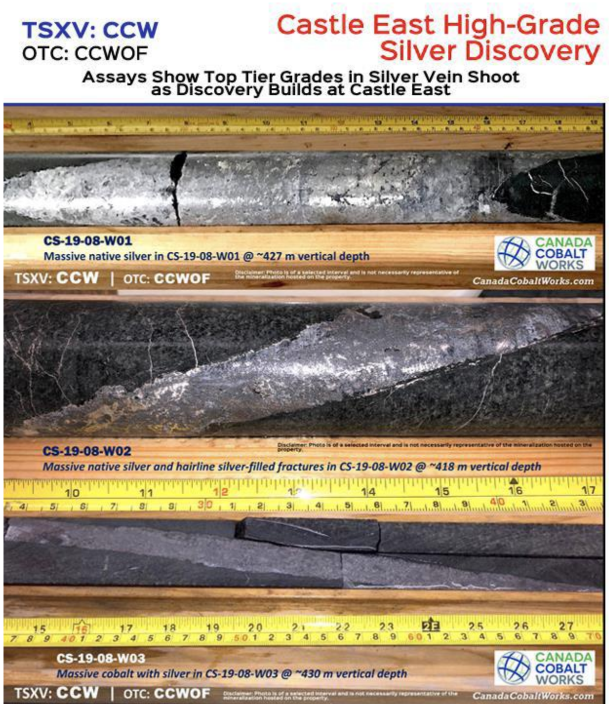
Based on recent drilling and prospecting, gold-bearing quartz-carbonate veins at Castle East are now known to extend for several hundred metres East-West and 200 metres North-South and from surface to depths of over 250 metres.

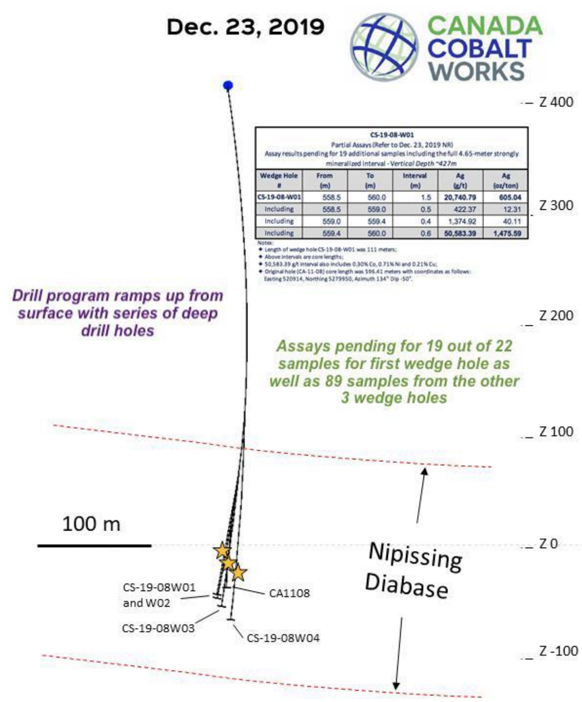
In 2011, the company drilled 12 holes totaling 6842 metres. Hole CA-1108 intersected high-grade silver grading 6,476 grams/ton (189 ounces per ton) silver over 3.09 metres at 563.54 metres down hole including 40,944 grams/tonne (1,194 ounces/ton) silver over 0.45 metres at 564.34 metres down hole (Gold Bullion Development Corp. news release August 25, 2011). True width of vein estimated at approximately 7 cm.

Follow-up on the newly named Robinson Zone in 2019 began with employing a downhole camera to determine the orientation of the high-grade silver vein in hole CA-1108 at an approximate vertical depth of 420 metres. The team was successfully able to view, identify and film the hole in the vicinity of the vein. This work allowed more accurate plotting of 4 wedge holes for additional pierce points on the vein.

CS-19-08W1 not only confirmed the discovery of a classic Northern Ontario Silver-Cobalt District-style vein shoot in this heavily under-explored part of the Nipissing diabase, but this first wedge hole has cut into an even richer and much wider part of the vein 10 meters above and west of the original discovery intercept (CA-11-08). Grades returned **50,583.29** g/t silver (**1,476** oz/ton), 0.30% cobalt, 0.71% nickel and 0.21% copper over 0.60 meters representing a 20 cm true width - almost 3 times wider than the original intersection of the apparently same vein in CA-1108 just 10 metres away (Canada Cobalt Works news release December 23, 2019). With the assays contiguous to the vein sample, an overall grade of 20,741 g/t (605 oz/ton) over 1.5 metres of core length. These grades are within the norm of high-grade silver veins mined historically in the Gowganda Camp.

CA-1908W2 returned **70,380** g/t silver (**2,053 oz/ton**) over 0.30 metres within a broader zone of 1.4 metres grading **20,136** g/t (**587 oz/ton**) and 4 metres (core length) of **7,259 g/t** (**212 oz/ton**).
The very high-grade intersection in CA-19-08-02 is approximately 8 metres west of the mineralized zone intersected by the first wedge hole (430 metres vertical depth) and 17 metres west of the original discovery intercept in hole CA-11-08 (Canada Cobalt Works press release January 10, 2020). These are truly exceptional grades from the first two holes and it must be noted that they represent vein intersections that typically do not occur in isolation in this kind of geological setting.





As drilling continued from surface to, ideally, intersect the known silver vein at a high angle, native silver was observed in drill core at shallower depths, near the upper contact of the Nipissing Diabase with Archean volcanics as much as 100 metres vertically above and northwest of the high-grade intersections. Significantly, a second silver vein was intersected in hole CS-1922 at a vertical distance of 95m below the and northeast of the previously defined vein. This provides a significant 200-metre minimum envelope of vertical potential for silver mineralization (Canada Cobalt Works press release of January 27, 2020). Assays have not yet been released for this latest vein intersection.

Based on reliable historical reports and internal data, management believes Castle East may represent the most significant new grassroots, high-grade silver discovery in the Gowganda Camp - and the broader Northern Ontario Silver-Cobalt District - in at least 40 years, since Agnico Eagle put the Castle mine back into production in 1979 for a decade – financed, primarily, through a new vein discovery at what is currently Shaft #3 owned 100% by Canada Cobalt.

Castle Underground at Shaft No. 3:

Canada Cobalt Works is employing a century-old approach to resource development and mining whereby it drills for structure and mines for grade. The nature of the vein structures in the northern Ontario Cobalt Camp is that multiple high-grade zones can exist within a single structure. Historically, structures were identified by drilling and were then followed by drifting along mineralized areas to develop ore zones.

As stated in 2017, the Company has accessed the first level via a portal at 21m (70 feet) below the shaft collar of its underground mine to sample and begin evaluation of the underground cobalt and silver potential. The first level, the first of eleven levels in all, extends approximately 365 meters (1,200 feet) east-west and 360 meters north-south. An extensive network of structures and tunnels, developed through a substantial financial investment by various operators in the 1900's, remains in excellent condition and only minor rehabilitation is necessary.

Visible cobalt in veins that pinch and swell and continue intermittently for many tens of metres on the first level has been noted which is consistent with comments in a large amount of invaluable historical Agnico Eagle data acquired by the Company. Agnico Eagle ceased operations at Castle around 1990 due to plunging silver prices.

In 2018, Canada Cobalt Works began an underground program of rehabilitation, underground sampling and diamond drilling. By year-end, the accessible workings as far as the shaft had been rehabilitated and a total of 672 metres were drilled in 57 holes from 6 drill stations.

Initial results reported November 2, 2018 highlighted the first three holes which targeted a vein structure near the adit entrance and attempted to follow the vein from a series of inclinations from approximately the same drill set-up downwards towards Level 2. Drilling in these holes exited the vein at depths of 7 meters, 6 meters and 9.25 meters, respectively, reaching a maximum hole length of 30 meters, underscoring the potential to identify additional high-grade mineralization at significantly deeper levels through additional drilling in this area and elsewhere.

Highlights from the first three drill holes are as follows:

- 2.28% cobalt, 261 g/t silver and 1.65% nickel over 7.00 meters in hole CA18-001
- 1.87% cobalt, 4,763 g/t silver, 1.29% nickel and 1.19 g/t gold over 2.54 m in CA18-002
- 3.16% cobalt and 10,741 g/t silver (345 ounces per tonne) over 0.60 meter in hole CA18-003

Additional results were reported February 19, 2019. Although the drilling in 2018 was focused on cobalt mineralization, a number of very significant silver intersections were identified. Drill results also revealed areas overlooked by historical explorers that show potential to host very high-grade "shoots" of silver and cobalt-silver mineralization, mixed with occasional nickel and gold. Reported highlights are as follows:

- New discovery of very high-grade silver vein structures approximately 55 metres southwest of the #3 Shaft where a silver discovery in 1979 put the Castle mine back into production for a decade - CA-18-54 cut 3,213 g/t (93.7 ounces per ton) silver over one metre including 9,816 g/t (286.3 ounces per ton) silver over 0.33 metres starting just 9.71 metres downhole, with the hole drilled across the structure at 25^{o} to core axis and then bottoming in high-grade mineralization from 18.84 metres to 20.50 metres;

- 13,208 g/t (385.2 ounces per ton) silver, 0.67% cobalt and 3.77 g/t gold over half a metre within a broader 5.51-metre zone that also included 1.87% cobalt over 2.54 metres and 2,620 g/t (76.4 ounces per ton) silver over a core length of 5.51 metres starting at just 1.46 metres (CA-18-02, collared near the adit entrance, was drilled perpendicular to the strike of the targeted vein structure, sub-parallel to the dip of the vein);
- All 47 assayed shallow underground test holes intersected cobalt mineralization with an impressive one-quarter of those holes returning high-grade intercepts of 1.05% to 3.7% cobalt over an average core length of 1.77 meters (true widths unknown at this time);

In 2019, a follow-up underground drill program continued with 47 shallow holes totaling 229 metres. These holes were drilled both upwards and downwards from the first level where unexpectedly high-grade gold was identified in addition to high-grade silver, cobalt and nickel values. Highlights reported by the company in a January 3, 2020 press release are as follows:

- 22.7 g/t Au and 1.03% Co in drill hole C-U-19-016 from 3.3m to 3.6m within a broader 2.4-metre core interval grading 5.8 g/t Au and 0.78% Co (2.4m to 4.8m, drilled upward toward the surface);
- 10.8 g/t Au and 3.4% Co in drill hole C-U-19-005 over 0.33m from 0.67m to 1m within a 1.33 metre interval (0.67m to 2.0m) grading 3.7 g/t Au and 1.3% Co (drilled down into the floor, collared approximately 4 m west and 4.3 m south of C-U-19-016);
- three distinct intervals in C-U-19-006: 4,970 g/t Ag (144.9 oz/ton) and 0.40% Co over 0.6 metres (1.2m to 1.8m); then 1.6% Co and 1.1% Ni over 0.6m (1.8m to 2.4m); and 2.9% Co, 3.7% Ni and 0.89 g/t Au over 0.6m (4.8 m to 5.4 m), all in drill hole C-U-19-006 (drilled down into the floor from the same set-up as C-U-19-005 but intersecting a different part of the vein);
- 3.2% Co, 102 g/t Ag and 3.0% Ni over 0.3m (0.9m to 1.2m) in drill hole C-U-19-002 within 1.5m (0.0m to 1.5m) grading 1.7% Co and 1.6% Ni (drilled down into the floor from the same set-up as holes #5 and #6 but at a different angle);
- Cobalt mineralization was intersected in 13 out of the 16 holes included in this release with 7 of those short test holes returning intervals >1% cobalt. Cobalt grades reported from the first level of the Castle mine, previously only exploited for its native silver, are considered very high in a global context.

Re-2OX process:

In May 2017, the Company commenced a program to create a suite of value-added, client-specific cobalt product test samples sourced from material to be extracted during upcoming underground sampling and drilling at its 100%-owned, past-producing, high-grade Castle silver mine at Gowganda, Ontario. (Press Release May 1, 2017). Battery manufacturers will be the target market for the planned test samples which will be cobalt salts (powder) with a range of purities. Canada Cobalt Works' unique 100%-owned hydrometallurgical process, now known as Re-2OX, was developed by President and CEO Frank Basa in conjunction with the National Research Council during the Castle mine's last production cycle and has been optimized since then. Re-2OX is extremely adaptable as it's designed for high recovery of multiple metals and elements from all feeds with varying chemistries. In addition, CSR (now CCW) is carrying out advanced-stage testing through SGS Lakefield to evaluate the amenability of the process for efficient recycling of spent Lithium-ion batteries.

The company announced (August 15, 2018 press release) that, through its proprietary Re-2OX process at SGS Lakefield, the Company has produced the first-ever premium-grade cobalt sulphate from its 100%-owned Castle mine while also moving toward the creation of nickel-manganese-cobalt battery grade formulations. Pilot plant production of cobalt-nickel-rich gravity concentrates at the Castle mine, now underway, will allow for a scaling-up of the Re-2OX process.

• Canada Cobalt's vertically integrated, environmentally green Re-2OX process at SGS has produced a technical-grade cobalt sulphate hexahydrate at 22.6%, directly from cobalt-rich gravity concentrates produced from the first level of the Castle mine in the prolific Northern Ontario Cobalt Camp (bypassing the smelting process);

• The 22.6% grade exceeds the technical specifications of cathode producers in Asia who are in discussions with the company's marketing representative in that region to evaluate Canada Cobalt's sample product for potential battery sector use (Re-2OX will meet client specific purities);

• The very adaptable Re-2OX process will now create a Canada Cobalt suite of nickel-manganese-cobalt (NMC) battery-grade formulations using an additive approach where necessary.

Through the expertise of Dr. Ron Molnar and the team at SGS in Peterborough, Canada Cobalt has broken new ground as a technology leader in Canada's most prolific Cobalt district. We've now demonstrated that from concentrate produced from the Castle mine, we can create a premium grade end product (cobalt sulphate) without a smelting process. This is a testament to the efficiency and effectiveness of Re-2OX - a process that's very amenable to scaling up. Cobalt, nickel and manganese recoveries from the concentrate using Re-2OX were 99%, 81% and 84%, respectively, while 99% of the arsenic was removed (refer to May 31, 2018, news release).

The company provided an update on April 30, 2019 stating that they had made important breakthroughs in its proprietary and environmentally green Re-2OX process for the recovery of cobalt, precious metals and base metals and offered the following highlights:

- Further optimization of Re-2OX has enabled SGS Lakefield in Peterborough, Ontario, to recover silver and copper for the first time while also increasing recovery rates for cobalt and nickel (refer to May 31, 2018, news release);
- In refining the Re-2OX process through a one-step leach extraction, overseen by Canada Cobalt adviser Dr. Ron Molnar, SGS has recovered >99% cobalt, >99% silver, 99% nickel and 99% copper while removing 99% of arsenic from a composite of gravity concentrates;
- The gravity concentrates were from Castle mine waste material and graded 10.2% cobalt, 11,000 g/t silver, 0.26% copper, 1.49% nickel and 45.1% arsenic.

Canada Cobalt Works is encouraged by the fact that SGS has demonstrated that the Re02OX process can, very efficiently, recover a broad set of metals from arsenic-rich material, ranging from low-grade to high-grade thus further de-risking the Castle Mine project and expanding opportunities to build shareholder value. Additionally, the Re-2OX optimization will recovery gold.

On May 7, 2019, the company announced having entered into a non-binding Memorandum of Understanding (MOU) with Global Energy Metals (TSXV: GEMC) that allows for cobalt-nickel-copper-bearing mineralized material from the GEMC's Lovelock mine and Treasure Box Property to be put through the Re-2OX Process in order to confirm efficient battery metal extraction and create a battery grade test product.

Canada Cobalt is to supervise the program, protecting its intellectual property, and will be paid a $200,000 upfront first-stage Re-2OX fee, with costs related to sampling and lab work to be borne by GEMC (maximum $100,000). The companies may broaden their relationship.

Metallurgical test work:

The Company received encouraging assay test results in November 2016 for tailings grab samples collected at Castle and Beaver. Highlights of the assay results include: 134.78 g/t silver and 1.124 g/t gold at the Beaver Silver Mine; and 91.36 g/t silver at the Castle Silver Mine. Details of the assay results were reported in the November 29, 2016 news release. The samples of these metallurgical tests may not be representative of the mineralization hosted in the waste and tailings and further work will be undertaken.

The Company announced, on January 31, 2017, preliminary results from bench-scale metallurgical flotation and gravity test work carried out at SGS Canada laboratories in Quebec City, Canada using about 100 kilograms of tailings and mineralized rock samples. The test program was aimed at evaluating the potential recovery of silver and cobalt from mineralized-material surface rock samples and tailings collected at the historic past-producing Beaver Mine in Cobalt, Ontario and tailings from Castle Mine in Gowganda, Ontario. Tailings samples from Castle and Beaver were tested using a gravity separation process. Beaver mineralized material samples were tested using a flotation process. The Company plans to undertake additional metallurgical testing for the optimization of grind and reagents.

Silver and cobalt recoveries, of 98.5% and 70.5% respectively, produced an extremely high concentrate grade of 11,876 grams per tonne silver and 10.5% cobalt using a simple flotation process. The initial mineralized-material surface rock sample - a composite collected from the Beaver Mine waste pile - assayed 2,064 grams per tonne silver and 5.62% cobalt. Silver and cobalt concentrate grades produced from the Beaver and Castle Mines tailings were 1,379 grams per tonne Ag and 0.04% Co and 308 grams per tonne Ag and 0.08% Co respectively, using a simple gravity process. Head assays were 108 grams per tonne Ag with 0.02% Co and 123 grams per tonne Ag with 0.01% Co respectively.

CCW reported on May 31, 2018 on the ongoing test work at SGS Lakefield in Peterborough, Ontario, where the environmentally green Re-2OX process was used to recover 99% of cobalt and 81% of nickel from a composite of gravity concentrates while also removing 99% of the arsenic - a long-time issue in this cobalt-rich district. Testing and optimization continue.

The gravity concentrates graded 9.25% cobalt, 5.65% nickel, 9,250 g/t silver and 49.9% arsenic. Further updates were provided in a press release on August 15th, 2018 announcing that the company, through its proprietary Re-2OX process at SGS Lakefield, has produced the first-ever premium-grade cobalt sulphate from its 100%-owned Castle mine. The Company has now demonstrated that, from concentrate produced from the Castle mine, it can create a premium grade end-product (cobalt sulphate) without a smelting process. This is a testament to the efficiency and effectiveness of Re-2OX, a process that's very amenable to scaling up. Highlights from August 15, 2018 include:

- Canada Cobalt's vertically integrated, environmentally green Re-2OX process at SGS has produced a technical grade cobalt sulphate hexahydrate at 22.6%, directly from cobalt-rich gravity concentrates produced from the first level of the Castle mine in the prolific Northern Ontario Cobalt Camp (bypassing the smelting process);
- The 22.6% grade exceeds the technical specifications of cathode producers in Asia who are in discussions with the company's marketing representative in that region to evaluate Canada Cobalt sample product for potential battery sector use (Re-2OX will meet client specific purities);
- The very adaptable Re-2OX process will now create a Canada Cobalt suite of nickel-manganese-cobalt (NMC) battery grade formulations using an additive approach where necessary.

The Company considers the tailings very prospective for high-grade silver and other metals, including gold and cobalt, based on historical records and recent results from SGS Lakefield which has produced a gravity concentrate from the tailings grading 389 g/t silver, 0.63 g/t gold and 0.20% cobalt (Canada Cobalt Works press release March 1, 2019). The Company feels that the tailings "problem" in Northern Ontario's historic silver-cobalt mining district should be seen as a tailings "opportunity" and the Company's intention is to capture that opportunity for its shareholders. This undertaking forms part of the Advanced Exploration permit ongoing amendment process.

The updated tailings program will initially target silver and gold and will be optimized through the Re-2OX process to recover other metals including cobalt, nickel and copper. It will also be used as a template by the Company for similar potential initiatives in Gowganda and elsewhere in the broader region where innovative approaches to decades-old tailings issues can deliver important environmental solutions as well as potential business growth opportunities. Highlights from the March 2019 press release include:

- Canada Cobalt has acquired gravity separation spiral concentrators, made by Mineral Technologies of Australia, for test work which is being undertaken to complete a flow sheet for a pilot plant that can treat a minimum of 600 tonnes of tailings per day;
- Mineral Technologies' spiral concentrators are designed to be highly efficient and easy to install, featuring minimal maintenance requirements and high recoveries;
- The stamp mill coarse tailings from early 20th century mining at Castle will be processed underground at the Castle mine near the #3 Shaft in a wide-open area on the first level;
- The stopes on the first level will be fully cleaned out and back-filled (cemented) with the tailings waste from the high-grade concentrate created underground.

On May 24, 2019, the Company reported the results of SGS Lakefield's metallurgical test work which has demonstrated that historic stamp mill tailings at Canada Cobalt's Castle mine are amenable to flotation and leaching, enhancing potential recoveries and creating an opportunity for a direct shipping precious metal concentrate in addition to a Re-2OX cobalt sulphate.

- SGS has produced a high-purity flotation silver concentrate grading 18,486 grams per tonne (539.17 ounces per ton) from a gravity concentrate of a 120-kilogram sample from the Castle mine's historic tailings pond with a calculated head assay of 459 g/t silver
- Optimization is expected to increase the 70% recovery rate

The aim of the proposed tailings program is to produce a high-purity, direct-shipping precious metal concentrate (silver and gold), while Canada Cobalt's proprietary Re-2OX Process would be used to convert a cobalt concentrate into a cobalt sulphate.

Temiskaming Testing Laboratories (TTL):

The Company announced on October 10, 2019 that it had signed a binding Letter of Intent (LOI) to acquire the assets of PolyMet Resources Inc., owner of PolyMet Labs – an ISO-certified laboratory – being the only permitted and operating mineral and precious metal processing facility in Northern Ontario's Silver-Cobalt camp. The transaction is believed to offer multiple immediate and long-term advantages including a bullion furnace to pour payable silver and gold dore bars, and a 23,400 sq. foot facility with district leading sampling and analytical capabilities that can also host the Company's proprietary and environmentally friendly Re-2OX Process.

• The lab and mineral processing facility will become the new headquarters of Canada Cobalt Works and is located in the town of Cobalt, immediately adjacent to a rail line and just a short distance from the Company's Castle mine and Beaver Property;

• This well-established sampling and analytical facility, specializing in high-grade mineralization, provides commercial assaying, crushing, screening, grinding, bulk sampling, upgrading and smelting services all in one location, driving multiple revenue streams at a time when gold prices in Canadian dollars have hit new record highs.

This deal builds dramatically on Canada Cobalt's current competitive advantages and opportunities - technological, on the ground and underground - in a rejuvenated silver-cobalt district recognized as the birthplace of Canadian hard rock mining. With such a unique and fully operational facility in the town of Cobalt, so close to the Castle mine and other properties, Canada Cobalt achieves a key goal of becoming a vertically integrated leader in Canada's silver-cobalt heartland while it also exploits a powerful new cycle in precious metals.

Bullion pouring, bulk sampling, and commercial assaying are PolyMet's three key immediate profit centers that merge with Canada Cobalt, creating powerful new synergies. Hosting Re-2OX and accelerating the development of such a unique and environmentally friendly process at this facility is a major coup for the town of Cobalt and the broader district.

On January 10, 2020 the Company announced that it intends to close its deal to acquire the PolyMet facility. The Transaction provides Canada Cobalt with multiple immediate and long-term advantages as a fully integrated leader in Canada's Silver-Cobalt heartland. Canada Cobalt's newly-formed wholly-owned subsidiary, Temiskaming Testing Laboratories Inc. ("TTL"), and PolyMet Resources Inc. ("PolyMet") have entered into a definitive asset purchase agreement dated January 8, 2020 (the "Purchase Agreement") pursuant to which TTL has agreed to purchase substantially all of the assets of PolyMet. The Transaction is subject to standard closing conditions, including approval by the TSX Venture Exchange.

Beaver and Violet Properties, Ontario, Canada

Canada Cobalt Works Inc. owns a 100% interest to an area of approximately 20 acres (Beaver Property) and 39.07 acres (Violet Property) in Coleman Township, Ontario. The property is subject to a 3% net smelter return royalty, and the Company may purchase each 1% of the NSR royalty for $1.5 million. The Company has met all the obligations of the Option and has had the ownership of the Patents transferred to Castle Silver Resources.

The Company has released results of a high definition mineralogy study and some scoping level flotation and gravity separation tests done by SGS Lakefield on samples from its Beaver Silver Property, located 15 kilometres east of the historic silver camp in Cobalt, Ontario. See Gold Bullion Development Corp.'s Press Release dated February 14, 2013 on the company's website.

The test work above was based on a 20-kilogram sample from 400 kilograms of cobalt-nickel sulfide material hand-cobbed from the historic waste pile at the Beaver Silver Mine. The sample used in this test program, has an average calculated assay of 7.98 percent Cobalt, 3.98 percent Nickel and 1246 grams per tonne silver. Combined gravity-flotation recoveries from the limited test program yielded 64.2 percent for cobalt, 61.2 percent for nickel and 92.0 percent for silver.

The Company announced, on January 31, 2017, preliminary results from bench-scale metallurgical flotation and gravity test work carried out at SGS Canada laboratories in Quebec City, Canada. The test program was aimed at evaluating the potential recovery of silver and cobalt from mineralized-material surface rock samples and tailings collected at the former historic producing Beaver Mine in Cobalt, Ontario and tailings from Castle Mine in Gowganda, Ontario.

Silver and cobalt recoveries, of 98.5 percent and 70.5 percent respectively, produced an extremely high concentrate grade of 11,876 grams per tonne silver and 10.5 percent cobalt using a simple flotation process. The mineralized-material surface rock sample was a composite collected from the waste pile assaying 2,064 grams per tonne silver and 5.62 percent cobalt at the Beaver Mine. Silver and cobalt concentrate grades produced from the Beaver and Castle Mines tailings were 1,379 grams per tonne Ag and 0.04 percent Co and 308 grams per tonne Ag and 0.08 percent Co respectively, using a simple gravity process. Head assays were 108 grams per tonne Ag with 0.02 percent Co and 123 grams per tonne Ag with 0.01 percent Co, respectively. The metallurgical tests were conducted at SGS Canada Inc. laboratories in Quebec City using about 100 kilograms of tailings and mineralized rock samples. Tailings samples from Castle and Beaver were tested using a gravity separation process. Beaver mineralized material samples were tested using a flotation process.

Developments in mobile phone use and renewable energy, including solar and electric car batteries, are strongly supportive of demand and pricing for cobalt and silver. This opens up an opportunity to re-evaluate former silver-cobalt producing mine sites with positive results.

Mining at Beaver and Castle took place in the early 1900s and at Castle again in the 1980s when extraction processes were not as advanced as they are today. It may now be economically viable to extract silver and cobalt from what was left behind, including old mine tailings and waste and other rock piles on the surface, as a first phase of production at the properties. These latest test results support previous test findings at the Castle and Beaver mine sites. In 2013, a hand-cobbed 20 kg geological test sample from the historic waste pile at the Beaver Silver Mine had an average calculated assay of 7.98% cobalt, 3.98% nickel and 1,246 grams (g/t) silver. Details were reported when Granada Gold Mine Inc. (formerly Gold Bullion Development Corp.) owned the property in a news release February 14, 2013.

Results of Operations

A summary of the Exploration Expenses for the year ended December 31, 2019 and 2018 are as follows:

	2019	2018
Acquisition	**$ 86,350**	$ -
Assays and testing	**71,339**	106,452
Depreciation	**71,834**	39,418
Drilling	**266,122**	1,270,944
Equipment	**444,401**	314,998
Facility expense	**249,914**	251,264
Feasibility and scoping study	**126,219**	
Geology, geophysics and surveys	**212,175**	337,537
Labour	**307,757**	65,538
Project management and engineering	**363,283**	335,932
Royalties	**15,000**	15,000
Taxes, permits and licensing	**46,715**	23,863
Travel	**19,652**	35,189
	$ 2,280,761	$ 2,796,135

A summary of the Corporate Expenses for the year ended December 31, 2019 and 2018 are as follows:

	2019	2018
Advertising and promotion expenses	**$ 93,705**	$ 453,753
General and administration	**92,265**	97,788
Professional fees	**792,124**	828,818
Filing costs and shareholders' information	**147,233**	155,066
Travel	**101,323**	209,400
	$ 1,226,650	$ 1,744,825

Liquidity and Capital Resources

Cash totaled $685,715 as at December 31, 2019, compared to $281,659 as at December 31, 2018. Working capital at December 31, 2019 was $229,523 compared to a deficit of $424,680 as at December 31, 2018.

There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, existing shareholders ownership may be diluted.

As an exploration stage Company without a revenue stream, the Company budgets and plans exploration and administrative expenses, and closely monitors its monthly expenditures, investments and cash position.

Selected Annual Information

The following table provides a brief summary of the Company's financial operations for the last three fiscal years.

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total Net Loss	($4,920,525)	($6,685,952)	($3,966,947)
Net Loss per share	($0.06)	($0.10)	($0.09)
Total Assets	$1,149,182	$592,446	$680,160

	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net (Profit) Loss	2,825,830	760,352	457,587	876,756	2,322,823	2,215,317	1,590,351	557,461
Loss per share	0.03	0.01	0.01	0.01	0.03	0.03	0.02	0.00

The Company's level of activity and expenditures during a specific quarter are influenced by the availability of working capital, the availability of additional external financing, the time required to gather, analyze and report on geological data related to mineral properties, the results of the Company's prior exploration activities on its properties and the amount of expenditure required to advance its projects.

Outstanding share Data

The Company's authorized capital is an unlimited number of common shares without par value. As at the date of this report there were 90,275,528 shares issued and outstanding. The Company had 10,126,856 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share at a price of $0.10 - $0.90 per share until December 4, 2021. Stock options outstanding total 8,073,000 are exercisable for common shares at $0.05 - $0.70 per share until December 5, 2024.

Related Party Transactions

The Company has entered into agreements with officers of the Company and private companies controlled by officers and directors of the Company for management consulting, geological consulting and other services required by the Company.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of officers and directors of the Company for the year ended December 31, 2019 was $364,814 (2018 - $267,776) of consulting fees and share based payments valued at $245,680 (2018 – $NIL).

There were no Directors' fees paid to members of the Board of Directors for the years ended December 31, 2019 and 2018.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at December 31, 2018.

Financial Instruments and Risk Factors

The Company's financial instruments consist of cash, other receivables, trade payables and other payables.

1. Risk management and hedging activities
   In the normal course of operations, the Company is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not meaningfully participate in the use of financial instruments to control these risks. The Company has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

   a. Currency risk – As the Company transacts business in Canadian dollars, there is minimal foreign currency risk at December 31, 2018 and 2017.

   b. Price risk - The Company is exposed to price risk with respect to commodity prices. As the Company is not a producing entity, this risk does not currently affect earnings, however, the risk could affect the completion of future equity transactions. The Company monitors commodity prices of precious metals and the stock market to determine the timing, nature and extent of equity transactions.

   c. Credit risk - Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company is exposed to credit risk on its cash. The Company has deposited its cash with reputable financial institutions, from which management believes the risk of loss is minimized. As at December 31, 2018 cash was held with major Canadian financial institutions.

d. Liquidity risk - Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. Management monitors the Company's liquidity by assessing forecast and actual cash flows and by maintaining adequate cash on hand.

e. Interest rate risk - The Company is not exposed to any meaningful interest rate risk due to the short-term nature and immateriality of its interest generating asset.

f. Fair values, carrying amounts and changes in fair value. The fair values of the Company's financial instruments approximate their carrying value due to their short-term nature. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy in Canadian generally accepted accounting principles.

   Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
   Level 2 includes inputs that are observable other than quoted prices included in
   Level 3 includes inputs that are not based on observable market data.

g. Collateral - The carrying value of financial assets the Company has pledged as collateral as at December 31, 2019 is $Nil (2018 - $Nil).

2. Risks and Uncertainties

The exploration and development of mineral deposits involves significant risks over an extended period of time which requires a combination of careful evaluation, experience and knowledge. The Company may not be able to mitigate these significant risks. Few properties that are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be primarily related to its ability to finance its working capital and operations which will be in part related to the cost and success of its exploration programs. Additionally, there are a number of factors beyond the control the Company including but not limited to the availability of skilled personnel, qualified vendors, construction and production targets, timetables, anticipated timing of grant of permits and governmental incentives, favorable commodities markets, contractual commitments, litigation matters, the inability to mitigate financial and operational risks, inability to have access to the capital markets and the availability of critical equipment.

Substantial expenditures are required to establish reserves through drilling to determine the technical and economic feasibility of mining and extracting resources from them and, if warranted, to develop the mining, processing facilities and infrastructure at any chosen site. Although substantial benefits may be derived from the discovery of a mineralized deposit, it is impossible to ensure that the current mineral properties in which the Company has an interest will result in profitable mining operations. Furthermore, there can be no assurance that the Company's estimates of future exploration expenditures will prove accurate and actual expenditures may be significantly higher than currently anticipated. Determining if a deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit including the size and grade, costs and efficiency of the recovery methods that can be employed, proximity to infrastructure, land use and environmental protection. As the effect of these factors cannot be accurately predicted, any combination of them may result in the Company not receiving an adequate return on its invested capital, if any.

The exploration and development of mineral projects always involves significant risks over an extended period of time. Even where a combination of careful evaluation, experience and knowledge are evident, there is no assurance that an exploration project can be profitable or successful. The long-term viability of the Company's operations will be in part correlated to the cost and success of its exploration programs, which may be affected by a number of factors beyond the control of the Company including but not limited to commodity prices, the availability of skilled personnel, qualified vendors and critical equipment.

The operations of the Company are speculative due to the nature of the Company's business. An investment in securities entails a number of risks factors, which should be considered carefully; the following risk factors pertain to the business operations of Canada Cobalt include, but are not limited to the following:

Nature of Mineral Exploration and Mining

The exploration and development of mineral deposits involves significant risks over an extended period of time which even a combination of careful evaluation, experience, and knowledge may not eliminate, and few properties which are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be in part related to the cost and success of its exploration programs, which may be affected by a number of factors out of the Company's control, such as the availability of skilled personnel, qualified vendors, construction and production targets, timetables, anticipated timing of grant of permits and governmental incentives, expected continuity of a favourable nickel and other commodities markets, contractual commitments, litigation matters and measures of mitigating financial and operational risks, continuous access to the capital markets, and the availability of critical equipment.

Substantial expenditures are required to establish reserves through drilling, to determine the technical and economic feasibility of mining and extracting them, and, if warranted, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, it is impossible to ensure that the current proposed exploration programs on the properties in which the Company has an interest will result in profitable mining operations. Furthermore, there can be no assurance that the Company's estimates of future exploration expenditures will prove accurate, and actual expenditures may be significantly higher than currently anticipated. Whether a deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, costs and efficiency of the recovery methods that can be employed, proximity to infrastructure, land use, and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on its invested capital.

Mineral Deposits and Production Costs; Commodity Prices

The economics of developing mineral deposits are affected by many factors including variations in the grade of ore mined, the cost of operations, and fluctuations in the sales price of products. The value of the Company's mineral properties is heavily influenced by commodity prices. Commodity prices can and do change by substantial amounts over short periods of time, and are affected by numerous factors beyond the control of the Company, including changes in the level of supply and demand, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production arising from improved mining and production methods and new discoveries. There can be no assurance that the prices of mineral products will be sufficient to ensure that the Company's properties can be mined profitably. Depending on the price received for minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Exploration, Development and Resource and Reserve Estimates

The exploration and development of natural resources involve a high degree of risk and few properties, which are explored, are ultimately developed into producing properties. Although the mineral resources set out herein have been carefully prepared and reviewed or verified by independent mining experts, these amounts are estimates only and no assurance can be given that an identified mineral resource will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, technical difficulties, unusual or unexpected geological formations and work interruptions.

Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions or in production scale operations.

Exploration and Development Risks

Mineral exploration and mining involve considerable financial and technical risk. Substantial expenditures are usually required to establish ore reserves, to evaluate metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to assure that the current exploration programs planned by the Company will result in profitable commercial mining operations, as few properties that are explored are ultimately developed into producing mines. Unusual or unexpected geological formations, unstable ground conditions that could result in cave-ins or landslides, floods, power outages or fuel shortages, labour disruptions, fires, explosions, and the inability to obtain suitable or adequate machinery, equipment or labour are risks associated with the conduct of exploration programs and the operation of mines. The Company has no experience in the development and operation of mines or in the construction of facilities required to bring mines into production. The Company has relied, and may continue to rely, upon consultants for expertise with respect to the construction and operation of a mining facility.

Financing Risks

The Company will need additional funding to remain a going concern and operate with its current assets. The Company currently has limited financial resources, no source of operating cash flow and no assurance that additional funding, equity or debt based, will be available for further exploration and development of its projects. There can be no assurance that it will obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's projects, and the possibility of loss of such properties is currently substantial.

Liquidity Concerns and Future Financing

The further development and exploration of the various mineral properties in which the Company may acquire interests depend upon the Company's ability to obtain financing through joint ventures, equity financing or other means. An additional equity financing could cause substantial dilution to the Company's shareholders. There is no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets for precious and base metals may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms or at all. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development any property interests the Company may acquire with the possible dilution or loss of such interests.

As of the date hereof, the Company does not have the financial resources required to advance projects. The Company will need to obtain further debt or equity financing from external sources in order to fund future projects as a going concern, to conduct exploration activities and fund other expenses. There is no assurance that the Company will be able to obtain debt or equity financing on favourable terms, or at all. Failure to obtain such financing could result in delay or indefinite postponement of further exploration and development of future projects.

Environmental and other Regulatory Requirements

The activities of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations. A breach of such legislation may result in imposition of fines and penalties and other liabilities against the Company.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental and non- governmental authorities. The Company has obtained, or will obtain all necessary licenses and permits required to carry on with activities, which it is currently conducting or which it proposes to conduct under applicable laws and regulations. However, such licenses and permits are subject to change in regulations and in various operating circumstances, including in circumstances of a changing Government. There can be no assurance that the Company will be able to maintain or obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its proposed projects. The Company has made applications for extensions to licences and has made application to change certain licences and there is no assurance that the applications will be successful, thereby putting the Company at risk of losing various mineral property rights.

Competition
The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and the acquisition of attractive mineral properties. The ability of the Company to maintain its current projects, as well as acquire new properties in the future will depend not only on its ability to develop and finance its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully, if at all, with its competition in acquiring such properties or prospects, or even maintaining rights to its current projects.

Title to Some of the Company's Mineral Properties May be Challenged or Defective
The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of such properties will not be challenged or impaired. Third parties have made claims underlying portions of the Company's interests, including prior unregistered liens, agreements and transfers or claims, including aboriginal land claims. Title may also be affected by, among other things, undetected defects. As a result, the Company may be constrained in its ability to operate its properties or unable to enforce its rights with respect to its properties. An impairment to or defect in the Company's title to its properties could have a material adverse effect on the Company's business, financial condition or results of operations.

No Assurance of Title to Property
While the Company has conducted title searches on all of its mineral properties and, to the best of its knowledge, title to all of its properties and properties in which it has the right to acquire or earn an interest are in good standing, this should not be construed as a guarantee of title. The Company's claims may be subject to prior unregistered agreements or transfers or third party land claims and title may be affected by undetected defects. Furthermore, there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned.

Conflicts of Interest
The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. The directors and officers of the Company are directors and officers of other companies, some of which are in the same business as the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

Insurance

The Company's insurance policies in place from time to time may not be adequate for the Company to protect itself against certain risks associated with mineral exploration and its corporate activities. Currently the Company has no policies in place and the Company will remain at risk and will be potentially subject to liability for hazards.

Fluctuation in Market Value of Canada Cobalt's Shares

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the Company, including the market in which it is traded, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of the Common Shares of the Company on The TSX Venture Exchange in the future cannot be predicted.

Critical Accounting Policies and Estimates

In preparing the consolidated financial statements, management has to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Based on historical experience, current conditions, expert advice and application of accounting policies, management makes assumptions that are believed to be adequate and reasonable under the circumstances.

Internal Controls Over Financial Reporting and Disclosures

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for establishing and maintaining controls and procedures regarding the communication of information about the Company, as well as internal controls over its financial reporting. The Chief Financial Officer has conducted an evaluation of the controls and procedures regarding communication of information and has concluded these controls and procedures were effective for the year ended December 31, 2016. The Chief Executive Officer together with the Chief Financial Officer is responsible for designing internal controls over financial reporting or for causing it to be designed under their supervision. During the year ended December 31, 2016, all existing systems have been documented and inadequacies have been corrected, as necessary. The Chief Executive Officer together with the Chief Financial Officer, have evaluated whether there were changes to internal control over financial reporting during the year ended December 31, 2016, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. No such changes were identified through their evaluation.

New accounting standards adopted during the year

Effective January 1, 2019, the Company adopted IFRS 16, Leases ("IFRS 16"). With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The adoption of this new standard had no impact on these financial statement as the Company does not have any leases.

Future changes in accounting standards not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

Additional Information

Additional information about Canada Cobalt Works Inc., including the annual information form, may be obtained from the Company's website at www.canadacobaltworks.com or on SEDAR at www.sedar.com.