



CANADA SILVER COBALT WORKS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

Responsibility for Financial Statements

The accompanying unaudited interim condensed consolidated financial statements of Canada Silver Cobalt Works Inc. (Formerly Canada Cobalt Works Inc. and Castle Silver Resources Inc.) (the "Company") for the three and nine months ended September 30, 2021 have been prepared by management in accordance with International Financial Reporting Standards applicable to interim financial statements (see note 2) to the unaudited interim condensed consolidated financial statements. Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited financial statements, management is satisfied that these unaudited interim condensed consolidated financial statements have been fairly presented.

CANADA SILVER COBALT WORKS INC.

(Formerly Canada Cobalt Works Inc)

Condensed Interim Consolidated Statements of Financial Position
(Unaudited - expressed in Canadian Dollars)

	Notes	As at September 30, 2021	As at December 31, 2020
		\$	\$
ASSETS			
Current assets			
Cash		25,436	6,421,345
Amounts receivable	4	667,342	1,048,199
Prepaid expenses		53,047	119,632
Marketable securities	5	1,050,000	-
Total current assets		1,795,825	7,589,176
Property, plant, and equipment	8	1,907,545	1,774,659
Total assets		3,703,370	9,363,835
EQUITY AND LIABILITIES			
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	10	1,471,137	766,695
Total liabilities		1,471,137	766,695
Equity			
Share capital	9	46,711,444	43,818,244
Reserves	9	8,159,471	8,345,327
Contributed surplus		5,409,106	4,844,479
Deficit		(58,047,788)	(48,410,910)
Total equity		2,232,233	8,597,140
Total equity and liabilities		3,703,370	9,363,835

Nature of Business and Going Concern (Note 1), **Exploration and Evaluation Projects** (Note 7), **Commitments and Contingencies** (Note 13), **Amendments to Prior Period** (Note 14) and **Subsequent Events** (Note 15)

APPROVED BY THE BOARD:

"Frank Basa"

Director

"Jacques Monette"

Director

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

CANADA SILVER COBALT WORKS INC.

(Formerly Canada Cobalt Works Inc)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - expressed in Canadian Dollars)

	Notes	Three months ended		Nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Expenses		\$	Note 14 \$	\$	Note 14 \$
Exploration and evaluation	7	1,633,303	4,482,277	6,107,817	5,889,610
Corporate					
Accounting and audit		30,910	15,060	47,485	25,237
Admin and general expenses		67,943	12,737	273,252	18,612
Corporate development		89,000	-	278,362	-
Filing costs and shareholders' information		81,005	175,953	221,519	286,832
Legal fees		97,534	80,963	113,277	126,250
Marketing and communications		60,496	247,638	408,217	385,734
Consulting and professional fees		62,922	559,919	311,530	1,105,029
Salaries and wages	10	24,182	89,099	57,251	117,223
Temiskaming testing laboratory		128,645	(94,249)	501,736	-
Stock-based compensation	9, 10	74,427	87,291	241,238	520,486
Travel, lodging and food		3,214	8,798	8,871	29,258
Total corporate expenses		720,278	1,183,209	2,462,738	2,614,661
Other items					
Other (income) expenses		39,141	94,449	137,613	(272,118)
Premium on flow-through shares		-	-	(214,540)	(160,000)
Unrealized loss on marketable securities	5	472,500	-	1,143,250	-
Total other items		511,641	94,449	1,479,614	(432,118)
Total expenses		2,865,222	5,759,935	9,636,878	8,072,153
Net loss and comprehensive loss for the period		(2,865,222)	(5,759,935)	(9,636,878)	(8,072,153)
Net loss per share – basic and diluted		(0.022)	(0.057)	(0.077)	(0.085)
Weighted average number of shares outstanding basic and diluted		128,097,500	100,673,959	124,468,405	95,316,922

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

CANADA SILVER COBALT WORKS INC.

(Formerly Canada Cobalt Works Inc.)

Condensed Interim Consolidated Statements of Changes in Equity

	Number of Shares	Share Capital	Reserves	Contributed Surplus	Deficit	Total Equity
		\$	\$	\$	\$	\$
Balances, December 31, 2019	90,275,528	29,690,079	3,825,909	4,456,096	(37,455,224)	516,860
Private placements	14,261,327	5,470,763	2,472,967	-	-	7,943,730
Exercise of warrants	3,120,960	1,534,421	-	-	-	1,534,421
Exercise of options	1,210,000	297,000	-	-	-	297,000
Exercise of warrants –book value	-	332,452	(332,452)	-	-	-
Exercise of options – book value	-	282,559	(282,559)	-	-	-
Options and warrants cancelled or expired	-	-	(388,383)	388,383	-	-
Issued for equipment and exploration and evaluation projects	3,631,409	2,171,941	1,505,873	-	-	3,677,874
Stock-based compensation	-	-	520,486	-	-	520,486
Share issue costs	-	(297,632)	80,484	-	-	(217,148)
Net loss for the period	-	-	-	-	(8,072,153)	(8,072,153)
Balances, September 30, 2020	112,499,224	39,481,583	7,402,325	4,844,479	(45,527,379)	6,201,008
Private placements	7,597,602	4,026,728	710,662	-	-	4,737,390
Exercise of options	700,000	185,000	-	-	-	185,000
Exercise of warrants –book value	-	-	-	-	-	-
Exercise of options – book value	-	224,043	(224,043)	-	-	-
Issued for equipment and exploration and evaluation projects	120,238	67,334	-	-	-	67,334
Stock-based compensation	-	-	419,242	-	-	419,242
Share issue costs	-	(166,444)	37,141	-	-	(129,303)
Net loss for the period	-	-	-	-	(2,883,531)	(2,883,531)
Balances, December 31, 2020	120,917,064	43,818,244	8,345,327	4,844,479	(48,410,910)	8,597,140
Private placements	6,026,282	2,408,962	411,021	-	-	2,819,983
Exercise of warrants	165,000	90,750	-	-	-	90,750
Exercise of options	1,413,000	337,250	-	-	-	337,250
Exercise of warrants –book value	-	12,540	(12,540)	-	-	-
Exercise of options – book value	-	318,491	(318,491)	-	-	-
Options and warrants cancelled or expired	-	-	(564,627)	564,627	-	-
Issued for equipment and exploration and evaluation projects	100,000	33,000	-	-	-	33,000
Stock-based compensation	-	-	241,238	-	-	241,238
Share issue costs	-	(307,793)	57,543	-	-	(250,250)
Net loss for the period	-	-	-	-	(9,636,878)	(9,636,878)
Balances, September 30, 2021	128,621,346	46,711,444	8,159,471	5,409,106	(58,047,788)	2,232,233

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

CANADA SILVER COBALT WORKS INC.

(Formerly Canada Cobalt Works Inc)

Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended September 30, 2021 and 2020

(Unaudited - expressed in Canadian Dollars)

	Notes	September 30, 2021	September 30, 2020
		\$	Note 14 \$
OPERATING ACTIVITIES			
Loss before tax		(9,636,878)	(8,072,153)
Adjustments for:			
Depreciation	8	196,120	62,564
Stock-based compensation	9	241,238	520,486
Unrealized loss on marketable securities	5	1,143,250	-
Flow through premium		(214,540)	(160,000)
Issuance of shares for property acquisition		33,000	2,711,264
Operating cash flows before movements in working capital			
Decrease (increase) in amounts receivable		380,857	(134,762)
Decrease in prepaid expenses		66,585	50,000
Increase (decrease) in trade payables and accrued liabilities		918,982	(6,970)
Cash used in operating activities		(6,871,386)	(5,029,571)
INVESTING ACTIVITIES			
Purchase of property, plant, and equipment	8	(329,006)	(259,518)
Purchase of marketable securities	5	(2,193,250)	-
Cash used in investing activities		(2,522,256)	(259,518)
FINANCING ACTIVITIES			
Issuance of common shares and warrants		2,819,983	7,943,730
Share issue costs		(250,250)	(317,337)
Option and warrant exercise		428,000	1,833,220
Cash from financing activities		2,997,733	9,459,613
(Decrease) increase in cash		(6,395,909)	4,170,524
Cash – beginning of period		6,421,345	685,716
Cash – end of period		25,436	4,856,239

Supplemental Cash Flow Information

	September 30, 2021	September 30, 2020
Finders warrants	57,543	-
Common share and warrants issued for asset acquisition	-	619,711

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CANADA SILVER COBALT WORKS INC.
(Formerly Canada Cobalt Works Inc.)
Notes to the Condensed Interim Consolidated Financial Statements
September 30, 2021 and 2020
(Unaudited - expressed in Canadian Dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Nature of business

Canada Silver Cobalt Works Inc. ("CCW" or the "Company") was incorporated on April 29, 2005 pursuant to the Canada Business Corporations Act. The address of the Company's head office is 3028 Quadra Court, Coquitlam, BC V3B 5X6. CCW'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.

These consolidated financial statements were approved by the Board of Directors on November 29, 2021.

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 and aboriginal land claims.

Going concern

As at September 30, 2021, the Company had not yet achieved profitable operations, had a working capital balance of \$324,688 (December 31, 2020: \$6,822,481). For the nine months ended September 30, 2021 the Company incurred a net loss of \$9,636,378 (2020: \$8,072,153), had cash outflow from operations of \$6,871,386 (2020: \$5,029,571), had accumulated losses of \$58,047,788 (December 31, 2020: \$48,410,910) 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 has 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. See Note 15.

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.

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Since January 1, 2020, the outbreak of the novel coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company, or on its ability to raise capital to fund exploration and operations, in future periods. While the Company has not been significantly impacted by the COVID-19 outbreak, it is not possible to reliably estimate the ongoing effect on the Company.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, as required by National Instrument 52-107 sec. 3.2(1)(b)(ii), and do not include all the information required for full annual financial statements by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020 which includes the information necessary or useful to understanding the Company's business and financial statement presentation.

Basis of presentation and functional currency

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value. The consolidated financial statements have been presented on an accrual basis except for cash flow information. The presentation and functional currency of the Company and its subsidiary is the Canadian dollar.

Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The consolidated financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods when the revision affects both current and future periods.

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In the process of applying the Company's accounting policies, management has made the same judgments, estimates, and assumptions which were set out in the Company's audited financial statements for the year ended December 31, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim consolidated financial statements are based on IFRS policies issued and outstanding as of the date the Board of Directors approved these interim financial statements being November 29, 2021. The same accounting policies and methods of computation are followed in these condensed consolidated interim financial statements as those applied in note 3 of the Company's most recent annual consolidated financial statements for the year ended December 31, 2020 and have been consistently applied throughout all periods presented, as if these policies had always been in effect. In addition to the accounting policies applied for the year ended December 31, 2020, the Company's accounting policy on marketable securities is described below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2021 could result in the restatement of these condensed consolidated interim financial statements.

Marketable securities

The Company's marketable securities are measured at fair value through profit or loss ("FVPL"). Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss. The marketable securities are classified as Level 1 in the fair value hierarchy.

4. AMOUNTS RECEIVABLE

The Company's amounts receivable are comprised of the following:

	September 30, 2021	December 31, 2020
Due from Granada Gold Mine Inc. (Note 10)	\$ 463,164	\$ 798,287
Sales tax receivable	204,179	249,912
Total	\$ 667,342	\$ 1,048,199

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5. MARKETABLE SECURITIES

The Company's marketable securities are comprised of the following:

	As at September 30, 2021	
	Cost	Fair Value
	\$	\$
Granada Gold Mine Inc. 10,500,000 shares	2,193,250	1,050,000
Total marketable securities	2,193,250	1,050,000

During the nine months ended September 30, 2021 the Company acquired 10,500,000 shares of Granada Gold Mine Inc. ("Granada"), a related party and shareholder of the Company, with which there are four common directors and three common officers. 500,000 shares were acquired on secondary markets between February 5 and February 9, 2021 at prices between \$0.18 and \$0.20 per share. 5,000,000 units were acquired through a private placement on February 23, 2021 at \$0.20 per unit. Each unit comprising one common share of the Granada and one share purchase warrant. Each whole warrant entitling the Company to purchase one additional common share of Granada at an exercise price of \$0.22 per share for a period of three years from closing. 5,000,000 shares were acquired through the exercise of 5,000,000 common share purchase warrants at an exercise price of \$0.22 per warrant.

6. ASSET ACQUISITION

On July 31, 2020, the Company acquired the assets of PolyMet Resources Inc. ("PolyMet"), consisting primarily of an assay laboratory and bulk sampling plant located in Cobalt, Ontario. The asset acquisition was affected through Temiskaming Testing Laboratories Inc., a wholly-owned subsidiary of CCW. In payment for the assets, CCW issued 690,409 common shares and 690,409 common share purchase warrants to PolyMet. Each warrant entitles PolyMet to acquire one additional common share of CCW at a price of \$0.50 for a period of two years. CCW also assumed outstanding liabilities of PolyMet in an amount of \$346,304.

Total consideration paid:

Assumption of accounts payable	\$346,304
Common shares	\$407,341
Warrants	\$212,370
Transaction costs	\$98,182
Total	\$1,064,197

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The purchase price has been allocated to the value of the land, and the plant (machinery and equipment) acquired as follows:

Land	\$210,312
Machinery and Equipment	\$853,885
Total	\$1,064,197

7. EXPLORATION AND EVALUATION PROJECTS

Castle Silver Mine Project, Ontario

CCW holds a 100% interest in certain claims and parcels located in the Haultain and Nicol townships of Ontario. The property is subject to a sliding scale royalty on silver production which will start from 3% when the price of silver is US\$15 or lower per troy ounce and up to 5% when the price of silver is greater than US\$30 per troy ounce and a 5% gross overriding royalty on the sale of products derived from the property with a minimum annual payment of \$15,000 in the form of royalties on all future production from the property and a 1% NSR.

Castle East Property, Ontario

On July 10, 2020, CCW entered into a Purchase and Sale Agreement with Granada, a related party with which there are four common directors and three common officers, pursuant to which the Company repurchased from Granada a back-in option on five mining leases at Castle East, forming part of the Castle mine property near Gowganda, Ontario. In payment, CCW issued 2,941,000 common shares to Granada. Each of the shares were accompanied by one common share purchase warrant. Each warrant entitles Granada to acquire one additional common share of CCW for \$0.55 for a period of five years. The common shares issued were valued at \$1,764,600 based on a common share price of \$0.55, and the common share purchase warrants were valued at \$1,293,503 for total consideration of \$3,058,103. The warrants value is based on the Black Scholes option pricing model, using the following assumptions: share price of \$0.55, an average exercise price of \$0.55, risk free interest rate of 0.38%, expected life of warrants of 5 years, expected volatility rate of 114%, and expected dividend rate of 0%.

Beaver Property, Ontario

The Company holds a 100% interest in the Beaver and Violet cobalt and silver properties located in the township of Coleman, in northern Ontario, which are subject to a 3% NSR royalty. Each 1% can be purchased for \$1,500,000.

Eby-Otto Property, Ontario

On July 28, 2021 the Company entered into an option agreement to acquire 200 hectares of property in exchange for cash payments totalling \$364,000 and the issuance of 800,000 common shares of the Company. The Company will also be required to incur a total of \$2.4 million of exploration expenditures on the property during the period. The optionors will retain a 3% royalty on the property if the Company completes the entire option.

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On August 30, 2021 the Company entered into an option agreements with a group of claimholders to acquire an additional approximately 610 hectares of property in exchange for, over a period of 5 years, cash payments totalling \$182,000, the issuance of 400,000 common shares of Canada Silver Cobalt Works and incurring a total of \$1.2 million in exploration expenditures on the Property. In addition, the Claim Holders will retain a 3% royalty if Canada Silver Cobalt Works completes the entire option. Canada Silver Cobalt Works will be the operator and will manage all exploration work throughout the term of the option.

B2 Property, Quebec

On October 30, 2020, the Company entered into an option agreement with MagNor Resources (“MagNor”) dated October 26, 2020 whereby CCW may earn an undivided 100% interest, subject to a 2% NSR, in MagNor’s B2 property, of which 1% can be repurchased for \$1,400,000. The property has 12 claims. Pursuant to the terms of the agreement, the Company may exercise the option with MagNor as follows:

- On closing, making a payment of \$62,500 - (120,238 shares were issued on November 9, 2020 to fulfill this obligation);
- 24 months from closing, making a payment of \$62,500;
- 36 months from closing, making a payment of \$62,500; and
- 36 months from closing, incurring an aggregate of \$100,000 in exploration expenditures on the Ni Cu property

Each of the payments to MagNor can be made in cash or through the issuance of the Company’s common shares at a price per common share equal to the volume weighted average trading price of the Company’s shares on the TSX Venture Exchange for the ten (10) trading days immediately preceding the issue date, at the option of the Company.

The following table shows exploration and evaluation expenses incurred by property:

Three months ended September 30, 2021	Castle Silver Property	Beaver & Violet Property	Sudbury Property	Eby-Otto Property	Quebec Property	Total
	\$	\$	\$	\$	\$	\$
Acquisition costs	14,674	-	(1,500)	43,140	-	56,314
Assay and testing	53,487	-	-	-	-	53,487
Depreciation	61,967	-	-	-	-	61,967
Drilling	742,513	-	-	-	-	742,513
Facility expenses	7,817	-	2,645	-	-	10,462
Consulting and professional fees	24,243	-	137	-	87,652	112,032
Geology, geophysics and surveys	1,539	-	23,964	-	197,436	222,939
Labour	232,874	-	-	-	-	232,874
Environmental	120,093	-	-	-	-	120,093
Taxes, permits and licensing	20,621	-	-	-	-	20,621
	1,279,828	-	25,246	43,140	285,088	1,633,303

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Three months ended September 30, 2020	Castle Silver Property	Beaver & Violet Property	Sudbury Property	Eby-Otto Property	Quebec Property	Total
	\$	\$	\$	\$	\$	\$
Acquisition costs	3,298,179	-	-	-	-	3,298,179
Assay and testing	52,302	-	-	-	-	52,302
Depreciation	15,121	-	-	-	-	15,121
Drilling	790,183	-	-	-	-	790,183
Facility expenses	73,067	-	-	-	-	73,067
Consulting and professional fees	45,434	-	-	-	-	45,434
Geology, geophysics and surveys	45,385	-	-	-	-	45,385
Labour	121,311	-	-	-	-	121,311
Environmental	-	-	-	-	-	-
Taxes, permits and licensing	41,296	-	-	-	-	41,296
	4,482,278	-	-	-	-	4,482,278

Nine months ended September 30, 2021	Castle Silver Property	Beaver & Violet Property	Sudbury Property	Eby-Otto Property	Quebec Property	Total
	\$	\$	\$	\$	\$	\$
Acquisition costs	23,803	-	48	43,140	61,593	128,584
Assay and testing	241,534	-	-	-	-	241,534
Depreciation	196,120	-	-	-	-	196,120
Drilling	2,777,179	-	-	-	-	2,777,179
Facility expenses	258,765	-	2,645	-	-	261,410
Consulting and professional fees	234,761	3,191	4,639	-	112,183	354,774
Geology, geophysics and surveys	322,275	2,500	210,848	-	654,732	1,190,355
Labour	648,345	-	-	-	-	648,345
Environmental	287,806	-	-	-	-	287,806
Taxes, permits and licensing	21,614	97	-	-	-	21,711
	5,012,202	5,788	218,180	43,140	828,508	6,107,818

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Nine months ended September 30, 2020

	Castle Silver Property	Beaver & Violet Property	Sudbury Property	Eby-Otto Property	Quebec Property	Total
	\$	\$	\$	\$	\$	\$
Acquisition costs	3,298,179	-	-	-	-	3,298,179
Assay and testing	145,197	-	-	-	-	145,197
Depreciation	62,564	-	-	-	-	62,564
Drilling	1,039,243	-	-	-	-	1,039,243
Facility expenses	335,995	-	-	-	-	335,995
Consulting and professional fees	467,719	-	-	-	-	467,719
Geology, geophysics and surveys	221,533	-	-	-	-	221,533
Labour	286,126	-	-	-	-	286,126
Environmental	-	-	-	-	-	-
Taxes, permits and licensing	33,054	-	-	-	-	33,054
	5,889,610	-	-	-	-	5,889,610

8. PROPERTY, PLANT, AND EQUIPMENT

	Land	Building, machinery & equipment	Vehicles	Total
	\$	\$	\$	\$
COST				
As at December 31, 2019	-	398,589	-	398,589
Additions	210,312	1,198,301	211,988	1,620,601
As at December 31, 2020	210,312	1,596,890	211,988	2,019,190
Additions	-	329,005	-	329,005
As at September 30, 2021	210,312	1,925,895	211,988	2,348,194
ACCUMULATED AMORTIZATION				
As at December 31, 2019	-	111,252	-	111,252
Accumulated amortization	-	117,382	15,895	133,277
As at December 31, 2020	-	228,634	15,895	244,529
Accumulated amortization	-	155,226	40,894	196,120
As at September 30, 2021	-	383,860	56,789	440,649
NET BOOK VALUE				

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As at December 31, 2019	-	287,337	-	287,337
As at December 31, 2020	210,312	1,368,254	196,093	1,774,659
As at September 30, 2021	210,312	1,542,035	155,199	1,907,546

Equipment with a total cost of \$nil (full-year 2020 – \$196,696) was purchased during the nine months ended September 30, 2021 from companies controlled by the CEO of the Company, who is also a director of the Company. Equipment with a total cost of \$nil (full-year 2020: \$131,970) was purchased during the nine months ended September 30, 2021 from Granada, a related party with which there are four common directors and three common officers.

9. SHARE CAPITAL

9.1 Authorized share capital

The Company has an authorized share capital of an unlimited number of shares with no par value.

As at September 30, 2021, the Company had 128,621,346 common shares issued and outstanding (December 31, 2020: 120,917,064).

9.2 Share issuance

a). Private Placements

1. On June 15, 2020, the Company closed a flow-through private placement with strategic investors, raising gross proceeds of \$1,200,000 by issuing 2,000,000 units at a price of \$0.60 per flow-through Unit. Each flow-through Unit comprises one flow-through common share of the Company and one half of one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.70 per share, for a period of two years from closing. In connection with the private placement the Company paid finder fees in the amount of \$94,000 and issued 156,665 finder warrants. The finder warrants are on the same terms as the financing warrants and have been recorded at an estimated value of \$40,031, based on the Black Scholes option pricing model, using the following assumptions: share price of \$0.50, an exercise price of \$0.70, risk free interest rate of 0.29%, expected life of warrants of 2 years, expected volatility rate of 93% and expected dividend rate of 0%.
2. Between August 14 and September 2, 2020, the Company closed a non-brokered private placement financing, raising gross proceeds of \$6,743,730 by the issue of 12,261,327 units at \$0.55 per unit. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.65 per share, for a period of three years from closing. Finder fees in the amount of \$123,148 and the issuance of 223,904 finder warrants were paid in connection with the private placement. The finder warrants are on the same terms as the financing warrants and have been recorded at an estimated value of \$40,453, based on the Black Scholes

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option pricing model, using the following assumptions: share price of \$0.37, an average exercise price of \$0.65, risk free interest rate of 0.28%, expected life of warrants of 3 years, expected volatility rate of 98% and expected dividend rate of 0%. Directors and officers of the Company participated in the financing for a total of \$109,012 of the proceeds.

3. On November 25, 2020, the Company closed a non-brokered flow-through private placement by way of issuing 4,288,778 flow-through units at a price of \$0.63 per flow-through unit raising gross proceeds of \$2,701,930. The Company also issued 3,308,824 Quebec flow-through units at a price of \$0.68 per Quebec flow-through Unit raising gross proceeds \$2,250,000. The Company raised a total of \$4,951,930. Each flow-through unit and Quebec flow-through unit is comprised of one flow-through common share of the Company and one half of a share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.80 per share, for a period of two years from closing. Finder fees in the amount of \$129,304 and the issuance of 198,533 finder warrants were paid in connection with the flow-through and Quebec flow-through private placement. The finder warrants are on the same terms as the financing warrants and have been recorded at an estimated value of \$37,141, based on the Black Scholes option pricing model, using the following assumptions: share price of \$0.53, an exercise price of \$0.80, risk free interest rate of 0.27%, expected life of warrants of 2 years, expected volatility rate of 87% and expected dividend rate of 0%.
4. On April 7, 2021, the Company closed a flow-through private placement, raising gross proceeds of \$950,000 by issuing 2,021,276 units at a price of \$0.47 per flow-through unit. Each flow-through unit comprises one flow-through common share of the Company and one half of one share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.58 per share, for a period of two years from closing. In connection with the private placement the Company paid finder fees in the amount of \$66,500 and issued 141,490 finder warrants. The finder warrants are on the same terms as the financing warrants and have been recorded at an estimated value of \$20,026, based on the Black Scholes option pricing model, using the following assumptions: share price of \$0.40, an exercise price of \$0.58, risk free interest rate of 0.23%, expected life of warrants of 2 years, expected volatility rate of 85% and expected dividend rate of 0%.
5. On June 29, 2021, the Company closed a flow-through private placement, raising gross proceeds of \$2,000,000 by issuing 2,941,176 Quebec flow-through units at a price of \$0.51 per Quebec flow-through unit, and 1,063,830 flow-through units at a price of \$0.47 per flow-through unit. Each Quebec flow-through unit and flow-through unit comprises one flow-through common share of the Company and one half of one share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.60 per share, for a period of two years from closing. In connection with the private placement the Company paid finder fees in the amount of \$140,000 and issued 280,350 finder warrants. The finder warrants are on the same terms as the financing warrants and have been recorded at an estimated value of \$35,517, based on the Black Scholes option pricing model, using the following assumptions: share price of \$0.40, an exercise price of \$0.60, risk free interest rate of 0.44%, expected life of warrants of 2 years, expected volatility rate of 83% and expected dividend rate of 0%.

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b). Exercise of Options

During the nine months ended September 30, 2021, the Company issued 1,413,000 common shares related to the exercise of 1,413,000 stock options at an exercise price between \$0.05 to \$0.45 per share, for total consideration of \$337,250.

c). Exercise of Warrants

During the nine months ended September 30, 2021, the Company issued 165,000 common shares related to the exercise of 165,000 warrants at an exercise price of \$0.55 per share, for total consideration of \$90,750.

d). Other

During the nine months ended September 30, 2021 there were no common shares issued by the Company other than for private placements or the exercise of options and warrants.

9.3 Stock Option Plan

The Company has in place a stock option plan (the "Plan") under which officers, directors, employees and consultants are eligible to receive incentive stock options.

The aggregate number of common shares reserved for issuance under the Plan and common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time may not exceed in aggregate 10% of the Company's common shares issued and outstanding at the time of grant. The term of any options granted under the Plan will be fixed by the Board of Directors and may not exceed ten years, but so long as the Company remains a "Tier 2" issuer under the policies of the Toronto Stock Exchange, options may not exceed a term of five years. The exercise price of options granted under the Plan will be determined by the Board of Directors, provided that it is not lower than the fair market value of the option shares on the date of the grant of the option.

The terms of the plan are as follows:

- (i) the maximum number of shares that can be received by a beneficiary during any 12 month period is limited to 5% of issued and outstanding shares;
- (ii) the maximum number of shares that can be reserved for a consultant during any 12 month period is limited to a 2% of issued and outstanding shares; and
- (iii) the maximum number of shares that can be reserved for a supplier of investor relations services during any 12-month period is limited to 2% of issued and outstanding shares; moreover, the options granted may be exercised on a 12 month period after the grant, at the rate of 25% per quarter.

The following is a summary of the changes in the Company's stock option activities for the nine months ended September 30, 2021 and year ended December 31, 2020:

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	September 30, 2021		December 31, 2020	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding, beginning of year	9,351,000	\$ 0.343	8,073,000	\$ 0.322
Granted	980,000	0.388	3,288,000	0.370
Exercised	(1,513,000)	0.239	(1,910,000)	0.252
Expired	(1,500,000)	0.403	(100,000)	0.520
Outstanding, end of period/year	7,318,000	0.357	9,351,000	0.343
Exercisable, end of period/year	7,318,000	0.357	9,351,000	0.343

The following table summarizes information regarding stock options outstanding and exercisable as at September 30, 2021:

Exercise price	Number of options outstanding	Number of options exercisable	Weighted-average remaining contractual life (years)	Weighted-average exercise price
Options				
\$0.100 - \$0.200	100,000	100,000	1.00	0.200
\$0.210 - \$0.300	3,025,000	3,025,000	1.53	0.282
\$0.310 - \$0.400	1,880,000	1,880,000	2.86	0.336
\$0.410 - \$0.700	2,313,000	2,313,000	3.75	0.479
Total	7,318,000	7,318,000	2.56	0.357

The weighted average fair value of the options granted during the nine months ended September 30, 2021 was estimated at \$0.246 per option (full-year 2020: \$0.286) at the grant date using the Black-Scholes option pricing model. The weighted average assumptions used for the calculation were:

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	September 30, 2021	December 31, 2020
Risk free interest rate	0.51%	0.54%
Expected life	2.8 years	3.5 years
Expected volatility	91%	103%
Share price	0.44	0.41
Expected dividend per share	-	-

Expected volatility was calculated using historical daily closing share prices for the Company's common shares using the same time period as the life of the option.

9.4 Share purchase warrants

The following is a summary of the changes in the Company's share purchase warrants for the nine months ended September 30, 2021 and year ended December 31, 2020:

	September 30, 2021		December 31, 2020	
	Number of warrants	Weighted-average exercise price	Number of warrants	Weighted-average exercise price
		\$		\$
Outstanding, beginning of period/year	27,187,793	0.739	10,126,856	0.570
Granted	3,434,981	0.593	21,270,638	0.662
Exercised	(165,000)	0.550	(3,038,690)	0.505
Expired	-	-	(1,171,011)	0.740
Outstanding, end of period/year	30,457,774	0.630	27,187,793	0.739

During the nine months ended September 30, 2021, in conjunction with private placements, the Company issued a total of 3,434,981 share purchase warrants.

The following table summarizes information regarding share purchase warrants outstanding and exercisable as at September 30, 2021:

Exercise price	Number of warrants outstanding	Weighted-average remaining contractual life (years)	Weighted-average exercise price
\$0.50	2,876,493	0.42	\$0.50
\$0.55	6,507,071	1.78	\$0.55
\$0.58	1,152,128	1.77	\$0.58
\$0.60	2,282,853	2.00	\$0.60
\$0.65	12,485,231	2.15	\$0.65
\$0.70	1,156,665	0.96	\$0.70
\$0.80	3,997,333	1.41	\$0.80
Total	30,457,774	1.54	\$0.630

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The weighted average fair value of the warrants granted during the nine months ended September 30, 2021 was estimated at \$0.136 per warrant at the grant date using the Black-Scholes Pricing Model. The weighted average assumptions used for the calculation were:

	September 30 2021	December 31 2020
Risk free interest rate	0.37%	0.30%
Expected life	2 years	3 years
Expected volatility	84%	98%
Share price	0.40	0.44
Expected dividend per share	-	-

Expected volatility was calculated using historical daily closing share prices for the Company's common shares using the same time period as the life of the option.

10. 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 key management personnel including the CEO, President and COO, CFO, corporate secretary, and directors of the Company for the three months ended September 30, 2021 was \$153,999 (2020 - \$89,172) and share based payments valued at \$nil (2020 - \$542,763).

The remuneration of key management personnel including the CEO, President and COO, CFO, corporate secretary, and directors of the Company for the nine months ended September 30, 2021 was \$464,550 (2020 - \$311,400) and share based payments valued at \$31,163 (2020 - \$726,583). See Note 13.

There were no Directors' fees paid to members of the Board of Directors for the three and nine months ended September 30, 2021 and 2020.

During the nine months ended September 30, 2021 the Company received repayment of \$700,000 advanced to Granada, and advanced a further \$364,877 to Granada, a related party and shareholder of the Company, with which there are four common directors and three common officers.

As at September 30, 2021, there was \$28,363 of amounts payable to Granada (2020 - \$nil), and \$463,164 of amounts receivable from Granada. These amounts are unsecured, non-interest

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bearing with no fixed terms of repayment.

During the nine months ended September 30, 2021, the Company acquired 10,500,000 shares of Granada. 500,000 shares were acquired on secondary markets between February 5 and February 9, 2021 at prices between \$0.18 and \$0.20 per share. 5,000,000 units were acquired through a private placement on February 23, 2021 at \$0.20 per unit. Each unit comprising one common share of the Granada and one share purchase warrant. Each whole warrant entitling the Company to purchase one additional common share of Granada at an exercise price of \$0.22 per share for a period of three years from closing. 5,000,000 shares were acquired through the exercise of 5,000,000 common share purchase warrants at an exercise price of \$0.22 per warrant.

See Notes 9 and 14.

11. CAPITAL MANAGEMENT

The Company's Capital Management policies set out in the Company's annual financial statements for the year ended December 31, 2020 have been applied consistently for the nine months ended September 30, 2021.

12. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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 and amounts receivable. The Company has deposited its cash with reputable financial institutions, from which management believes the risk of loss is minimized. As at September 30, 2021 and 2020 cash was held with major Canadian financial institutions. Management believes that the risk of loss from amounts receivable is low. See Note 4.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company is regularly seeking equity financing as indicated in Note 1. 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. See Note 14.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

(a) Interest rate risk

The Company is not exposed to interest rate risk as it does not have interest bearing debt.

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(b) Commodity price risk

The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market prices of silver, cobalt and nickel.

(c) Share price risk

The Company is exposed to share price risk related to the common shares of Granada. A 10% change in the share price of the Company's marketable securities would result in a corresponding change to net loss in the amount of \$105,000 for the nine month period ended September 30, 2021.

Currency Risk

As the Company transacts business in Canadian dollars, there is minimal foreign currency risk at September 30, 2021 and December 31, 2020.

13. COMMITMENTS AND CONTINGENCIES

(a) Environmental Contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(b) Flow-Through Shares

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that may become payable by the subscribers as a result of the Company not meeting this expenditure commitment. As at September 30, 2021 the Company has incurred enough exploration expenses as required under the flow-through share offerings during 2020. These expenses must be incurred prior to December 31, 2021. See Note 14.

(c) Management Contracts

The Company is party to multiple management contracts. Upon the occurrence of certain events such as a change in control, the contract requires payment of up to \$704,000. As a triggering event has not taken place, the contingent payment has not been reflected in these financial statements.

(d) Matachewan First Nation Community Memorandum of Understanding

The Company has entered into a Memorandum of Understanding ("MOU") with the Matachewan First Nation community in connection with certain exploration and evaluation programs in their area; to support the engagement process, 2% of the exploration costs are provided to the First Nation, calculated and paid on an annual basis following the end of the calendar year.

In addition, the Company has entered into a second MOU with both Temagami First Nation and Teme-Augama Nation to provide a framework process for consultation during the life of the project.

The MOUs also include terms outlining environmental protection, employment, training and business opportunities, and mitigation of impacts on the traditional pursuits of the members of

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the First Nation communities.

14. AMENDMENTS TO PRIOR PERIOD

Amendments were made to certain financial statement line items for the comparative period ending September 30, 2020 due to changes in the valuation of equity instruments granted in that period. Those changes were as follows:

Interim Consolidated Statements of Loss and Comprehensive Loss – nine months ended September 30, 2020	Original figure	Amended figure
Exploration and evaluation	4,091,431	5,889,610
Stock based compensation	726,583	520,486
Net comprehensive loss in the period	6,480,071	8,072,153
Net loss per share – basic and diluted	0.074	0.085

Interim Consolidated Statements of Changes in Equity – nine months ended September 30, 2020	Original figure	Amended figure
Share capital	33,910,370	39,481,583
Reserves	16,157,301	7,402,325
Contributed surplus	-	4,844,479
Deficit	(43,935,298)	(45,527,379)

Consolidated Statements of Cash Flows – nine months ended September 30, 2020	Original figure	Amended figure
Loss before tax	(6,480,071)	(8,072,153)
Stock based compensation	726,583	520,486
Issuance of shares for property and asset acquisition	913,085	2,711,264

15. SUBSEQUENT EVENTS

Since October 1, 2021, the Company has granted 3,140,000 stock options to certain officers, employees and contractors of the Company at exercises prices of \$0.22 and \$0.25 and expiry terms of three and five years from the date of the grant.

On October 25, 2021, the Company announced that it had completed a fully-subscribed marketed public offering by raising total proceeds of \$7,475,000, including approximately \$975,000 following the exercise in full of an over-allotment option by Research Capital Corporation and Canaccord Genuity Corp., the co-lead agents for the offering. At closing, CCW issued 20,884,109 units at a price of \$0.21 per unit for proceeds of \$4,385,663 and 13,431,900 flow-through units at a price of \$0.23 per flow-through unit for proceeds of \$3,089,337. Each unit comprises one common share of the Company and one share purchase warrant. Each flow-through unit comprises one flow-through common share of the Company and one share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.25 per share, for a period of two years from closing. In connection with the private placement the Company paid finder fees in

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the amount of \$499,590 and issued 2,297,425 finder warrants. The finder warrants are on the same terms as the financing warrants.

On November 3, 2021, the Company announced it had extended the expiry date of an aggregate 3,566,071 share purchase warrants by three years. The 3,566,071 warrants were due to expire on November 14, 2021. The expiry date will be extended by three years and the warrants will now expire on November 14, 2024. All other terms and conditions remain constant.

On November 22, 2021, the Company announced that an acquisition agreement for 100% ownership of the 16 Chute-des-Passes Property claims jointly owned by SOQUEM INC. ("SOQUEM") (50% ownership) and MINES COULON INC. ("Mines Coulon") (50% ownership) had been signed. The agreement is for the acquisition of 100% of the Chute des Passes property in return of payment of \$10,000 in cash and each vendor will retain an NSR. In consideration for the purchase of its interest in the Chute-des-Passes Property, the Company granted SOQUEM the right to receive a royalty of 0.5% of the net smelter return (NSR) on the Chute-des-Passes Property, half of which is redeemable for an amount of \$ 125,000. In return for the transfer of its interest in the Chute-des-Passes Property, the Company granted Mines Coulon the right to receive a royalty of 0.5% of the net smelter income (net smelter return or NSR) on the Chute-des-Passes Property, half of which is redeemable for an amount of \$125,000.

There is also an existing NSR of 1%, of which 0.5% is redeemable for \$500,000. The total NSR on the property is 2% where 1% is redeemable for the sum of \$750,000.