



CANADA SILVER COBALT WORKS INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2022 and 2021
(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Canada Silver Cobalt Works Inc. (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence in that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

CANADA SILVER COBALT WORKS INC.

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

| | Notes | As at March 31, 2022 | As at December 31, 2021 (audited) |
|--|-------|----------------------------|--|
| | | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash | | 65,970 | 4,217,908 |
| Amounts receivable | 4 | 310,526 | 385,571 |
| Prepaid expenses | 9 | 392,746 | 415,644 |
| Marketable securities | 5 | 900,045 | 916,320 |
| Total current assets | | 1,669,287 | 5,935,443 |
| Property, plant, and equipment | 7 | 1,914,174 | 1,967,387 |
| Due from Granada Gold Mine Inc. | 4 | 1,562,957 | 862,957 |
| Total assets | | 5,146,418 | 8,765,787 |
| EQUITY AND LIABILITIES | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade payables and accrued liabilities | 9 | 1,891,086 | 4,161,597 |
| Total liabilities | | 1,891,086 | 4,161,597 |
| Equity | | | |
| Share capital | 8 | 53,662,446 | 53,533,544 |
| Reserves | 8 | 10,352,382 | 10,413,904 |
| Contributed surplus | | 5,647,856 | 5,480,966 |
| Deficit | | (66,407,352) | (64,824,224) |
| Total equity | | 3,255,332 | 4,604,190 |
| Total equity and liabilities | | 5,146,418 | 8,765,787 |

Nature of Business and Going Concern (Note 1), Exploration and Evaluation Projects (Note 6),
Commitments and Contingencies (Note 11) and Subsequent Events (Note 12)

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.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three Months Ended March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

| | Notes | March 31, 2022 | March 31, 2021 |
|--|-------|--------------------|-------------------|
| Expenses | | \$ | \$ |
| Exploration and evaluation | 6 | 1,894,725 | 2,058,307 |
| Corporate | | | |
| Accounting and audit | | 10,000 | 16,000 |
| Admin and general expenses | | 82,959 | 15,963 |
| Corporate development | | 96,000 | 60,000 |
| Filing costs and shareholders' information | | 160,638 | 61,121 |
| Legal fees | | 25,793 | 7,208 |
| Marketing and communications | | 134,810 | 273,130 |
| Consulting and professional fees | | 69,039 | 125,043 |
| Salaries and wages | | 10,814 | 16,935 |
| Temiskaming Testing Laboratory | | 141,331 | 221,533 |
| Stock-based compensation | 9 | 118,020 | 88,904 |
| Travel, lodging and food | | 10,618 | 5,394 |
| Total corporate expenses | | 860,022 | 891,231 |
| Other items | | | |
| Other expenses | | 37,305 | 189,871 |
| Premium on flow-through shares | 7 | (1,339,242) | - |
| Unrealized loss on marketable securities | 5 | 131,800 | 618,250 |
| Gain on disposal of equipment | 7 | (1,482) | - |
| Total other items | | (1,171,619) | 808,121 |
| Total expenses | | 1,583,128 | 3,757,659 |
| Net loss and comprehensive loss for the period | | (1,583,128) | (3,757,659) |
| Net loss per share – basic and diluted | | (0.009) | (0.031) |
| Weighted average number of shares outstanding - basic and diluted | | 176,089,140 | 121,401,345 |

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

CANADA SILVER COBALT WORKS INC.

Condensed Interim Consolidated Statements of Changes in Equity

| | Number of Shares | Share Capital | Reserves | Contributed Surplus | Deficit | Total Equity (Deficit) |
|--|--------------------|-------------------|-------------------|---------------------|---------------------|------------------------|
| | | \$ | \$ | \$ | \$ | \$ |
| Balances, December 31, 2020 | 120,917,064 | 43,818,244 | 8,345,327 | 4,844,479 | (48,410,910) | 8,597,140 |
| Exercise of warrants | 15,000 | 8,250 | - | - | - | 8,250 |
| Exercise of options | 878,000 | 232,650 | - | - | - | 232,650 |
| Exercise of warrants – book value | - | 1,140 | (1,140) | - | - | - |
| Exercise of options – book value | - | 210,371 | (210,371) | - | - | - |
| Stock-based compensation | - | - | 88,904 | - | - | 88,904 |
| Net loss for the period | - | - | - | - | (3,757,659) | (3,757,659) |
| Balances, March 31, 2021 | 120,810,064 | 44,270,655 | 8,222,720 | 4,844,479 | (52,168,569) | 5,169,285 |
| Private placements | 54,842,752 | 11,698,391 | 2,147,686 | - | - | 13,846,077 |
| Flow-through share premium | - | (1,354,654) | - | - | - | (1,354,654) |
| Exercise of warrants | 150,000 | 82,500 | - | - | - | 90,750 |
| Exercise of options | 535,000 | 114,600 | - | - | - | 114,600 |
| Exercise of warrants –book value | - | 11,310 | (11,310) | - | - | - |
| Exercise of options – book value | - | 108,120 | (108,120) | - | - | - |
| Options and warrants cancelled or expired | - | - | (636,487) | 636,487 | - | - |
| Issued for equipment and exploration and evaluation projects | 150,000 | 42,500 | - | - | - | 42,500 |
| Stock-based compensation | - | - | 471,780 | - | - | 471,780 |
| Share issue costs | - | (1,439,968) | 327,725 | - | - | (1,112,243) |
| Net loss for the period | - | - | - | - | (12,655,655) | (12,655,655) |
| Balances, December 31, 2021 | 177,487,816 | 53,533,544 | 10,413,904 | 5,480,966 | (64,824,224) | 4,604,190 |
| Exercise of warrants | 250,000 | 62,500 | - | - | - | 62,500 |
| Exercise of warrants –book value | - | 12,652 | (12,652) | - | - | - |
| Issued for exploration and evaluation projects | 100,000 | 53,750 | - | - | - | 53,750 |
| Options expired | - | - | (166,890) | 166,890 | - | - |
| Stock-based compensation | - | - | 118,020 | - | - | 118,020 |
| Net loss for the period | - | - | - | - | (1,583,128) | (1,583,128) |
| Balances, March 31, 2022 | 177,837,816 | 53,662,446 | 10,352,382 | 5,647,856 | (66,407,352) | 3,255,332 |

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

CANADA COBALT WORKS INC.
Condensed Interim Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

| | Notes | March 31, 2022 \$ | March 31, 2021 \$ |
|--|-------|-------------------------|-------------------------|
| OPERATING ACTIVITIES | | | |
| Loss before tax | | (1,583,128) | (3,757,659) |
| Adjustments for: | | | |
| Amortization | | 72,383 | 69,202 |
| Flow-through premium | | (1,339,242) | - |
| Stock-based compensation | | 118,020 | 88,904 |
| Gain on sale of equipment | | (1,482) | - |
| Unrealized loss on marketable securities | 5 | 131,800 | 618,250 |
| Shares issued for exploration and evaluation projects | | 53,750 | |
| Operating cash flows before movements in working capital | | | |
| Amounts receivable | | 75,045 | - |
| Prepaid expenses | | 22,898 | 33,292 |
| Current liabilities | | (931,269) | (344,369) |
| Cash used in operating activities | | (3,381,225) | (3,292,380) |
| INVESTING ACTIVITIES | | | |
| Advances (to) from Granada Gold Mine Inc. | | (700,000) | 700,000 |
| Proceeds on disposal of equipment | 7 | 6,000 | - |
| Purchase of property, plant, and equipment | 7 | (23,688) | (329,007) |
| Purchase of marketable securities | 5 | (115,525) | (2,193,250) |
| Cash used in investing activities | | (833,213) | (1,822,257) |
| FINANCING ACTIVITIES | | | |
| Option and warrant exercise | | 62,500 | 240,900 |
| Cash from financing activities | | 62,500 | 240,900 |
| Decrease in cash | | (4,151,938) | (4,873,737) |
| Cash – beginning of period | | 4,217,908 | 6,421,345 |
| Cash – end of period | | 65,970 | 1,547,608 |

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

CANADA SILVER COBALT WORKS INC.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021
(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 condensed interim consolidated financial statements were approved by the Board of Directors on May 30, 2022.

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 March 31, 2022, the Company had not yet achieved profitable operations, had a working capital deficiency of \$221,799 (December 31, 2021: working capital of \$1,773,846). For the period ended March 31, 2022 the Company incurred a net loss of \$1,583,128 (three months ended March 31, 2021: \$3,757,659), had cash outflow from operations of \$3,381,225 (three months ended March 31, 2021: \$3,292,380), had accumulated losses of \$66,407,352 (three months ended March 31, 2021: \$52,168,569) 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 12(i).

These condensed interim 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.

CANADA SILVER COBALT WORKS INC.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

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 interim condensed 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"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These interim condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2021.

Basis of presentation and functional currency

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value. The condensed interim 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.

CANADA SILVER COBALT WORKS INC.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

Significant accounting estimates and judgments

The preparation of these condensed interim 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.

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 annual financial statements for the year ended December 31, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company's annual financial statements for the year ended December 31, 2021 have been applied consistently to these condensed interim consolidated financial statements.

4. AMOUNTS RECEIVABLE

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

| | <u>March 31,</u> <u>2022</u> | <u>December 31,</u> <u>2021</u> |
|---------------------------------|---------------------------------|------------------------------------|
| <u>Current</u> | | |
| Sales tax receivable | <u>\$ 310,526</u> | <u>\$ 385,571</u> |
| <u>Long-Term</u> | | |
| Due from Granada Gold Mine Inc. | <u>\$ 1,562,957</u> | <u>\$ 862,957</u> |
| | <u>\$ 1,873,483</u> | <u>\$ 1,248,528</u> |

Amounts due from Granada Gold Mine Inc. ("Granada") are unsecured, non-interest bearing with no fixed terms of repayment. During the three months ended March 31, 2022, the Company advanced an aggregate of \$700,000 (year ended December 31, 2021 - \$1,238,554) to Granada, receiving an aggregate of \$nil (year ended December 31, 2021 - \$1,173,884) in repayments.

CANADA SILVER COBALT WORKS INC.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

5. MARKETABLE SECURITIES

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

| | As at March 31, 2022 | | As at December 31, 2021 | |
|--|----------------------|----------------|-------------------------|----------------|
| | Cost | FMV | Cost | FMV |
| | \$ | \$ | \$ | \$ |
| Granada Gold Mine Inc. 13,093,000 shares (December 31, 2021 - 11,454,000 shares) | 2,393,675 | 900,045 | 2,278,150 | 916,320 |
| Total marketable securities | 2,393,675 | 900,045 | 2,278,150 | 916,320 |

During the three months ended March 31, 2022 the Company acquired an additional 1,639,000 shares of Granada, a related party and shareholder of the Company, with which there are common directors and officers. The shares acquired during the period were acquired on secondary markets between January 13 and February 17, 2022 at prices between \$0.065 and \$0.075 per share.

During the period ended March 31, 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.

6. 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% net smelter return royalty ("NSR").

CANADA SILVER COBALT WORKS INC.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

Castle East Property, Ontario

In 2020, CCW entered into a Purchase and Sale Agreement with Granada, a related party with which there are common directors and 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 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 the Eby-Otto property in exchange for cash payments totalling \$364,000, payable over five years (\$90,000 paid) and the issuance of 800,000 common shares of the Company over a period of five years (100,000 issued and valued at \$33,000 based on the quoted market price of the Company's shares at the time of issuance). The Company will also be required to incur a total of \$2.4 million of exploration expenditures on the property during the five year period. The optionors will retain a 3% royalty on the property if the Company completes the entire option.

On August 30, 2021 the Company entered into an option agreement with a group of claimholders to acquire an additional property in exchange for, over a period of 5 years, cash payments totalling \$182,000 (\$20,000 paid), the issuance of 400,000 common shares of CCW (50,000 issued and valued at \$9,500 based on the quoted market price of the Company's share at the date of issuance) 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 CCW completes the entire option. CCW will be the operator and will manage all exploration work throughout the term of the option.

On February 8, 2022, the Company entered into an option agreement with Arnold Allsopp to acquire, over a period of 4 years, 100% of the property in return for cash payments totalling \$100,000 (\$25,000 – paid), the issuance of 400,000 common shares (100,000 issued, ascribed a fair value of \$53,750) and incurring a total of \$340,000 in exploration expenditures on the Property. In addition, Allsopp will retain a 3% royalty.

CANADA SILVER COBALT WORKS INC.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

Chute-des-Passes, Quebec

On November 22, 2021, the Company entered into 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). 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.

CANADA SILVER COBALT WORKS INC.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

7. PROPERTY, PLANT, AND EQUIPMENT

| | Land | Building, machinery & equipment | Vehicles | Total |
|---------------------------------|----------------|---------------------------------------|----------------|------------------|
| | \$ | \$ | \$ | \$ |
| COST | | | | |
| As at December 31, 2020 | 210,312 | 1,596,890 | 211,988 | 2,019,190 |
| Additions | - | 372,271 | 84,199 | 456,470 |
| As at December 31, 2021 | 210,312 | 1,969,161 | 296,187 | 2,475,660 |
| Additions | - | - | 23,688 | 23,688 |
| Dispositions | - | - | (21,525) | (21,525) |
| As at March 31, 2022 | 210,312 | 1,969,161 | 298,350 | 2,477,823 |
| ACCUMULATED AMORTIZATION | | | | |
| As at December 31, 2020 | - | 228,634 | 15,895 | 244,529 |
| Accumulated amortization | - | 204,895 | 58,849 | 263,744 |
| As at December 31, 2021 | - | 433,529 | 74,744 | 508,273 |
| Accumulated amortization | - | 55,102 | 17,281 | 72,383 |
| Dispositions | - | - | (17,007) | (17,007) |
| As at March 31, 2022 | - | 488,631 | 75,018 | 563,649 |
| NET BOOK VALUE | | | | |
| As at December 31, 2020 | 210,312 | 1,368,256 | 196,093 | 1,774,659 |
| As at December 31, 2021 | 210,312 | 1,535,632 | 221,443 | 1,967,387 |
| As at March 31, 2022 | 210,312 | 1,480,530 | 223,332 | 1,914,174 |

During the three months ended March 31, 2022, certain equipment with a carrying value of \$4,518 was disposed of for gross proceeds of \$6,000. A gain on disposal of \$1,482 has been recorded on the Company's condensed interim statements of loss and comprehensive loss for the three months ended March 31, 2022.

CANADA SILVER COBALT WORKS INC.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

8. SHARE CAPITAL

8.1 Authorized share capital

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

As at March 31, 2022, the Company had 177,837,816 common shares issued and outstanding (March 31, 2021: 120,810,064).

8.2 Share issuance

a). Exercise of Warrants

During the period ended March 31, 2022, the Company issued 250,000 common shares related to the exercise of 250,000 warrants at an exercise price of \$0.25 per share, for total consideration of \$62,500.

b). Other

During the period ended March 31, 2022 the Company issued 100,000 common shares ascribed a fair value of \$53,750 in accordance with a property option agreement related to the Company's Eby-Otto property. The shares were valued based on the quoted market price on the date of issuance.

8.3 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.

CANADA SILVER COBALT WORKS INC.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

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 period ended March 31, 2022 and year ended December 31, 2021:

| | March 31, 2022 | | December 31, 2021 | |
|-----------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
| | Number of options | Weighted-average exercise price | Number of options | Weighted-average exercise price |
| Outstanding, beginning of period | 10,558,000 | \$ 0.317 | 9,351,000 | \$ 0.343 |
| Granted | 1,220,335 | 0.23 | 4,120,000 | 0.262 |
| Exercised | - | - | (1,413,000) | 0.246 |
| Expired | (975,000) | 0.25 | (1,500,000) | 0.403 |
| Outstanding, end of period | 10,803,335 | 0.308 | 10,558,000 | 0.317 |
| Exercisable, end of period | 10,803,335 | 0.308 | 10,558,000 | 0.317 |

The following table summarizes information regarding stock options outstanding and exercisable as at March 31, 2022:

| Exercise price | Number of options outstanding | Number of options exercisable | Weighted-average remaining contractual life (years) | Weighted-average exercise price |
|-------------------|-------------------------------|-------------------------------|---|---------------------------------|
| Options | | | | |
| \$0.050 - \$0.200 | 100,000 | 100,000 | 0.24 | 0.200 |
| \$0.210 - \$0.300 | 6,260,335 | 6,185,335 | 1.81 | 0.248 |
| \$0.310 - \$0.400 | 2,130,000 | 2,130,000 | 2.10 | 0.336 |
| \$0.410 - \$0.700 | 2,313,000 | 2,313,000 | 2.99 | 0.479 |
| Total | 10,803,335 | 10,728,335 | 2.08 | 0.308 |

The weighted average fair value of the options granted the three months ended March 31, 2022 was estimated at \$0.102 per option at the grant date using the Black-Scholes option pricing model.

CANADA SILVER COBALT WORKS INC.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

The weighted average assumptions used for the calculation were:

| | March 31 2022 | December 31, 2021 |
|-----------------------------|--------------------------|----------------------|
| Risk free interest rate | 1.48% | 0.99% |
| Expected life | 1.95 | 2.9 years |
| Expected volatility | 82% | 82.50% |
| Stock price | 0.23 | 0.26 |
| 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.

8.4 Share purchase warrants

The following is a summary of the changes in the Company's share purchase warrants for the period ended March 31, 2022 and year ended December 31, 2021:

| | March 31, 2022 | | December 31, 2021 | |
|-----------------------------------|-------------------------------|---|-----------------------|---|
| | Number of warrants | Weighted- average exercise price | Number of warrants | Weighted- average exercise price |
| Outstanding, beginning of period | 67,964,803 | \$ 0.282 | 27,187,793 | \$ 0.739 |
| Granted | - | - | 41,033,010 | 0.276 |
| Exercised | (250,000) | 0.250 | (165,000) | 0.550 |
| Expired | - | - | (91,000) | 0.500 |
| Outstanding, end of period | 67,714,803 | 0.282 | 67,964,803 | 0.282 |

During the three months ended March 31, 2022, the Company did not issue any warrants.

CANADA SILVER COBALT WORKS INC.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

The following table summarizes information regarding share purchase warrants outstanding and exercisable as at March 31, 2022:

| Exercise price | Number of warrants outstanding | Weighted-average remaining contractual life (years) | Weighted-average exercise price |
|-----------------------|---------------------------------------|--|--|
| \$0.21 | 2,297,425 | 1.57 | \$0.21 |
| \$0.24 | 984,595 | 1.72 | \$0.24 |
| \$0.25 | 34,066,009 | 1.57 | \$0.25 |
| \$0.50 | 2,785,493 | 1.92 | \$0.50 |
| \$0.55 | 6,507,071 | 2.92 | \$0.55 |
| \$0.58 | 1,152,128 | 1.02 | \$0.58 |
| \$0.60 | 2,282,853 | 1.24 | \$0.60 |
| \$0.65 | 12,485,231 | 1.40 | \$0.65 |
| \$0.70 | 1,156,665 | 0.20 | \$0.70 |
| \$0.80 | 3,997,333 | 0.65 | \$0.80 |
| Total | 67,714,803 | 1.58 | \$0.282 |

9. 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 three months ended March 31, 2022 was \$153,999 (three months ended March 31, 2021 - \$156,552) and share based payments valued at \$nil (three months ended March 31, 2021 - \$nil).

As at March 31, 2022, \$28,805 due to related parties was included in trade payables and accrued liabilities related to consulting fees and reimbursable expenses (December 31, 2021 - \$nil).

At March 31, 2022 the Company was owed \$1,562,957 (December 31, 2021 - \$862,957) from Granada, a related party with which there are common directors and officers.

Included in exploration and evaluation expenses for the three months ended March 31, 2022 was \$27,400 (three months ended March 31, 2021 - \$nil) in equipment rental costs from Granada. As at March 31, 2022, \$7,345 was included in trade payables and accrued liabilities related to this rental December 31, 2021 - \$nil)

CANADA SILVER COBALT WORKS INC.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

Included in prepaid expenses is \$185,000 (December 31, 2020 - \$200,000) in prepaid rent paid to a company controlled by a family member of one of the directors and officers of the Company. During the three months ended March 31, 2022, \$15,000 in facility rent was charged to exploration and evaluation expenses (three months ended March 31, 2021 - \$nil)

See also notes 4, 5 and 12.

The Company's Capital Management policies set out in the Company's annual financial statements for the year ended December 31, 2021 have been applied consistently for the period ended March 31, 2022.

10. 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 March 31, 2022 and December 31, 2021 cash was held with major Canadian financial institutions. Management believes that the risk of loss from amounts receivable is low. The Company is also exposed to credit risk with risk with respect to the amount owing from Granada. Refer to note 4 for details.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. 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 12, *Subsequent Events*.

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.

(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 \$90,005 for the three months ended March 31, 2022.

CANADA SILVER COBALT WORKS INC.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

Currency Risk

As the Company transacts business in Canadian dollars, there is minimal foreign currency risk at March 31, 2022 and December 31, 2021.

11. 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 March 31, 2022 the Company has a remaining commitment to incur \$3,966,623 of expenses as required under the flow-through share offerings during 2022. These expenses must be incurred prior to December 31, 2022.

(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 \$604,000. As a triggering event has not taken place, the contingent payment has not been reflected in these financial statements.

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 two per cent 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 the First Nation communities.

CANADA SILVER COBALT WORKS INC.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

12. SUBSEQUENT EVENTS

- i) On April 14, 2022, the Company announced that closed a brokered private placement by raising gross proceeds of approximately \$6.04 million, including the partial exercise of an option to increase the size of the offering by Research Capital Corporation and Canaccord Genuity Corp, the co-lead agents of the offering. At the closing the Company issued 7,468,000 units (“Units”) at a price of \$0.25 per Unit, 8,682,500 flow-through units (“FT Units”) at a price of \$0.27 per FT Unit, and 6,310,000 Quebec flow-through units (“QFT Units”) at a price of \$0.29 per QFT Unit. Each Unit consists of one common share (a “Common Share”) and one common share purchase warrant (a “Warrant”). Each FT Unit consists of one flow-through Common Share (a “FT Share”) and one Warrant. Each QFT Unit consists of one Quebec flow-through Common Share (a “QFT Share”) and one Warrant. Each Warrant entitles its holder to purchase one additional Common Share at an exercise price of \$0.32 per share at any time up to 36 months following the closing of the offering. In connection with the offering, the Company paid the agents a cash commission of \$422,882, and broker warrants entitling the agents to purchase up to 1,572,235 Units at an exercise price of \$0.25 for a period of three years from closing of the Offering.
- ii) April 29, 2022, the Company announced that it has revised its purchase and sale agreement to acquire a 10-acre (4 hectare) property fronting Highway 11 near Cobalt, ON, that will be used as the central hub for all of the Company’s Ontario and Quebec operations for a cash consideration of \$400,000. The vendor of the property is a company controlled by a family member of one of the directors and officers of the Company.
- iii) On May 2, 2022, the Company announced it had signed a non-binding letter of Intent (“LOI”) dated April 20, 2022 with Power Group Projects Corp. (“PGP”), which contemplates a transaction whereby PGP would sell its interest in specific Cobalt area properties (the “Property), located in Coleman, Bucke and Lorrain Townships in the Larder Lake Mining Division of Ontario to the Company. Under the terms of the LOI, the Company and PGP would enter into a formal agreement whereby the Company would purchase a 100% interest, subject to a 2% NSR in specific PGP Properties and the data related to the Property subject to a payment of \$75,000 cash and the issuance of 300,000 shares of the Company to PGP upon closing the transaction.
- iv) Subsequent to March 31, 2022, 2,800,000 warrants were exercised with exercise prices between \$0.21 and \$0.25 for gross proceeds of \$692,000.
- v) On May 4, 2022, the Company granted stock options to its directors and officers to purchase an aggregate of 550,000 common shares in the capital of the Company. The stock options are exercisable for a term of three years at an exercise price of \$0.25 per share. All stock options are granted in accordance with the terms of the Company’s stock option plan and the policies of the TSX Venture Exchange and will be subject to a hold period of four months and one day from the date of grant.