INTERNATIONAL COBALT CORPORATION

INTERNATIONAL COBALT CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED MARCH 31, 2020

INTERNATIONAL COBALT CORP.

Suite 810 – 789 West Pender Street
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May 26, 2020

Condensed Interim Consolidated Financial Statements

Second Quarter Report

For the six months ended March 31, 2020

NOTICE TO READER

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company must disclose if an auditor has not performed a review of the interim financial statements.

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the Company's management.

These unaudited interim consolidated financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company.

Yours truly,

INTERNATIONAL COBALT CORP.

"Timothy Johnson"

Timothy Johnson
President and CEO

INTERNATIONAL COBALT CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2020	September 30, 2019 (Audited)
ASSETS		
Current		
Cash and cash equivalent	$ 32,538	$ 275,047
Amounts receivable	4,211	8,294
Prepaid expenses	40,177	-
Investment (Note 4)	556,251	506,251
Loan receivable (Note 5)	4,617,817	4,127,172
	5,250,994	4,916,764
Mineral properties (Note 6)	5,265,150	5,265,150
	$ 10,516,144	$ 10,181,914
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 191,367	$ 184,918
Loan payable (Note 7)	106,440	-
	297,807	184,918
Equity		
Share capital (Note 9)	16,146,093	16,146,093
Reserves (Note 9)	2,964,777	2,964,777
Deficit	(8,892,533)	(9,113,874)
	10,218,337	9,996,996
	$ 10,516,144	$ 10,181,914

Nature and continuance of operations (Note 1)
Contingencies (Note 13)

Approved and authorized by the Board on May 26, 2020:

"Timothy Johnson" Director *"Eugene Beukman"* Director
Timothy Johnson Eugene Beukman

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

INTERNATIONAL COBALT CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	Six Months Ended March 31, 2020	Six Months Ended March 31, 2019
ADMINISTRATIVE EXPENSES				
Audit and accounting (Note 8)	$ 9,008	$ 12,825	$ 13,798	$ 21,825
Consulting fees (Note 8)	30,000	105,638	65,556	238,727
Corporate development fees (Note 8)	-	-	-	3,200
Exploration expenses	8,837	78,128	20,388	422,692
Foreign exchange loss (gain)	(270,165)	41,342	(211,895)	(51,694)
Legal fees	326	22,836	931	242,965
Management fees (Note 8)	39,200	70,500	81,200	129,000
Office facilities and administrative services (Note 8)	8,888	12,407	14,056	27,557
Shareholder information	81	30,194	2,581	30,276
Interest expense	1,440	-	1,440	-
Transfer agent, filing and stock exchange fees	5,043	20,935	8,918	34,663
Travel	-	2,999	-	13,393
Gain (loss) before other items	167,345	(397,804)	3,027	(1,112,604)
OTHER ITEMS				
Interest income	84,168	86,808	168,314	168,366
Unrealized gain (loss) on investment (Note 4)	56,250	18,750	50,000	(350,000)
Write-off of mineral property	-	(285,000)	-	(285,000)
Gain (loss) and comprehensive gain (loss) for the period	$ 307,760	$ (577,246)	$ 221,341	$ (1,579,238)
Basic and diluted gain (loss) per common share	$ 0.00	$ (0.00)	$ 0.00	$ (0.01)
Weighted average number of common shares outstanding	187,003,772	187,003,772	187,003,772	187,003,772

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

INTERNATIONAL COBALT CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Six Months Ended March 31, 2020	Six Months Ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ 221,341	$ (1,579,238)
Adjustment for non-cash items:		
Accrued interest income	(168,314)	(154,365)
Foreign exchange	(222,331)	(58,112)
Unrealized loss on investment	(50,000)	350,000
Write-off of mineral property	-	285,000
Accrued interest expense	1,440	-
Changes in non-cash working capital items:		
Amounts receivable	4,083	28,559
Prepaid expenses	(40,177)	283,056
Accounts payable and accrued liabilities	6,449	(313,785)
Net cash used in operating activities	(247,509)	(1,158,885)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral properties	-	(68,150)
Loan receivable	(100,000)	(1,000,000)
Net cash used in investing activities	(100,000)	(1,068,150)
CASH FLOWS FROM FINANCING ACTIVITIES		
Stock options exercised	-	12,525
Loans received	105,000	-
Net cash provided by financing activities	105,000	12,525
Change in cash for the period	(242,509)	(2,214,510)
Cash, beginning of period	275,047	4,430,118
Cash, end of period	$ 32,538	$ 2,215,608

Supplementary disclosure with respect to cash flows (Note 11)

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

INTERNATIONAL COBALT CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital				
	Number	**Amount**	**Contributed Surplus***	**Deficit**	**Total**
Balance at September 30, 2018	185,753,772	$ 16,084,265	$ 2,974,080	$ (6,906,357)	$ 12,151,988
Shares for property	500,000	40,000	-	-	40,000
Exercise of stock options	750,000	21,828	(9,303)	-	12,525
Loss for the period	-	-	-	(1,579,238)	(1,579,238)
Balance at March 31, 2019	187,003,772	$ 16,146,093	$ 2,964,777	$ (8,485,595)	$ 10,625,275

	Share Capital				
	Number	**Amount**	**Contributed Surplus***	**Deficit**	**Total**
Balance at September 30, 2019	187,003,772	$ 16,146,093	$ 2,964,777	$ (9,113,874)	$ 9,996,996
Loss for the period	-	-	-	221,341	221,341
Balance at March 31, 2020	187,003,772	$ 16,146,093	$ 2,964,777	$ (8,892,533)	$ 10,218,337

***-** Contributed Surplus consists of fair values of stock options granted.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

1018521 B.C. LTD. was incorporated under the Business Corporations Act (British Columbia) on November 7, 2014 and changed its name to Brakpan Ventures Corp. on July 3, 2015 and changed its name to International Cobalt Corp. on March 29, 2017. (the "Company" or "Brakpan" or "ICC") The Company has entered into an arrangement agreement (the "Agreement") with Bard Ventures Ltd. ("Bard"). The Company was a wholly owned subsidiary of Bard that was incorporated under the Business Corporation Act, (British Columbia), to execute a plan of arrangement (the "Arrangement") in connection with the reorganization of Bard's Grouse Mountain Property. On April 25, 2016, the Company closed the Arrangement, which resulted in the Grouse Mountain Property being transferred from Bard to the Company (Note 6). In consideration of the Grouse Mountain Property, the Company issued to Bard 26,519,709 common shares (the "Brakpan Shares") and assumed all of Bard's obligations in respect of the Grouse Mountain Property. As part of the Arrangement, Bard distributed all of the Brakpan Shares to Bard's shareholders of record on April 25, 2016, on the basis of one Brakpan Share distributed for every three shares of Bard held by each Bard shareholder.

The Company's head office and principal address is Suite 810 – 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

The recovery of the amounts comprising mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

These unaudited condensed interim consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At March 31, 2020, the Company had not yet achieved profitable operations, had accumulated losses of $8,892,533 (September 30, 2019 - $9,113,874) since its inception, and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. A number of alternatives including, but not limited to completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. BASIS OF PREPARATION

Statement of Compliance

These unaudited interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PREPARATION (CONT'D)

Basis of Presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

Principles of Consolidation

These consolidated financial statements consolidate the accounts of the Company and its wholly-owned subsidiaries, 1107430 B.C. Ltd., 1142888 B.C. Ltd. and American Cobalt Corp. All intercompany transactions and balances are eliminated on consolidation. 1107430 B.C. Ltd., 1142888 B.C. Ltd. and American Cobalt Corp. had no transactions or activity during the six months ended March 31, 2020.

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include recognition of deferred income tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

<u>Economic recoverability and probability of future economic benefits of mineral properties</u>

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

<u>Determination of functional currency</u>

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

<u>Income taxes</u>

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

<u>Contingencies and settlement provisions</u>

The estimate for contingencies and settlement provisions require management to make judgments as to the likelihood of outcomes and estimates of the timing and the possible outflow of economic benefits.

2. BASIS OF PREPARATION (CONT'D)

Significant accounting judgments and estimates (cont'd)

Site decommissioning obligations

The Company recognizes a provision for future abandonment activities in the consolidated financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended September 30, 2019.

The preparation of condensed interim consolidated financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

4. INVESTMENT

During the year ended September 30, 2018, the Company entered into a Right of First Refusal Agreement with Idaho Champion Gold Mines Ltd. ("Idaho Champion") relating to the acquisition of four distinct and separate mining projects in the Idaho Cobalt Belt, collectively known as the "Champion Projects". As part of the terms of the agreement, the Company invested $328,025 (US$250,000) in 1,250,000 common shares of Idaho Champion during the year ended September 30, 2018. As at March 31, 2020, the fair value of the 1,250,000 Idaho Champion shares was $106,250 (September 30, 2019 - $56,250) resulting in an unrealized gain of $56,250.

On August 21, 2019, the Company entered into a share purchase agreement with an arms-length third party vendor to acquire 158,000 common shares of Brazil Potash Corp ("BPC") for $450,000, which was also the fair value as at March 31, 2020.

5. LOAN RECEIVABLE

On August 20, 2018, the Company loaned Tantalex Resources Corporation ("Tantalex") $1,915,245 (US$1,350,000) bearing interest of 12% per annum and having an expiry date of one year which is now due on demand. At March 31, 2020, the loan and interest receivable balance is $2,286,120 (US$1,611418).

In November 2018, the Company loaned Tantalex $1,000,000 bearing interest of 12% per annum and having an expiry date of one year which is now due on demand. At March 31, 2020, the loan and interest receivable balance is $1,167,671.

(Expressed in Canadian Dollars)

5. LOAN RECEIVABLE (CONT'D)

On April 24, 2019, the Company advanced USD $500,000 (CAD $654,350) by way of a loan to Tantalex. The loan is due on April 24, 2020 and bears no interest rate. At March 31, 2020, the entire balance of balance of USD $500,000 (CAD $709,350) is receivable.

On June 5, 2019, the Company further advanced USD $250,000 (CAD $327,175) by way of a loan to Tantalex. The loan is due on June 5, 2020 and bears no interest rate. At March 31, 2020, the entire balance of USD $250,000 (CAD $354,675) is receivable.

On October 8, 2019, the Company loaned $100,000 to Tantalex. The loan is due on October 8, 2020 and bears no interest rate.

	Six months ended March 31, 2020	Year ended September 30, 2019
Opening balance	$ 4,127,172	$ 1,771,131
Loan provided during the period	100,000	2,013,700
Interest accrued during the period	168,314	322,464
Foreign exchange adjustment at period end	222,331	19,877
Closing balance	$ 4,617,817	$ 4,127,172

6. MINERAL PROPERTIES

The Company's mineral property interests are comprised of the following properties:

	Blackbird Creek	Foster Marshall Project and Mount Thom	Total
Opening and closing balance	$ 4,260,150	$ 1,005,000	$ 5,265,150

During the six months ended March 31, 2020, the Company incurred exploration expenditures as follows:

	Blackbird Creek	Ramsay Cobalt	Total
Geological	$ 20,289	$ 99	$ 20,388
Total exploration expenditures	$ 20,289	$ 99	$ 20,388

During the six months ended March 31, 2019, the Company incurred exploration expenditures as follows:

	Blackbird Creek	Ramsay Cobalt	Foster Marshall Project and Mount Thom	Champion Projects	Total
Geological	$ 66,382	$ 336,676	$ 3,873	$ 11,314	$ 418,245
Transportation	-	4,447	-	-	4,447
Total exploration expenditures	$ 66,382	$ 341,123	$ 3,873	$ 11,314	$ 422,692

6. MINERAL PROPERTIES (CONT'D)

Blackbird Creek Property

On February 27, 2017, the Company entered into an agreement (the "Blackbird Agreement") to acquire a 100% interest in the Blackbird Creek Project located in the Idaho Mineral Belt in Lehmi County, Idaho, USA (the "Blackbird Property") by acquiring all of the issued and outstanding shares of 1107430 B.C. Ltd., which has an ownership of the Property. The claims (the "Lode Claims") are located approximately 70 kilometers Southwest from Salmon, Idaho. Under the terms of the Blackbird Agreement, to earn its 100% interest in the Property, the Company was obligated to pay $150,000 (paid in October 2017) and issue 30,000,000 common shares (issued) of the Company. DG Resource Management Ltd. ("DRG Resource") shall retain a 2.0% NSR. The Company may, within 5 years of Exchange approval, acquire 1.0% of the NSR for $2,500,000. The Company issued 1,200,000 common shares as a finder's fee in connection with this acquisition.

On December 4, 2017, the Company entered into an agreement (the "Second Agreement") to acquire a 100% interest in the Formation North Project and Blackbird South Project located in the Idaho Mineral Belt in Lehmi County, Idaho, USA (the "Formation North and Blackbird South Properties") by acquiring all of the issued and outstanding shares of 1142888 B.C. Ltd., which has an ownership of the Formation North and Blackbird South Properties. Under the terms of the Second Agreement, to earn its 100% interest in the Formation North and Blackbird South Properties, the Company must pay $120,000 ($60,000 paid in December 2017 and $60,000 paid in January 2018) and issue 12,000,000 common shares (issued) of the Company. DG Resource shall retain a 2.0% Net Smelter Return (the "NSR"). The Company may, within 5 years of Exchange approval, acquire 1.0% of the NSR for $2,500,000.

Grouse Mountain

During the year ended September 30, 2015, the Company entered into the Agreement with Bard. On April 25, 2016, the Company closed the Arrangement, which resulted in the Grouse Mountain Property being transferred from Bard to the Company. The Company holds a 100% interest in the Grouse Mountain property located in the Omineca Mining Division of British Columbia. During the year ended September 30, 2018, the Company entered into an option agreement (the "Option Agreement") to dispose of the Grouse Mountain Property to Eastern Zinc Corp. ("Eastern Zinc"). Under the terms of the Option Agreement, Eastern Zinc must make a cash payment of $10,000 (received in January 2019). On January 3, 2019, the Company amended the Option Agreement from $1,000,000 to $250,000, to be spent on exploration expenditures on the property within two years of the original agreement, with a minimum of $100,000 to be spent in the first year (1 year extension granted). The Company has retained a royalty equal to 2.5% of the Net Smelter Return (the "NSR"). Eastern Zinc has the right to buy back 2% of the NSR for $1,000,000 or $250,000 per 0.5% and also retains a right of first refusal to acquire the NSR royalty should the property be sold to an independent third party.

JA Project

During the year ended September 30, 2019, the Company acquired by staking the JA Project located in the Cobalt region of Lemhi County, Idaho.

7. LOAN PAYABLE

On January 17, 2020, the Company entered into a loan agreement in the amount of $80,000 with a company jointly controlled by a director of the Company. The loan is due on demand and interest will accrue on the principal amount at the rate of 8% per annum. As at March 31, 2020, the loan payable of $80,000 and accrued interest balance of $1,298 is outstanding.

On March 5, 2020, the Company entered into a loan agreement in the amount of $25,000 with a company controlled by a director of the Company. The loan is due on demand and interest will accrue on the principal amount at the rate of 8% per annum. As at March 31, 2020, the loan payable of $25,000 and accrued interest balance of $142 is outstanding.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

As at March 31, 2020, the Company owed $37,393 (September 30, 2019 - $7,455) to directors and/or their companies, which is included in accounts payable and accrued liabilities. The Company also owed $106,440 for two loan payables to companies controlled by a director of the Company (Note 7).

The remuneration of directors and key management personnel during the six months ended March 31, 2020 and 2019 are as follows:

	Six months ended March 31, 2020	Six months ended March 31, 2019
Accounting and administrative fees	$ 18,000	$ 18,000
Corporate development fees	-	3,200
Management and consulting fees	141,000	180,000
Rent	-	5,000
	$ 159,000	$ 206,200

All related party transactions are in the normal course of operations and have been measured at the agreed to amount, which is the amount of consideration established and agreed to by the related parties.

9. SHARE CAPITAL

a) Authorized share capital

As at March 31, 2020, the authorized share capital of the Company is an unlimited number of common shares without par value.

b) Issued and outstanding

There were no share issuances during the six months ended March 31, 2020

During the six months ended December 31, 2018, the Company issued common shares for the following:

On October 5, 2018, the Company issued 500,000 common shares of the Company pursuant to the acquisition of the RC Project valued at $40,000 (Note 11). The RC Project was written-off during the year ended September 30, 2019.

On November 14, 2018, the Company issued 750,000 common shares for gross proceeds of $12,525 as a result of the exercise of 750,000 share options with an exercise price of $0.0167.

b) Stock options

The following table summarizes stock option activity during the six months ended March 31, 2020 and year ended September 30, 2019:

	March 31, 2020		September 30, 2019	
	Number of options	Weighted average exercise price of options exercisable	Number of options	Weighted average exercise price of options exercisable
Opening balance	17,999,997	$0.18557	18,749,997	$0.01788
Options exercised	-	-	(750,000)	$0.01667
Closing balance	17,999,997	$0.18557	17,999,997	$0.18557

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (CONT'D)

At March 31, 2020, stock options outstanding are as follows:

Number of options outstanding and exercisable	Exercise price	Expiry date
6,000,000	$0.01667	February 22, 2022
11,999,997	$0.27000	January 4, 2023
17,999,997		

c) Warrants

The following table summarizes share purchase warrants activity during the six months ended March 31, 2020 and year ended September 30, 2019:

	March 31, 2020		September 30, 2019	
	Number of warrants	Weighted average exercise price of warrants	Number of warrants	Weighted average exercise price of warrants
Opening balance	54,585,798	$0.19891	62,515,794	$0.19891
Warrants expired	(40,325,000)	0.30	(7,929,996)	0.0167
Closing balance	14,260,798	$ 0.02	54,585,798	$0.19891

Share purchase warrants outstanding as at March 31, 2020 are as follows:

Number of warrants	Exercise price	Expiry dates
14,260,798	$0.01667	January 12, 2022
14,260,798		

10. FINANCIAL AND CAPITAL RISK MANAGEMENT

Designation and valuation of financial instruments

The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

As at March 31, 2020, the fair values of amounts receivable, loan receivable and accounts payable approximate their carrying value due to the short term maturity of these instruments. Cash and investments are carried at level 1 fair value measurement.

10. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D)

The Company enters into financial instruments to finance its operations in the normal course of business. The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at March 31, 2020 as follows:

Cash	FVTPL	Level 1
Amounts receivable	Loans and receivables	N/A
Investments	FVTPL	Level 1
Loan payable	FVTPL	N/A
Loan receivable	Loans and receivables	N/A
Accounts payable	Other liabilities	N/A

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign exchange risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has foreign exchange risk with respect to its bank account, accounts payable and loan receivable in US dollars. The Company does not believe it is exposed to significant foreign exchange risk. A 5% fluctuation in the foreign exchange rate between the Canadian and US dollar will result in a foreign exchange gain/loss of approximately $117,000.

Credit risk
The Company does not have any asset-backed commercial paper. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest rate risk
Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates.

Liquidity risk
The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Capital management
The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral properties. The Board of Directors do not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company intends to rely on the equity markets to fund its activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

(Expressed in Canadian Dollars)

11. SUPPLEMENTARY DISCLOSURE WITH RESPECT TO CASH FLOWS

On October 5, 2018, the Company issued 500,000 common shares of the Company pursuant to the acquisition of the RC Project valued at $40,000 (Note 9). The RC Project was written-off during the year ended September 30, 2019.

12. SEGMENTED INFORMATION

The Company's operations comprise one reportable segment. The carrying value of the Company's non-current assets on a country-by-country basis is as follows:

	March 31, 2020			September 30, 2019		
	Canada	U.S.	Total	Canada	U.S.	Total
Mineral properties	$1,005,000	$4,260,150	$5,265,150	$1,005,000	$4,260,150	$5,265,150
Total	$1,005,000	$4,260,150	$5,265,150	$1,005,000	$4,260,150	$5,265,150

13. CONTINGENCIES

Arizona Lithium Company Ltd. ("AZ Lithium") commenced suit against Battery Mineral Resources (United States), Inc. ("Battery Minerals") in Lemhi County, Idaho on July 17, 2017. Battery Minerals removed the action to the United States District Court for the District of Idaho on August 28, 2017. On June 11, 2018, the parties stipulated that AZ Lithium's transferee in interest, Idaho Metals Corp., and Idaho Metals Corp.'s parent company, the Company would be joined in the action. The parties also stipulated to amend Battery Mineral's name to reflect the corporate name change to North American Cobalt Inc. ("NAC").

The Company's causes of action involve the validity of certain mining claims in Lemhi County, Idaho. The Company seeks a declaratory judgment invalidating NAC's lode mining claims, referred to as the "BATT claims", that cover in part, the same locations as the Company's "BOCO" lode mining claims (the "BOCO claims"). The Company also seeks a judgment quieting title to the rights, title and interest in the BOCO claims clear of any cloud of title caused by the BATT claims to the same property. NAC has counterclaimed with causes of action for declaratory relief as to the invalidity of the BOCO claims and validity of the BATT claims, quiet title to the BATT claims, and injunctive relief. A trial is set for September 21, 2020 if this claim is not settled by both parties by August 10, 2020. While the outcome of this matter is uncertain, no provision has been accrued in respect to this claim as the Company believes the claim to be without merit and intends to vigorously defend itself should further legal action be required.