INTERNATIONAL COBALT CORP.

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

FOR THE THREE MONTHS ENDED DECEMBER 31, 2018

INTERNATIONAL COBALT CORP.

Suite 810 – 789 West Pender Street
Vancouver, British Columbia V6C 1H2
Phone: (604) 687-2038 Fax: (604) 687-3141

February 28, 2019

Condensed Interim Consolidated Financial Statements

First Quarter Report

For the three months ended December 31, 2018

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)

	December 31, 2018	September 30, 2018 (Audited)
ASSETS		
Current		
Cash and cash equivalent	$ 2,327,828	$ 4,430,118
Amounts receivable	148,374	105,141
Prepaid expenses	129,573	342,832
Investment (Note 4)	131,250	500,000
Loan receivable (Note 5)	2,939,952	1,771,131
	5,676,977	7,149,222
Mineral properties (Note 6)	5,635,150	5,527,000
	$ 11,312,127	$ 12,676,222
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 109,606	$ 524,234
	109,606	524,234
Equity		
Share capital (Note 8)	16,146,093	16,084,265
Contributed surplus	2,964,777	2,974,080
Deficit	(7,908,349)	(6,906,357)
	11,202,521	12,151,988
	$ 11,312,127	$ 12,676,222

Nature and continuance of operations (Note 1)
Contingencies (Note 12)
Subsequent event (Note 13)

Approved and authorized by the Board on February 2, 2019:

"Timothy Johnson" Director — Timothy Johnson

"Eugene Beukman" Director — 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 December 31, 2018	Three Months Ended December 31, 2017
ADMINISTRATIVE EXPENSES		
Audit and accounting (Note 7)	$ 9,000	$ 9,000
Consulting fees (Note 7)	133,089	395,701
Corporate development fees (Note 7)	3,200	9,679
Exploration expenses	344,564	121,771
Foreign exchange loss (gain)	(93,036)	5,991
Legal fees	220,129	33,494
Management fees (Note 7)	58,500	44,477
Office facilities and administrative services (Note 7)	15,150	12,917
Shareholder information	82	708
Transfer agent, filing and stock exchange fees	13,728	8,300
Travel	10,394	-
Loss before other items	(714,800)	(642,038)
OTHER ITEMS		
Interest income	81,558	-
Unrealized loss on investment (Note 4)	(368,750)	-
Loss and comprehensive loss for the period	$ (1,001,992)	$ (642,038)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	186,609,750	116,476,497

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)

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,001,992)	$ (642,038)
Adjustment for non-cash items:		
Accrued interest income	(71,669)	-
Foreign exchange	(97,152)	-
Unrealized loss on investment	368,750	-
Changes in non-cash working capital items:		
Amounts receivable	(43,233)	(4,003)
Prepaid expenses	213,259	-
Accounts payable and accrued liabilities	(414,628)	(106,498)
Net cash used in operating activities	(1,046,665)	(752,539)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral properties	(68,150)	(210,000)
Loan receivable	(1,000,000)	-
Net cash used in investing activities	(1,068,150)	(210,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from issuance of shares	-	2,040,748
Stock options exercised	12,525	-
Loans repayment	-	(30,000)
Net cash provided by financing activities	12,525	2,010,748
Change in cash for the period	(2,102,290)	1,048,209
Cash, beginning of period	4,430,118	1,275
Cash, end of period	$ 2,327,828	$ 1,049,484
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

Supplementary disclosure with respect to cash flows (Note 10)

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		Share subscriptions received in advance		
	Number	**Amount**		**Deficit**	**Total**
Balance at September 30, 2017	97,505,739	$ 1,001,152	$ 93,031	$ (927,691)	$ 166,492
Private placements	20,325,000	2,032,500	-	-	2,032,500
Shares for property	12,000,000	3,660,000	-	-	3,660,000
Exercise of warrants	493,893	8,248	-	-	8,248
Loss for the period	-	-	-	(642,038)	(642,038)
Balance at December 31, 2017	130,324,632	$ 6,701,900	$ 93,031	$ (1,569,729)	$ 5,225,202

	Share Capital		Stock Options Reserve		
	Number	**Amount**		**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	-	-	-	(1,001,992)	(1,001,992)
Balance at December 31, 2018	187,003,772	$ 16,146,093	$ 2,964,777	$ (7,908,349)	$ 11,202,521

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 December 31, 2018, the Company had not yet achieved profitable operations, had accumulated losses of $7,908,349 (September 30, 2018 - $6,906,357) 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.

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").

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.

2. BASIS OF PREPARATION (CONT'D)

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 three months ended December 31, 2018.

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:

Economic recoverability and probability of future economic benefits of mineral properties

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.

Determination of functional currency

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.

Income taxes

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.

Contingencies and settlement provisions

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

Change in Accounting Policies

IFRS 9, Financial Instruments: Classification and Measurement, issued in December 2009, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning October 1, 2018. The adoption of this standard did not have a material impact on the consolidated financial statements of the Company.

IFRS 15, Revenue from contracts with customers ("IFRS 15"). On May 28, 2014 the IASB issued IFRS 15. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. IFRS15 is effective for reporting periods beginning on or after January 1, 2018 with early application permitted. The adoption of this standard did not have a material impact on the consolidated financial statements of the Company.

Accounting Standards Issued But Not Yet Effective

IFRS 16, Leases ("IFRS 16"), establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently analyzing the impact, if any, this new standard may have on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

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 December 31, 2018, the fair value of the 1,250,000 Idaho Champion shares was $131,250 resulting in an unrealized loss of $368,750.

5. LOAN RECEIVABLE

On July 30, 2018, the Company purchased unsecured convertible debentures of Tantalex Resources Corporation ("Tantalex") in the principal amount of $1,764,855 (US$1,350,000) bearing interest of 12% per annum and having an expiry date of one year. Each debenture is convertible at the option of the Company into common shares of Tantalex at any time at the conversion price (based on a price equal to the current trading price of the common shares of Tantalex on Canadian Securities Exchange on the maturity date or at 25% discount to such price if converted early). The principal amount of the debenture is subject to a warrant coverage of up to 50% of the principal amount to which the Company is entitled to receive up to 50% of the principal amount of the debenture issued in warrants in the share capital of Tantalex, each warrant entitling the Company to acquire one common share in the share capital of Tantalex at a price of $0.13 per common share for a period of 12 months from the date of issuance.

In November 2018, the Company purchased additional unsecured convertible debentures of Tantalex in the principal amount of $1,000,000 bearing interest of 12% per annum and having an expiry date of one year. Each debenture is convertible at the option of the Company into common shares of Tantalex at any time at the conversion price (based on a price equal to the current trading price of the common shares of Tantalex on Canadian Securities Exchange on the maturity date or at 25% discount to such price if converted early). The principal amount of the debenture is subject to a warrant coverage of up to 50% of the principal amount to which the Company is entitled to receive up to 50% of the principal amount of the debenture issued in warrants in the share capital of Tantalex, each warrant entitling the Company to acquire one common share in the share capital of Tantalex at a price of $0.10 per common share for a period of 24 months from the date of issuance.

	Three months ended December 31, 2018	Year ended September 30, 2018
Opening balance	$ 1,771,131	$ -
Loan provided during the period	1,000,000	1,764,855
Interest accrued during the period	71,669	23,556
Foreign exchange adjustment at period end	97,152	(17,280)
Closing balance	$ 2,939,952	$ 1,771,131

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES

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

	Blackbird Creek	Ramsay Cobalt	Foster Marshall Project and Mount Thom	Total
Opening balance	$ 4,242,000	$ 195,000	$ 1,090,000	$ 5,527,000
Additions	18,150	90,000	-	108,150
Closing balance	$ 4,260,150	$ 285,000	$ 1,090,000	$ 5,635,150

During the three months ended December 31, 2018, the Company incurred exploration expenditures as follows:

	Blackbird Creek	Ramsay Cobalt	Foster Marshall Project and Mount Thom	Champion Projects	Total
Geological	$ 48,246	$276,684	$ 3,873	$ 11,314	$ 340,117
Transportation	-	4,447	-	-	4,447
Total exploration expenditures	$ 48,246	$281,131	$ 3,873	$ 11,314	$ 344,564

During the three months ended December 31, 2017, the Company incurred exploration expenditures as follows:

	Grouse Mountain	Blackbird Creek	Total
Claim staking / maintenance	$ 4,490	$ -	$ 4,490
Geological	-	117,281	117,281
Total exploration expenditures	$ 4,490	$ 117,281	$ 121,771

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 (Note 1). 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 (paid in January 2019) (Note 13) and $1,000,000 must be spent in exploration expenditures on the property within two years, with a minimum of $100,000 being spent in the first year. 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.

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 must 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. A finder's fee has been paid in connection with this acquisition for 1,200,000 common shares of the Company (issued).

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 (Notes 8 and 10). 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.

Ramsay Cobalt Project

On March 28, 2018, the Company entered into an agreement to acquire a 100% interest in the Ramsay Cobalt Project (the "RC Project") located in the Bathurst Mining Camp of New Brunswick. Under the terms of the agreement, to earn its 100% interest in the RC Project, the Company must make the following cash payments and issuance of common shares:

- Cash payment of $25,000 upon signing the Letter of Intent (paid in March 2018);
- Cash payment of $25,000 (paid in April 2018) and issuance of 500,000 common shares valued at $120,000 (issued in April 2018) (Notes 8 and 10) upon completion of definitive option agreement and filing with the CSE;
- Cash payment of $50,000 (paid in October 2018) and issuance of 500,000 common shares valued at $40,000 within 6 months of filing with the CSE (issued in October 2018) (Notes 8 and 10);
- Cash payment of $100,000 and issuance of 500,000 common shares within 12 months of filing with the CSE;
- Cash payment of $100,000 and issuance of 500,000 common shares within 18 months of filing with the CSE; and
- Cash payment of $200,000 and issuance of 500,000 common shares within 24 months of filing with the CSE.

Foster Marshall Project and the Mount Thom Project

On April 13, 2018, the Company entered into two option agreements (the "FM Agreements") with Supreme Metals Corp. to acquire up to an 80% interest in two cobalt projects which are comprised of the Foster Marshall Project and the Mount Thom Project (collectively known as the "FM Projects"). Pursuant to the FM Agreements, the Company will have the option to earn an initial 60% interest in any of the FM Projects by making a total initial payment of $170,000 (paid in May 2018) and by funding exploration to reach an NI 43-101 compliant resource estimate within 60 months of signing of the FM Agreements. The Company will have the right to earn a further 20% interest and any of the FM Projects by completing a Preliminary Economic Assessment (PEA) within 24 months of completing the initial resource estimate. Each of the FM Projects is subject to a 1.5% NSR in favour of a third party. A finder's fee has been paid in connection with this acquisition for 4,000,000 common shares of the Company valued at $920,000 (issued in April 2018) (Notes 8 and 10).

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

As at December 31, 2018, the Company owed $7,350 (September 30, 2018 - $13,760) to directors and/or their companies, which is included in accounts payable and accrued liabilities.

The remuneration of directors and key management personnel during the three months ended December 31, 2018 and 2017 are as follows:

	Three months ended December 31, 2018	Three months ended December 31, 2017
Accounting and administrative fees	$ 9,000	$ 9,000
Corporate development fees	3,200	2,000
Management and consulting fees	84,000	53,477
Rent	2,000	-
	$ 98,200	$ 64,477

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.

8. SHARE CAPITAL

a) Authorized share capital

As at December 31, 2018, the authorized share capital of the Company is an unlimited number of common shares without par value.

b) Issued and outstanding

On October 19, 2017, the Company closed a non-brokered private placement for a total of 20,325,000 Units of the Company at a price of $0.10 per Unit for gross proceeds of $2,032,500. Each Unit consists of one common share and one transferable Warrant. Each Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $0.20 on or before October 19, 2019.

On October 24, 2017, the Company issued 493,893 common shares of the Company pursuant to an exercise of Warrants for gross proceeds of $8,248.

On December 12, 2017, the Company issued 12,000,000 common shares of the Company pursuant to the acquisition of the Formation North and Blackbird South Properties located in the Idaho Cobalt Belt, near the Blackbird Creek Property valued at $3,660,000 (Notes 6 and 10).

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (CONT'D)

b) Issued and outstanding (cont'd)

On January 8, 2018, the Company issued 2,000,000 common shares of the Company pursuant to an exercise of Warrants for gross proceeds of $33,400.

On February 7, 2018, the Company issued 6,179,140 common shares of the Company pursuant to an exercise of Warrants for gross proceeds of $103,192.

On February 15, 2018, the Company closed a non-brokered private placement for 40,000,000 Units of the Company at a price of $0.25 per Unit for gross proceeds of $10,000,000. Each Unit consists of one common share of the Company and one-half of one Warrant. Each whole Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $0.40 per share on or before February 13, 2020. The Company paid finder's fees of $1,849,455 in cash.

On March 16, 2018, the Company issued 2,000,000 common shares of the Company pursuant to an exercise of Warrants for gross proceeds of $33,400.

On April 5, 2018, the Company issued 500,000 common shares of the Company pursuant to the acquisition of the RC Project valued at $120,000 (Notes 6 and 10).

On April 18, 2018, the Company issued 4,000,000 common shares of the Company pursuant to the acquisition of the FM Projects valued at $920,000 (Notes 6 and 10).

On August 28, 2018, the Company issued 750,000 common shares of the Company pursuant to an exercise of stock options for gross proceeds of $12,525.

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 (Notes 6 and 10).

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

c) Stock options

The following table summarizes stock option activity during the three months ended December 31, 2018 and year ended September 30, 2018:

	December 31, 2018		September 30, 2018	
	Number of options	Weighted average exercise price of options exercisable	Number of options	Weighted average exercise price of options exercisable
Opening balance	18,749,997	$0.17880	7,500,000	$0.01667
Options granted	-	-	11,999,997	$0.27000
Options exercised	(750,000)	$0.01667	(750,000)	$0.01667
Closing balance	17,999,997	$0.18556	18,749,997	$0.17880

(Expressed in Canadian Dollars)

The fair value of the stock options granted during the year ended September 30, 2018 was $2,890,352. These stock options were valued using the Black-Scholes Option Pricing Model, using the following assumptions:

Stock option term	Volatility	Dividend yield	Risk-free interest rate	Options issued	Fair value
5 years	155%	0%	1.97%	11,999,997	$ 2,890,352

8. SHARE CAPITAL (CONT'D)

At December 31, 2018, 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		

d) Warrants

The following table summarizes share purchase warrants activity during the three months ended December 31, 2018 and year ended September 30, 2018:

	December 31, 2018		September 30, 2018	
	Number of warrants	Weighted average exercise price of warrants	Number of warrants	Weighted average exercise price of warrants
Opening balance	62,515,794	$0.19891	32,863,827	$0.01667
Warrants issued	-	-	40,325,000	$0.29919
Warrants exercised	-	-	(10,673,033)	$0.01667
Closing balance	62,515,794	$0.19891	62,515,794	$0.19891

Share purchase warrants outstanding as at December 31, 2018 are as follows:

Number of warrants	**Exercise price**	**Expiry dates**
1,370,004	$0.01667	August 18, 2019
6,559,992	$0.01667	August 5, 2019
14,260,798	$0.01667	January 12, 2022
20,325,000	$0.20000	October 19, 2019
20,000,000	$0.40000	February 13, 2020
62,515,794		

9. 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 December 31, 2018, 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.

9. 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 December 31, 2018 as follows:

Cash	FVTPL	Level 1
Amounts receivable	Loans and receivables	N/A
Investments	FVTPL	Level 1
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 $99,000.

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)

10. SUPPLEMENTARY DISCLOSURE WITH RESPECT TO CASH FLOWS

On December 12, 2017, the Company issued 12,000,000 common shares of the Company pursuant to the acquisition of the Formation North and Blackbird South Properties located in the Idaho Cobalt Belt, near the Blackbird Creek Property valued at $3,660,000 (Notes 6 and 8).

On April 5, 2018, the Company issued 500,000 common shares of the Company pursuant to the acquisition of the RC Project valued at $120,000 (Notes 6 and 8).

On April 18, 2018, the Company issued 4,000,000 common shares of the Company pursuant to the acquisition of the FM Projects valued at $920,000 (Notes 6 and 8).

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 (Notes 6 and 8).

11. 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:

	December 31, 2018			September 30, 2018		
	Canada	U.S.	Total	Canada	U.S.	Total
Mineral properties	$1,375,000	$4,260,150	$5,635,150	$1,285,000	$4,242,000	$5,527,000
Total	$1,375,000	$4,260,150	$5,635,150	$1,285,000	$4,242,000	$5,527,000

12. 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. Discovery is complete and the parties have submitted cross motions for partial summary judgment. The motions are set for hearing on April 25, 2019. No trial date has been set as at a date of the auditor's report. 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.

13. SUBSEQUENT EVENT

In January 2019, the Company received $10,000 from Eastern Zinc related to the Grouse Mountain Property (Note 6).