



---

**COBALT POWER GROUP INC.**

**MANAGEMENT'S DISCUSSION AND  
ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS**

**FOR THE THREE AND NINE MONTHS ENDED  
OCTOBER 31, 2017**

*(Expressed in Canadian Dollars)*

---

**CONTENTS**

<b>1. INTRODUCTION.....</b>	<b>3</b>
<b>2. FORWARD-LOOKING STATEMENTS .....</b>	<b>4</b>
<b>3. NINE MONTHS ENDED OCTOBER 31, 2017 HIGHLIGHTS AND SIGNIFICANT EVENTS.....</b>	<b>5</b>
<b>4. PROPERTY SUMMARY .....</b>	<b>8</b>
<b>5. SUMMARY OF QUARTERLY RESULTS .....</b>	<b>12</b>
<b>6. DISCUSSION OF OPERATIONS .....</b>	<b>12</b>
<b>7. LIQUIDITY AND CAPITAL RESOURCES .....</b>	<b>15</b>
<b>8. TRANSACTIONS WITH RELATED PARTIES .....</b>	<b>18</b>
<b>9. FINANCIAL INSTRUMENTS AND RELATED RISKS.....</b>	<b>18</b>
<b>10. RISKS AND UNCERTAINTIES.....</b>	<b>21</b>
<b>11. PROPOSED TRANSACTIONS.....</b>	<b>21</b>
<b>12. DISCLOSURE OF OUTSTANDING SHARE DATA .....</b>	<b>21</b>
<b>13. OFF-BALANCE SHEET ARRANGEMENTS.....</b>	<b>24</b>
<b>14. CHANGES IN ACCOUNTING STANDARDS.....</b>	<b>24</b>
<b>15. CRITICAL ACCOUNTING ESTIMATES .....</b>	<b>24</b>
<b>16. APPROVAL .....</b>	<b>26</b>

## 1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Cobalt Power Group Inc. (referred to as "**Cobalt**", "**Cobalt Power**" the "**Company**", "**us**" or "**our**") provides analysis of the Company's financial results for the nine months ended October 31, 2017. The following information should be read in conjunction with the accompanying annual financial statements for the year ended January 31, 2017, and the notes to those financial statements, prepared in accordance with IAS 34 under International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board. Please also refer to the tables starting on page 12 of this MD&A which compare certain financial results for the three and nine months ended October 31, 2017 and 2016. Financial information contained herein is expressed in Canadian dollars, unless stated otherwise. All information in this MD&A is current as of December 22, 2017 unless otherwise indicated. This MD&A is intended to supplement and complement Cobalt's financial statements for the three and nine months ended October 31, 2017 and the notes thereto. Readers are cautioned that this MD&A contains "*forward-looking statements*" and that actual events may vary from management's expectations. Readers are encouraged to read the cautionary note contained herein regarding such forward-looking statements. This MD&A was reviewed, approved and authorized for issue by the Company's Audit Committee, on behalf of our Board of Directors, on December 22, 2017.

### Description of Business

Cobalt Power Group Inc. is a public company incorporated in British Columbia, under the "*Canadian Business Corporation Act*" on December 14, 2009 and its common shares are listed on the TSX Venture Exchange (the "**TSX:V**"), trading under the symbol ("**CPO**"). The Company maintains its head office at #142-1146 Pacific Blvd., Vancouver, British Columbia, Canada, V6Z 2X7.

On October 31, 2017 and December 22, 2017, the Company had (i) 66,853,543 and 99,994,578 common shares issued and outstanding; (ii) 16,800,996 and 18,109,027 common share purchase warrants to acquire common shares outstanding and (iii) 4,570,000 options to acquire common shares outstanding.

#### Head Office

#142-1146 Pacific Blvd.,  
Vancouver, BC V6Z 2X7  
Canada  
Tel: +1-604-620-7737

#### Share Information

Our common shares are listed for trading on the TSX:V under the symbol "**CPO**".

#### Investor Information

Financial reports, news releases and corporate information can be accessed on our website at [www.cobaltpowergroup.com](http://www.cobaltpowergroup.com) and on SEDAR at [www.sedar.com](http://www.sedar.com)

#### Registered Office

#217-179 Davie Street,  
Vancouver, BC V6Z 2Y1  
Canada  
Tel: +1-604-669-3233

#### Transfer Agent and Registrar

Computershare Investor Services Inc.  
3<sup>rd</sup> Floor, 510 Burrard Street  
Vancouver, BC V6C 3B9  
Tel: +1-604-661-9400

#### Contact Information

*Investors:* Daniel Camaano  
Media requests and queries:  
Tel: +1-604-620-7737  
[daniel@cobaltpowergroup.com](mailto:daniel@cobaltpowergroup.com)

## COBALT POWER GROUP INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended October 31, 2017 and 2016

---

As at the date of this MD&A, Cobalt Mining's directors and officers are as follows:

### Directors

Jevin Werbes (Chairman)  
Jeff Poloni  
Chris Healey  
Edmund J. Elbert  
Andreas Rompel  
Daniel Caamano  
Isac Burstein

### Officers and Position

Dr. Andreas Rompel, President and Chief Executive Officer  
Braden Jensen, Chief Financial Officer  
Judy A. McCall, Corporate Secretary  
Daniel Caamano, Vice President of Corporate Communications  
Chris Healey, Vice President of Exploration

### Audit Committee

Daniel Caamano (Chairman)  
Isac Burstein  
Edmund J. Elbert  
Chris Healey

### Compensation Committee

Isac Burstein  
Jevin Werbes  
Edmund J. Elbert

### Qualified Person

Mr. Chris Healey, P.Geol., Director of the Company, is the qualified person as defined under NI 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") who has reviewed and approved all technical and scientific disclosure contained in this MD&A regarding the Company's mineral properties.

## 2. FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "*forward-looking statements*" within the meaning of Canadian securities legislation. These forward-looking statements are made as of the date of this MD&A and the Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable laws.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral resource and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. **Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability.**

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. The words "may", "will", "continue", "could", "should", "would", "suspect", "outlook", "believes", "plan", "anticipates", "estimate", "expects", "intends" and words and expressions of similar import are intended to identify forward-looking statements.

Forward-looking statements include, without limitation, information concerning possible or assumed future results of the Company's operations. These statements are not historical facts and only represent the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments and future opportunities.

Although management considers those assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

By their very nature, forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, and readers are advised to consider such forward-looking statements in light of the risk factors set forth below and as further detailed in the "*Risks and Uncertainties*" section of this MD&A.

These risk factors include, but are not limited to, fluctuation in metal prices which are affected by numerous factors such as global supply and demand, inflation or deflation, global political and economic conditions; the Company's need for access to additional capital to explore and develop its projects, the risks inherent in the exploration for and development of minerals including the risks of estimating the quantities and qualities of minerals, operating parameters and costs, receiving project permits and approvals, successful construction of mining and processing facilities, and uncertainty of ultimate profitability of mining operations, risks of litigation and other risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on any forward-looking statements in this MD&A to make decisions with respect to the Company, investors and others should carefully consider the risk factors set out in this MD&A and other uncertainties and potential events.

### **3. NINE MONTHS ENDED OCTOBER 31, 2017 HIGHLIGHTS AND SIGNIFICANT EVENTS**

- On March 1, 2017 the Company closed the first non-brokered private placement for gross proceeds of \$1,040,000. The non-brokered private placement consisted of 13,000,000 units at a price of \$0.08 per unit. Each unit consisted of one common share of the Company and one-half transferable share purchase warrant with one full warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.16 for a period of eighteen months following the date of closing.

As compensation for the placement of the units, the Company paid cash finder's fees of \$29,496 calculated at 6% of the amount placed by four finders. In addition, the Company issued 399,000 broker warrants.

Each broker's warrant is exercisable at price of \$0.16 to purchase one additional common share of the Company for a period of eighteen months from the date of closing.

- On March 10, 2017, the Company closed the second non-brokered private placement for gross flow-through proceeds of \$480,000. The non-brokered flow-through placement consisted of 4,000,000 flow-through shares at a price of \$0.12 per flow-through share.

As compensation for the placement of the units, the Company paid cash finder's fees of \$20,599 calculated at 6% of the amount placed by three finders. In addition, the Company issued 171,660 broker warrants.

## COBALT POWER GROUP INC.

### Management's Discussion and Analysis of Financial Condition and Results of Operations For the Three and Nine Months Ended October 31, 2017 and 2016

---

Each broker's warrant is exercisable at price of \$0.16 to purchase one additional common share of the Company for a period of eighteen months from the date of closing.

- On March 14, 2017, the Company appointed Scott Koyich to its Advisory Board.
- On March 21, 2017, the Board of Directors approved a resolution to grant incentive stock options to purchase 1,600,000 shares of the Company at \$0.13 per share. All options vested immediately and will be exercisable for a period of 5 years.
- On March 23, 2017, the Company signed an offer to purchase a patented land claim in the Lorrain Township of Ontario, Canada. The land claim is contiguous to the Company's Smith Cobalt Project. The offer requires payment of 300,000 common shares (**issued**) for a 100% interest in the patented land claim.
- On March 29, 2017, the Company signed an option to purchase a 100% interest in the Bende and Kingston patented mining claims in the Coleman and Bucke Townships of Ontario. The option requires a payment of \$20,000 (**paid**) and an allotment of 400,000 (**issued**) of the Company's common shares on the date the agreement is accepted for filing by the TSX:V, followed by an additional payment of \$20,000 and allotment of 400,000 shares nine months following the acceptance date of the TSX:V.
- On April 24, 2017, the Company announced its plans for the Phase 1 drill program on the Smith Cobalt project have been finalized. Ground and airborne geophysics, along with historical mapping data and 3D modeling, were used to delineate the targets that will be tested during the 4 to 6 week program. The approximately 1800 meter (5,900 ft.) campaign, focusing on the northwestern section of the property, will be carried out by G4 Drilling, based out of Val-d'Or, Quebec. The objectives of the drill program are to expand the Company's knowledge of the geological setting of the known veins that extend from the nearby Deer Horn Mine onto the Smith Cobalt property, to extend the strike length of those veins from the historic Smith Cobalt underground workings toward the southeast, and to confirm the values deduced from the muck pile sampling and make initial determinations of grade and thickness. This phase of drilling will be carried out entirely on patented land. The Company is also initiating the permitting process for exploration work on its unpatented claims.
- On May 1, 2017 the Company issued 3,877,500 shares on the exercise of 3,877,500 warrants, for total proceeds of \$291,938.
- On May 3, 2017 the Company signed an option to purchase a mining claim, located in the Larder Lake mining division in the Lorrain Township, Ontario. The property is contiguous with the southwest section of the Company's Smith Cobalt project. The option requires a payment of \$1,000 (**paid**) and an allotment of 200,000 fully paid, non-assessable common shares of Cobalt (**issued**), to be issued at a deemed price of \$0.12 per common share.
- On May 23, 2017, 300,000 shares were issued to Perry Werner Wuest and 400,000 were issued to Polymet in order to finalize the earlier Smith-Cobalt land acquisitions.
- On May 23, 2017, 200,000 shares were issued to Jean Marc Gaudreau and Don Thomas Fudge in exchange for the Kirk Lake land option.
- July 27, 2017, the Company completed its phase 1 drill program.

## COBALT POWER GROUP INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended October 31, 2017 and 2016

---

- On August 21, 2017, Cobalt entered into an agreement with Hochschild Mining Holdings Limited ("**Hochschild**"), in which Hochschild invested \$500,000 US dollars ("**USD**") by way of a private placement ("**PP**"). The terms of the PP granted Hochschild the right to have one director on CPO's Board; the right to option and joint venture ("**JV**") one of CPO's properties, which must be determined by Hochschild, at their sole discretion, within two years of the PP closing date; and a right to top-up and maintain its ownership percentage interest in CPO with regard to future financings (determined by the 20 day volume weighted average market price of CPO's common shares as traded on the TSX:V). Hochschild subscribed for 4,886,538 units of CPO at a price of \$0.13 Canadian ("**CDN**") per unit. The USD \$500,000 PP amount was converted into CDN funds at a spot conversion rate of USD \$1.00 = CDN \$1.2705 (CDN \$635,250). Each unit consists of one common share and one half non-transferrable share purchase warrant, with each full warrant being exercisable at CDN \$0.30 for one CPO share over a period of two years from the closing date. In addition, CPO agreed that if Hochschild maintains 5% minimum ownership of the non-diluted issued and outstanding shares of CPO, they will be entitled to have one Board of Directors placement. If a project is selected by Hochschild, they will reimburse CPO 20% of the exploration and development expenditures and credit CPO the remaining 80% of expenditures costs, which will then be applied towards the JV. If Hochschild decides to enact on the above mentioned terms, they will be entitled to a 60% interest in the project, incumbent on the provision that they spend CDN \$6,000,000 towards the project over a four year period. After the 60% commitment has been fulfilled and the interest earn in is established, Hochschild and CPO will jointly and equally contribute to the JV expenditures. Full terms will be set out in a JV agreement, subsequently negotiated if necessary. The common shares and warrants issued are subject to a four month statutory hold period. The placement was finalized on August 31, 2017.
- From August 22, 2017 to October 11, 2017, the Company issued 1,221,750 shares on the exercise of 1,221,750 warrants, for total proceeds of \$132,919.
- On September 13, 2017 Cobalt announced its Phase 2 drill program for the Smith Cobalt property is underway. Drilling services are provided by G4 Drilling of Val d'Or, Quebec. The Phase 2 drilling program highlights are as follows:
  - An initial drill program of 2,000 meters, at a minimum, will be comprised of 10 to 15 drill holes, with the primary focus being on the evaluation of the newly discovered mineralization zones (an outcrop comprised of five exposed individual vein swarms, which display three different orientations, will be the primary focus).
  - Continuation of drilling along the historical Smith Cobalt shaft trend, following up on the Phase 1 drill program results, with the intention of extending and expanding the known mineralized veins.
- On September 15, 2017, Cobalt issued 750,000 shares to Gino Chitaroni for the final payment on the Smith-Cobalt property acquisition.
- On September 18, 2017, Cobalt announced that it had completed its due diligence review of Canadian Cobalt Projects Inc. ("**Canadian Cobalt**") and the four separate blocks of mineral claims owned or leased by Canadian Cobalt, located within the South Lorrain and Lorrain Townships of Ontario, which encompass approximately 7,400 hectares ("**ha**") of prospective mineral lands. Canadian Cobalt is an Ontario corporation which was specifically incorporated for the purpose of acquiring the four (4) blocks of property lands at issue. The Company, which has a strategic investment by Hochschild (see news release dated August 30, 2017), initiated an acquisition where it would give consideration of 29,950,000

of CPO's shares, including a 1.5% net smelter returns royalty ("NSR") in exchange for the entirety of the issued and outstanding shares of Canadian Cobalt, of which 75% of the NSR may be purchased at any time for a payment of CDN \$1,000,000 (terms of the proposed acquisition were initially announced by the Company on July 27, 2017). Following completion of the transaction, Canadian Cobalt will become a wholly owned subsidiary of Cobalt Power Group. The terms of acquisition are subject to TSX:V approval.

- On September 26, 2017, Cobalt announced the appointment of Mr. Isac Burstein to the Company's Board of Directors, bringing the total number of Board members to seven.
- On October 20, 2017, the Company closed the non-brokered flow-through private placement for gross proceeds of \$800,000. The non-brokered flow-through private placement consisted of 5,000,000 shares at a price of \$0.16 per share.

As compensation for the placement, the Company paid cash finder's fees of \$33,000 calculated at 6% of the amount placed by two finders. In addition, the Company issued 206,250 broker warrants, also calculated at 6% of the flow-through shares placed by the finders. Each brokers' warrant is exercisable at price of \$0.16 to purchase one additional common share of the Company for a period of two years from the date of closing of the private placement.

- On November 13, 2017, the Company issued 400,000 to Polymet Resources to finalize the Polymet Smith Cobalt acquisition.
- On November 15, 2017, the Company completed its phase 2 drilling program. The results are expected before the end of the Company's fiscal year end, January 31, 2018.
- From November 29, 2017 to December 15, 2017, 2,791,035 warrants were exercised for gross proceeds of \$315,274.
- On December 4, 2017, Cobalt Power has agreed to purchase all the issued and outstanding common shares of Canadian Cobalt, which is the registered holder of 33 mineral claims located in the South Lorrain Township, Ontario. Consideration of 29.95 million common shares of the Company were given in exchange for the claims. Under the agreement, a 1.5-per-cent net smelter royalty will be granted, on a pro rata basis, to the shareholders of Canadian Cobalt. The acquisition is comprised of approximately 7,500 ha of strategically located mining claims in the Silver Center area of the Cobalt camp. With the addition of this land package, Cobalt becomes one of the largest landowners in the prolific Cobalt and Silver center camps, with the Company now holding over 8,700 ha.

## **4. PROPERTY SUMMARY**

### **Brownell Lake**

The Brownell Lake Property is located in northeastern Saskatchewan. The property comprises eight contiguous mineral claims totaling 10,850 hectares. All eight claims are currently held 100% by Brownell Lake Holdings Ltd.

The Company can earn a 100% undivided interest in the property through a three staged process by paying an aggregate sum of \$825,000 and issuing 1,250,000 common shares to the vendors and incurring a total of \$2,250,000 in exploration expenditures over a four and a half year period. The June 2, 2015 and June 2, 2016 deadlines for the second and third options lapsed with no action taken by the Company.

## **COBALT POWER GROUP INC.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended October 31, 2017 and 2016

---

A technical report dated March 7, 2011, amended May 19, 2011, on the Brownell Lake Property can be reviewed on Sedar at [www.sedar.com](http://www.sedar.com).

The Company currently holds a 30% interest in this mineral tenure.

At the end of fiscal 2016, the Brownell property was impaired down to \$1 to better reflect its true value.

### **Laurier Graphite Property**

The Laurier Graphite property is located in Laurier Township, ON, approximately 40 km SE of North Bay, ON. The property is situated in the highly prospective Central Metasedimentary Belt of the Grenville geological province, which has many active graphite projects. The site has road access from Highway 11, which is 5 km to the west of the property. The host rocks for the target zone are graphitic paragneisses. The properties covered a total of approximately 2,300 hectares on 46 mining claims.

During the year ended January 31, 2014, the Company allowed 38 of the mineral claims to expire. The remaining 8 claims are within the Company's area of interest and are where the majority of the exploration costs had been incurred.

July 2013, the Company received a permit from the Ontario Ministry of Northern Development and Mines which will allow a drill program on the property. The permit is valid for three years. A new three year permit is currently being applied for by the Company. There is a 2% NSR in favour of the optionor.

Due to the lack of exploration activity on the property, the Company has impaired the property down to \$1 at the end of fiscal 2017.

### **Smith-Cobalt Property**

The Smith-Cobalt properties are located approximately 4km SE of Cobalt, Ontario and is comprised of both patent and staked claims totaling 2,100 acres.

The Smith Cobalt properties are underlain by a sequence of Archaean volcanics which are unconformably overlain by Huronian sediments. These formations have been intruded by the Proterozoic-age Nipissing diabase sill. Faulting, on both a regional and local scale, has been found by surface mapping and in drill cores. Polymetallic veining, and especially pinkish-white carbonate veins, has also been reported. Thus, all the necessary geological components of accepted mineralization models for silver-cobalt have been identified on the properties.

The first phase of drilling was completed during the summer of 2017. Ground and airborne geophysics, along with historical mapping data and 3D modeling, were used to delineate the targets that were tested during the program. The campaign consisted of 9 diamond drill holes for 1897 meters (6,224 ft.), focusing on the northwestern section of the property, and was carried out by G4 Drilling, based out of Val-d'Or, Quebec. The objectives of the drill program were to expand the Company's knowledge of the geological setting of the known veins that extend from the nearby Deer Horn Mine onto the Smith Cobalt property, to extend the strike length of those veins from the historic Smith Cobalt underground workings toward the southeast, and to confirm the values deduced from the muck pile sampling and make initial determinations of grade and thickness. This phase of drilling was carried out entirely on patented land.

**COBALT POWER GROUP INC.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended October 31, 2017 and 2016

The phase 1, 9 holes, 1,896 m drill results for were as follows:

Highlights:

- Several zones with high-grade cobalt and silver were intersected.
- Thick, highly anomalous zones of battery-related component metals (Cu, Ni, Zn) were intersected in multiple holes.
- Multiple mineralized veins were intersected in most holes.
- Confirmed and characterized vein swarms mapped from historical mine workings.
- Confirmed that the Smith Cobalt property lies in the same stratigraphic and structural setting as the nearby Deer Horn Mine, currently owned and formerly operated by Agnico Eagle.

Assay Highlights Include:

- 1.71% Co and 42.5 g/t Ag over 0.10 m in hole 17-03.
- 1.85 g/t Ag over 56.0 m in hole 17-03
- 1.39 g/t Ag over 72.5 m in hole 17-04
- 0.22% Cu over 14.0 m in hole 17-04
- 0.13% Zn over 33.0 m in hole 17-04
- 0.11% Ni over 30.66 m in hole 17-06
- 0.17% Pb over 17.49 m in hole 17-04

Smith Cobalt - Phase 1 Drill Results							
Hole #	From	To	Length	Grade	Element	Rock Type	
17-01	122.7	123.2	0.5	0.12%	Co	Cong + vein stockwork	
	245.00	247.00	2.00	2.09 g/t	Ag	Mafic volc	
	244.00	249.00	5.00	0.128 g/t	Au	Mafic volc	
	240.00	245.00	5.00	0.10%	Cu	Mafic volc	
	228.87	249.00	20.13	0.10%	Ni	Mafic volc + stockwork	
	226.36	234.85	8.49	0.12%	Ni	Mafic volc	
17-02	NSV						
17-03	113.00	115.15	2.15	0.07%	Co	Qtz-calc vein in cong	
	182.00	182.10	0.10	1.71%	Co	Qtz-calc vein	
	185.25	185.36	0.11	0.23%	Co	Qtz-calc vein	
	148.00	204.00	56.00	1.85 g/t	Ag	Bedded tuff/dacite/chert	
	Including	182.00	182.10	0.10	42.5 g/t	Ag	Qtz-calc vein
		184.39	184.49	0.10	15.6 g/t	Ag	Qtz-calc vein
		186.25	186.35	0.10	38.2 g/t	Ag	Qtz-calc vein
		190.43	190.53	0.10	16.0 g/t	Ag	Qtz-calc vein
		148.00	166.00	18.00	0.09%	Zn	Bedded tuff/dacite/chert
		169.00	181.60	12.60	0.10%	Zn	Bedded tuff/dacite/chert
17-04	189.00	200.00	11.00	0.08%	Zn	Bedded tuff/dacite/chert	
	138.25	139.00	0.75	0.13%	Co	Chert bed	
	144.78	147.00	2.22	0.03%	Co	Lamprophyre dyke	
	193.76	195.70	1.94	0.10%	Co	Qtz-calc stockwork	
	194.34	194.63	0.29	0.57%	Co	Qtz-calc vein	
	117.00	189.50	72.50	1.39 g/t	Ag	Bedded tuff/dacite	
	134.00	152.00	18.00	2.70 g/t	Ag	Bedded tuff/dacite	
	Including	138.25	147.66	9.41	3.58 g/t	Ag	Bedded tuff/dacite

**COBALT POWER GROUP INC.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended October 31, 2017 and 2016

	192.00	199.44	7.44	2.52 g/t	Ag	Qtz-calc stockwork
Including	193.76	194.34	0.58	13.0 g/t	Ag	Qtz-calc vein
	210.83	216.00	5.17	1.01 g/t	Ag	Tuff + qtz-calc stockwork
	136.00	150.00	14.00	0.22%	Cu	Bedded tuff/dacite
	120.00	136.00	16.00	0.25%	Zn	Bedded tuff/dacite
	147.00	180.00	33.00	0.13%	Zn	Bedded tuff/dacite
Including	119.00	136.49	17.49	0.17%	Pb	Bedded tuff/dacite
	144.78	150.85	6.07	0.25%	Pb	Bedded tuff/dacite
17-05	118.00	120.00	2.00	0.10%	Cu	Conglomerate
17-06	114.72	116.37	1.65	0.05%	Co	Cong + qtz-calc stockwork
	180.00	187.66	7.66	1.21 g/t	Ag	Mafic-um volc
	197.10	200.00	2.90	3.16 g/t	Ag	Conglomerate
	157.00	187.66	30.66	0.11%	Ni	Dacite tuff
17-07	106.20	106.40	0.20	1.74 g/t	Ag	Cong + chlorite spots
	119.00	125.00	6.00	0.07%	Cu	Cong + chlorite spots
17-08	146.00	147.10	1.10	1.92 g/t	Ag	Mafic-um volc
	163.00	164.00	1.00	6.10 g/t	Ag	Dacite tuff/chert
	174.00	175.85	1.85	2.98 g/t	Ag	Dacite tuff/chert
	197.00	199.00	2.00	1.05 g/t	Ag	Dacite tuff/chert
	138.66	147.10	8.44	0.10%	Ni	Mafic-um volc
17-09	145.00	145.30	0.30	0.05%	Co	Dacite tuff
			and	13.7 g/t	Ag	
			and	>1.0%	Cu	

The Company submitted an Exploration Plan and Permit for portions of our Crown Lands. The plan has been accepted by the Ministry of Northern Development and Mines, with the permit expected to be received in the near term. This will allow outcrop stripping and sampling, as well as line cutting, ground geophysics and drilling.

The Phase 2 drill program concluded on November 15, 2017, with 16 holes drilled for a total of 2,306 m (7,556 ft.). Assay results will be reported when received, accepted and reviewed by the Company.

On December 4, 2017, Cobalt Power purchased 33 mineral claims, located in the South Lorrain Township, from Canadian Cobalt.

Highlights of the acquisition are as follows:

Acquisition is comprised of approximately 7,500 ha of strategically located mining claims in the Silver Center area of the Cobalt Camp, Ontario.

With the addition of this land package, Cobalt Power becomes one of the largest landowners in the prolific Cobalt and Silver Center camps, holding over 8,700 ha.

There are several known cobalt occurrences found on the land package - all reported in the Ontario Mineral Deposit Inventory files.

Labine-McMahon showing - samples collected from a quartz-carbonate vein adjacent to an aplite dike contain cobaltite, arsenopyrite and bismuthinite. An assessment of the heavy material after a partial separation from the gangue returned: 32.54% As, 4.85% Fe, 21.09% Co, 1.18% Ni, 6.26% Bi and 0.09% Zn. A sample of wall rock adjacent to a ¾" wide quartz carbonate vein assayed 1.10% Co and 0.21% Ni. The sample was collected in 1956 and assayed by the Cobalt Resident Geologist.

## COBALT POWER GROUP INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended October 31, 2017 and 2016

Friday Creek showing - government reports shows "a 20cm quartz-calcite veins with 17 g/t Ag, in Nipissing diabase."

Three Swedish tenement license applications are also included in the Canadian Cobalt Projects property package. Application decision is expected from the Swedish Mining Inspectorate during Q4 2018.

Exploration land for the South Lorraine area is being considered, and will be addressed in the 2018 exploration budget.

## 5. SUMMARY OF QUARTERLY RESULTS

The summary of the quarterly results are as follows:

	October 31, 2017	July 31, 2017	April 30, 2017	January 31, 2017
	3 Months Ended	3 Months Ended	3 Months Ended	3 Months Ended
Loss before non-operating expenses	\$ 257,680	\$ 321,780	\$ 775,702	\$ 159,002
Loss before income taxes	257,680	321,780	775,702	159,002
Loss per common share, basic and diluted	0.00	0.00	0.02	0.01
Net and comprehensive loss	252,266	177,173	776,203	424,203
Net and Comprehensive Loss per Common Share, Basic and Diluted	\$ 0.00	\$ 0.00	\$ 0.02	\$ 0.02

	October 31, 2016	July 31, 2016	April 30, 2016	January 31, 2016
	3 Months Ended	3 Months Ended	3 Months Ended	3 Months Ended
Loss before non-operating expenses	\$ 347,956	\$ 109,432	\$ 84,066	\$ 140,999
Loss before income taxes	347,956	109,432	84,066	140,999
Loss per common share, basic and diluted	0.02	0.01	0.01	0.01
Net and comprehensive loss	347,956	108,520	84,066	746,131
Net and Comprehensive Loss per Common Share, Basic and Diluted	\$ 0.02	\$ 0.01	\$ 0.01	\$ 0.05

The Company's quarterly operating expenses increased in Q3 2018 compared to Q3 2017 due primarily to a decrease in share-based compensation.

## 6. DISCUSSION OF OPERATIONS

All of the information described below is accounted for in accordance with IFRS, as issued by IASB. The reader is encouraged to refer to Note 3 of the Company's annual financial statements for the year ended January 31, 2017 for the summary of significant accounting policies.

### Three Months Ended October 31, 2017 Compared to Three Months Ended October 31, 2016

For the three months ended October 31, 2017, the Company recorded a net and comprehensive loss of \$252,266 or \$0.00 per share compared to a net and comprehensive loss of \$347,956 or \$0.02 per share in the comparable three months ended October 31, 2016 period. The overall decrease in net and comprehensive loss of \$95,690 is due to the decrease in share-based compensation, offset by the increase in consulting fees.

	Three Months Ended October 31, 2017	Three Months Ended October 31, 2016	Discussion
Consulting	\$95,200	\$56,050	Consulting increased due to increased Company activity.

**COBALT POWER GROUP INC.**

## Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Three and Nine Months Ended October 31, 2017 and 2016

	<b>Three Months Ended October 31, 2017</b>	<b>Three Months Ended October 31, 2016</b>	<b>Discussion</b>
<b>Insurance</b>	\$Nil	\$4,153	Insurance decreased because of prepaid insurance being amortized over the year in the prior comparable period compared to the insurance now being fully expensed in the quarter the cost is incurred.
<b>Office</b>	\$6,658	\$6,334	Office expenses remained relatively unchanged.
<b>Professional fees</b>	\$25,306	\$1,686	Professional fees increased due to legal fees because of two private placements and land acquisitions in the current period.
<b>Promotion and entertainment</b>	\$32,027	\$50,500	Promotion and entertainment decreased by \$18,473 due to the Company signing an investor relation agreement in the prior comparable period that was not renewed in the current period.
<b>Rent</b>	\$5,250	\$3,750	Rent was increased to in March 2017 from \$1,250 per month to \$1,750 per month.
<b>Salary</b>	\$37,000	\$31,650	Salary remained relatively unchanged.
<b>Share-based compensation</b>	\$Nil	\$178,016	Share-based compensation decreased because there were no options issued in Q3 2018.
<b>Shareholder communications</b>	\$5,951	\$4,417	The increase in shareholder communications cost is due to the increased news releases disseminated to the shareholders this period compared to the prior comparable period.
<b>Transfer agent and regulatory fees</b>	\$11,267	\$7,009	Transfer agent and regulatory fees increased due to the two private placements that occurred this comparable period.
<b>Travel</b>	\$39,021	\$4,391	Travel increased this comparable period due to the CEO going on a roadshow tour to Toronto and Atlanta.
<i>Non-Operating Expense (Income)</i>			
<b>Exchange loss</b>	\$12,372	\$Nil	The increase in exchange loss is a direct result of the Hoschild private

**COBALT POWER GROUP INC.**

## Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Three and Nine Months Ended October 31, 2017 and 2016

	Three Months Ended October 31, 2017	Three Months Ended October 31, 2016	Discussion
			placement, which was paid in US funds.
<b>Flow-through income</b>	(\$16,304)	\$Nil	Flow-through income increased because there were no flow-through shares issued in the prior comparable period.
<b>Interest income</b>	(\$1,482)	\$Nil	Interest income increased because the Company had no GIC's in the prior comparable period.

**Nine Months Ended October 31, 2017 Compared to Nine Months Ended October 31, 2016**

For the nine months ended October 31, 2017, the Company recorded a net and comprehensive loss of \$1,205,642 or \$0.02 per share compared to a net and comprehensive loss of \$540,629 or \$0.03 per share in the comparable nine months ended October 31, 2016 period. The overall increase in net and comprehensive loss of \$665,013 is due to the increase in all the expense categories because of increased business activities, specifically consulting fees.

	Nine Months Ended October 31, 2017	Nine Months Ended October 31, 2016	Discussion
<b>Consulting</b>	\$723,744	\$144,835	Consulting increased due to increased Company activity.
<b>Insurance</b>	\$12,500	\$8,753	Insurance increased because of the new Smith-Cobalt property liability coverage.
<b>Office</b>	\$31,558	\$16,315	Office increased due to overall increased business activity.
<b>Professional fees</b>	\$60,618	\$9,224	Professional fees increased due to legal fees because of more private placements and land acquisitions in the current comparable period.
<b>Promotion and entertainment</b>	\$97,751	\$50,573	Promotion and entertainment increased due to increased advertising, investor relations and conferences in the current comparable period.
<b>Rent</b>	\$15,250	\$11,250	Rent was increased to in March 2017 from \$1,250 per month to \$1,750 per month.
<b>Salary</b>	\$100,073	\$63,937	Salary increased due to Dr. Andreas Rompel becoming an employee instead of a consultant on May 2, 2016.
<b>Share-based compensation</b>	\$170,827	\$178,016	Share-based compensation remained relatively unchanged.
<b>Shareholder</b>	\$41,488	\$5,802	The increase in shareholder communications cost is due to the

**COBALT POWER GROUP INC.**

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Three and Nine Months Ended October 31, 2017 and 2016

	<b>Nine Months Ended October 31, 2017</b>	<b>Nine Months Ended October 31, 2016</b>	<b>Discussion</b>
<b>communications</b>			increased news releases disseminated to the shareholders this period compared to the prior comparable period.
<b>Transfer agent and regulatory fees</b>	\$32,812	\$16,561	Transfer agent and regulatory fees increased due to increased private placements.
<b>Travel</b>	\$68,541	\$35,363	Travel increased this comparable period due to the CEO going on a roadshow tour to Toronto and Atlanta.
<i>Non-Operating Expense (Income)</i>			
<b>Exchange loss</b>	\$12,874	\$Nil	The increase in exchange loss is a direct result of the Hoschild private placement, which was paid in US funds.
<b>Flow-through income</b>	(\$160,000)	\$Nil	Flow-through income increased because there were no flow-through shares issued in the prior comparable period.
<b>Interest income</b>	(\$2,394)	\$Nil	Interest income increased because the Company had no GIC's in the prior comparable period.

## 7. LIQUIDITY AND CAPITAL RESOURCES

### Liquidity

As an exploration company, Cobalt Power Group Inc. has no regular cash in-flow from operations, and the level of operations is principally a function of availability of capital resources. To date, the principal source of funding has been equity financing.

As at October 31, 2017, the Company had \$1,322,175 in cash (January 31, 2017 - \$190,809). For the foreseeable future, as existing properties are explored and developed, the Company will continue to seek capital through the issuance of equity, strategic alliances or joint ventures, and debt, of which the Company currently has none.

Major expenditures are required to establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to exploration and development mineral properties are dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete exploration, development and future profitable production or proceeds from disposition of mineral assets.

Management reviews the carrying value of the Company's interest in each property and where necessary, exploration and evaluation mineral properties are written down to their estimated recoverable amount or written off.

**COBALT POWER GROUP INC.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended October 31, 2017 and 2016

---

Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as the amount of, provision for impairment in the carrying value of exploration properties and related assets.

Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining adequate financing and at favorable terms for these or other purposes including general working capital purposes. Cobalt Power's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. Realization values may be substantially different from carrying values, as shown, and these financial statements do not give effect to the adjustment that would be necessary to the carrying values and classifications of assets and liabilities should Cobalt be unable to continue as a going concern.

**Working Capital**

As at October 31, 2017, Cobalt had working capital of \$1,155,443 (January 31, 2017 – \$188,029). The working capital is greater as of October 31, 2017 compared to January 31, 2017 due to the numerous private placements and warrant exercised during this nine month fiscal period, offset by the operational costs incurred while pursuing potential projects. The Company has managed its working capital by controlling its spending on its properties and operations. Due to the on-going planned exploration acquisitions over the near term, Cobalt intends to continue to incur expenditures without revenues, and accumulate operating losses. Therefore, our continuance as a going concern is dependent upon our ability to obtain adequate financing to fund future exploration and development, in order to reach profitable levels of operation. It is not possible to predict whether future financing efforts will be successful or whether financing on favorable terms will be available.

Cobalt Power has no long-term debt and no long-term liabilities. The Company has no capital lease obligations, operating or any other long term obligations, other than office and core shack rent.

**Cash Flow Highlights**

	<b>Nine Months Ended October 31, 2017</b>	Nine Months Ended October 31, 2016
Cash used in operating activities	\$ (869,829)	\$ (358,300)
Cash used in investing activities	(1,136,678)	(198,356)
Cash provided by financing activities	3,137,873	898,792
Net increase/(decrease) in cash for the period	1,131,366	342,136
Cash balance, beginning of year	190,809	140,693
<b>Cash Balance, End of Period</b>	<b>\$ 1,322,175</b>	<b>\$ 482,829</b>

**Cash Flows for the Periods Ended October 31, 2017 and 2016***Operating Activities*

Cash used in operating activities was \$869,829 in the current period compared to \$358,300 in the prior comparable period. The increase in cash used in operating activities was due an increase in overall expenditures as the Company expanded its operations.

**COBALT POWER GROUP INC.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended October 31, 2017 and 2016

---

*Investing Activities*

Cash used in investing activities in the current period was \$1,136,678, compared to \$198,356 in the prior comparable period. The increase in cash used for investing activities was due to the Smith-Cobalt acquisition and exploration expenditures incurred during the current nine-month period.

*Financing Activities*

Cash inflow from financing activities was \$3,137,873 in the current period compared to \$898,792 in the prior comparable period. The increase is due to there being four equity financings in February, March, August and October 2017 as well as warrant exercises compared to only one equity raise and no warrant exercises in the prior comparable period.

*Capital Resources*

As of October 31, 2017, and the date of this MD&A, the Company had \$1,322,175 and \$922,558, respectively, in cash.

*Contractual Commitments*

Cobalt Power's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to continue to make in the future, filings and expenditures to comply with such laws and regulations.

**Capital Risk Management**

Cobalt Power's capital structure consists of common shares, stock options and warrants. The Company manages its capital structure and makes adjustments to it, based on available funds, in order to support the acquisition and exploration of mineral properties. The Board does not establish quantitative returns on capital criteria for management.

The property in which Cobalt currently has an interest in is in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out and pay for planned exploration and development along with operating administrative costs, the Company will fund such costs out of existing working capital and additional amounts raised.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended October 31, 2017. Cobalt is not subject to externally imposed capital requirements. The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments with maturities of year or less from the original date of acquisition, all held with major Canadian financial institutions.

## 8. TRANSACTIONS WITH RELATED PARTIES

Key management personnel are the persons responsible for the planning, directing and controlling of the Company's activities, and include both executive and non-executive directors and officers, as well as entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

At October 31, 2017, included in accounts payable and accrued liabilities is \$5,563 (January 31, 2017 – \$788) owing to companies controlled by either a director or an officer. These amounts payable are non-interest bearing, unsecured and have neither specific terms nor a date of repayment.

For the nine month period ended October 31, 2017, \$Nil (October 31, 2016 - \$11,250) was paid in rent to a company controlled by an officer of Cobalt. In addition, \$134,434 (January 31, 2017 - \$Nil) was capitalized towards the Smith Cobalt project for services rendered by companies controlled by directors.

As at October 31, 2017 and January 31, 2017, coupled with the nine months ended October 31, 2017 and October 31, 2016, the Company incurred the following capitalizations and expenditures for key management personnel and the companies directly controlled by them.

	<b>As At October 31, 2017</b>	As At January 31, 2017
<i>Related Party Balance Sheet:</i>		
Exploration and evaluation	\$ 134,434	\$ -
<b>Total</b>	<b>\$ 134,434</b>	<b>\$ -</b>
	<b>Nine months Ended October 31, 2017</b>	Nine months Ended October 31, 2016
<i>Statement of Operations Items:</i>		
Consulting	\$ 265,934	\$ 103,816
Rent	-	11,250
Salaries	110,012	41,012
Share-based compensation	170,827	178,016
<b>Total</b>	<b>\$ 536,773</b>	<b>\$ 334,094</b>

## 9. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Board, through the Audit Committee, is responsible for identifying the principal risks facing the Company and ensuring that risk management systems is implemented. The Company manages its exposure to financial risks, including credit risk, liquidity risk, interest rate risk, foreign exchange rate risk and commodity price risk in accordance with its risk management framework. The Board reviews the Company's policies periodically.

The following table sets forth the Company's financial assets and liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at October 31, 2017, those financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement.

**COBALT POWER GROUP INC.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended October 31, 2017 and 2016

The Company's financial assets and financial liabilities are categorized as follows:

	Input Level	As at October 31, 2017		As at January 31, 2017	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Assets:</i>					
Cash	1	\$ 1,322,175	\$ 1,322,175	\$ 190,809	\$ 190,809
		\$ 1,322,175	\$ 1,322,175	\$ 190,809	\$ 190,809

	Input Level	As at October 31, 2017		As at January 31, 2017	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Liabilities:</i>					
A/P and Acc. Liabilities	1	\$ 210,755	\$ 210,755	\$ 26,967	\$ 26,967
		\$ 210,755	\$ 210,755	\$ 26,967	\$ 26,967

Fair Value

The carrying value of accounts payable and accrued liabilities approximate their fair value due to the immediate or short period to maturity. Cash is measured at fair value using level 1 inputs.

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

*Level 1* - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets;

*Level 2* - Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

*Level 3* - Significant unobservable (no market data available) inputs which are supported by little or no market activity.

**Risk Management**

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

a) Credit Risk

The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfill a contractual obligation. The Company does not have any asset-backed commercial instruments. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places cash with high credit quality financial institutions. The Company considers its exposure to credit risk to be insignificant.

b) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk and requirements by maintaining sufficient cash balances and or through additional financings to ensure that there is sufficient capital in order to meet short term obligations. As at October 31, 2017, the Company has cash of \$1,322,175 (January 31, 2017 - \$190,809) and financial liabilities of \$210,755 (January 31, 2017 - \$26,967) which have contractual maturities of 30 days or less. The Company will require additional sources of equity, joint venture partnership or debt financing to fund ongoing operations and the exploration and development of its mineral properties.

In the event that the Company is not able to obtain adequate additional funding to continue as a going concern, material adjustments would be required to both the carrying value and classification of assets and liabilities on the statement of financial position. It is not possible to predict, due to many external factors including commodity prices and equity market conditions, as to whether future financing will be successful or available at all.

c) Market Risk

i) *Interest Rate Risk*

The Company manages its interest rate risk by obtaining commercial deposit interest rates available in the market by the major Canadian financial institutions on its cash and short term investments.

ii) *Foreign Exchange Risk*

The Company's functional currency and the reporting currency is the Canadian Dollar. Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

As at October 31, 2017, the Company held US \$13,037 in cash, but had no liabilities which were denominated in currencies other than the Canadian dollar.

iii) *Commodity Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## **10. RISKS AND UNCERTAINTIES**

A discussion of the risks and uncertainties that Cobalt faces can be found in the Company's annual financial statements for the year ended January 31, 2017 (available under Cobalt Power's SEDAR profile at [www.sedar.com](http://www.sedar.com)). Furthermore, additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations in the future.

## **11. PROPOSED TRANSACTIONS**

We do not currently have any proposed transactions; however, the Company from time to time does review potential property acquisitions and divestitures, in addition to conducting further exploration work on its property. The Company releases appropriate public disclosure as it conducts exploration work on its existing property and if the Company makes an acquisition or divestiture.

## **12. DISCLOSURE OF OUTSTANDING SHARE DATA**

### **Common Shares**

#### *a) Authorized*

An unlimited number of common shares without par value.

#### *b) Issued and Outstanding*

- On February 28, 2017 the Company closed the first non-brokered private placement for gross proceeds of \$1,040,000. The non-brokered private placement consisted of 13,000,000 units at a price of \$0.08 per unit. Each unit consisted of one common share of the Company and one-half transferable share purchase warrant with one full warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.16 for a period of eighteen months following the date of closing.

As compensation for the placement of the units, the Company paid cash finders' fees of \$29,496, calculated at 6% of the amount placed by four finders. In addition, the Company issued 399,000 broker warrants.

Each brokers' warrant is exercisable at price of \$0.16 with the right to purchase one additional common share of the Company for a period of eighteen months from the date of closing.

- On March 8, 2017, the Company closed the second non-brokered private placement for gross flow-through proceeds of \$480,000. The non-brokered flow-through placement consisted of 4,000,000 flow-through shares at a price of \$0.12 per flow-through share.

As compensation for the placement of the units, the Company paid cash finder's fees of \$20,599 calculated at 6% of the amount placed by three finders. In addition, the Company issued 171,660 broker warrants.

Each brokers' warrant is exercisable at price of \$0.16 to purchase one additional common share of the Company for a period of eighteen months from the date of closing.

## COBALT POWER GROUP INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended October 31, 2017 and 2016

---

- On March 21, 2017, the Board of Directors approved a resolution to grant incentive stock options of 1,600,000 of the Company at \$0.13 per share to the employees and consultants. All options vested immediately and have an exercisable period of 5 years from the grant date.
- On March 23, 2017, the Company signed an offer to purchase a patented land claim in the Lorrain Township of Ontario, Canada. The land claim is contiguous to the Company's Smith Cobalt Project. The offer requires payment of 300,000 common shares (**issued**) for a 100% interest in the patented land claim.
- On March 29, 2017, the Company signed an option to purchase a 100% interest in the Bende and Kingston patented mining claims in the Coleman and Bucke Townships of Ontario. The option requires a payment of \$20,000 (**paid**) and an allotment of 400,000 (**issued**) of the Company's common shares on the date the agreement is accepted for filing by the TSX:V, followed by an additional payment of \$20,000 (**paid**) and allotment of 400,000 (**issued**) shares six months following the acceptance date of the TSX:V.
- On May 1, 2017 the Company issued 3,877,500 shares on the exercise of 3,877,500 warrants, for total proceeds of \$291,938. On May 3, 2017 the Company signed an option to purchase a mining claim, located in the Larder Lake mining division in the Lorrain Township, Ontario. The property is contiguous with the southwest section of the Company's Smith Cobalt project. The option requires a payment of \$1,000 (**paid**) and an allotment of 200,000 fully paid, non-assessable common shares of Cobalt (**issued**), to be issued at a deemed price of \$0.12 per common share.
- On May 23, 2017, 700,000 shares were issued to Perry Werner Wuest and Polymet in order to finalize the earlier Smith-Cobalt land acquisitions.
- On May 23, 2017, 200,000 shares were issued to Jean Marc Gaudreau and Don Thomas Fudge in exchange for the Larder Lake land option.
- From August 22, 2017 to October 11, 2017, the Company issued 1,221,750 shares on the exercise of 1,221,750 warrants, for total proceeds of \$132,919.
- On August 31, 2017, the Company closed the non-brokered private placement with Hochschild for gross proceeds of \$635,250. The non-brokered private placement consisted of 4,886,538 units at a price of \$0.13 per unit. Each unit consisted of one common share of the Company and one-half non-transferable share purchase warrant with each one full warrant being exercisable to purchase one additional common share of the Company at a price of \$0.30, for a period of two years following the date of closing.

By virtue of the private placement, Hochschild has received the following rights:

- The right to option and joint venture one of the Company's properties, to be selected by Hochschild in its sole discretion, on the terms set out in the Company's news release dated August 21, 2017;
- The right to appoint a director to the Board of the Company following the closing, and as long as Hochschild holds a minimum of 5% of the issued and outstanding shares of Cobalt and;

**COBALT POWER GROUP INC.**Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended October 31, 2017 and 2016

- The right to top up its shareholder holdings in the Company in order to maintain its percentage interest in the outstanding share capital of Cobalt. The exercise of the top up right is optional and may be exercised through further private placements, to be made at a price equal to the average 20 day volume weighted market price of the Company's common shares, as traded on the TSX Venture Exchange, subject to the application of the minimum pricing policies of the TSX Venture Exchange.
- On September 15, 2017, 750,000 shares were issued to Gino Chitaroni for the final payment owing on the original purchase of the Smith-Cobalt property.
- On October 20, 2017, the Company closed the non-brokered flow-through private placement for gross proceeds of \$800,000. The non-brokered flow-through private placement consisted of 5,000,000 shares at a price of \$0.16 per share.

As compensation for the placement, the Company paid cash finder's fees of \$33,000 calculated at 6% of the amount placed by two finders. In addition, the Company issued 206,250 broker warrants, also calculated at 6% of the flow-through shares placed by the finders. Each brokers' warrant is exercisable at price of \$0.16 to purchase one additional common share of the Company for a period of two years from the date of closing of the private placement.

*c) Warrants*

As at the date of this MD&A, the summary of changes for the share purchase warrants outstanding of the Company are as follows:

	Period Ended December 22, 2017		Year Ended January 31, 2017	
	Amount	Weighted Average Exercise Price	Amount	Weighted Average Exercise Price
<i>Balance, Beginning of Period:</i>	12,387,783	\$ 0.101	3,852,500	\$ 0.075
Issued	9,959,029	0.193	8,535,283	0.112
Exercised	(4,137,785)	(0.111)	-	-
Expired	(100,000)	(0.075)	-	-
<b>Balance, End of Period:</b>	<b>18,109,027</b>	<b>\$ 0.149</b>	<b>12,387,783</b>	<b>\$ 0.101</b>

*d) Stock Options*

The Company has a fixed stock option plan which follows the policies of the TSX Venture Exchange ("TSX-V") regarding stock option awards granted to directors, officers, employees and consultants.

The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

**COBALT POWER GROUP INC.**

Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Three and Nine Months Ended October 31, 2017 and 2016

---

As of the date of this MD&A, the following options were outstanding:

<b>Options Outstanding</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
1,330,000	\$ 0.075	September 9, 2020
1,640,000	0.110	October 27, 2021
1,600,000	0.130	March 21, 2022
<b>4,570,000</b>	<b>\$ 0.107</b>	

### **13. OFF-BALANCE SHEET ARRANGEMENTS**

During the nine months ended October 31, 2017, the Company was not a party to any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources of the Company.

### **14. CHANGES IN ACCOUNTING STANDARDS**

There were no changes in the Company's accounting policies during the nine months ended October 31, 2017. New and revised accounting standards and interpretations issued but not yet adopted are described in Note 3, "Significant Accounting Policies", of the financial statements for the year ended January 31, 2017.

### **15. CRITICAL ACCOUNTING ESTIMATES**

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. The Company bases its estimates and assumptions on current and various other factors that it believes to be reasonable under the circumstances. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

#### **Exploration and Evaluation Expenditures**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

#### **Depreciation**

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

**Impairment of Long-lived Assets**

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the statement of operations for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

**Decommissioning Provisions**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to the amount of the related asset along with a corresponding increase in the decommissioning provision in the period incurred. Provisions are determined by discounting the risk-adjusted expected future cash flows to take into consideration risks and uncertainties involving the transaction. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The decommissioning cost is depreciated on the same basis as the related asset. The liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognition in the statement of operations.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. Currently, the Company has no decommission provision obligation.

The Company's estimates are reviewed at each reporting date for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the statement of operations for the period.

### **Title to Mineral Properties**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

### **Share-Based Payments**

Equity-settled share based payments for directors, officers, employees and consultants are measured at fair value using the Black-Scholes option valuation model at the stock option grant date and recorded as an expense in the financial statements with a corresponding increase in the share-based payment reserve. The fair value

determined at the grant date of the equity-settled share based payments is expensed using the graded vesting method over the vesting period based on the Company's estimate of the number of shares that will eventually vest. Consideration paid by optionees on exercise of stock options together with their fair values is credited to share capital.

Compensation expense on stock options granted to consultants is measured at the earlier of the completion of performance and the date the options are vested at the fair value of the goods and services received and are recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of the Black-Scholes model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

## **16. APPROVAL**

The Audit Committee of Cobalt Power Group Inc. has reviewed and approved the disclosure contained in this October 31, 2017 year end MD&A. A copy of this MD&A will be provided to anyone who requests it and it is also available under our SEDAR profile at [www.sedar.com](http://www.sedar.com).