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Vancouver, British Columbia V6Z 2X7

June 19, 2018

British Columbia Securities Commission  
P.O Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, BC V7Y 1L2

**Cobalt Power Group Inc. Annual for period ended January 31, 2018 Amended**

Dear Sir or Madam,

We have refiled the Company's Management Discussion and Analysis for the year ended January 31, 2018 to include selected annual information.

Yours truly  
Cobalt Power Group Inc.

*"Chris Hopkins"*

Chris Hopkins  
Chief Financial Officer



**COBALT POWER GROUP INC.**

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

**FOR THE YEAR ENDED January 31, 2018**

*(Expressed in Canadian Dollars)*

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## 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 year ended January 31, 2018. The following information should be read in conjunction with the accompanying annual financial statements for the year ended January 31, 2018, 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 13 of this MD&A which compare certain financial results for the years ended January 31, 2018 and 2017. Financial information contained herein is expressed in Canadian dollars, unless stated otherwise. All information in this MD&A is current as of May 31, 2018 unless otherwise indicated. This MD&A is intended to supplement and complement Cobalt's financial statements for the year ended January 31, 2018 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 May 31, 2018 and as amended on June 19, 2018.

### 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 520-65 Queen Street West, Toronto, Ontario, M5H 2M5, Canada.

On January 31, 2018 and May 31, 2018, the Company had (i) 120,386,753 and 130,611,253 common shares issued and outstanding; (ii) 14,972,977 and 13,708,477 common share purchase warrants to acquire common shares outstanding and (iii) 4,195,000 and 11,435,000 options to acquire common shares outstanding.

#### Head Office

520-65 Queen Street  
West, Toronto, Ontario,  
M5H 2M5, Canada

#### 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

2582 Sechelt Drive,  
North Vancouver, British  
Columbia V7H 1N8

#### Transfer Agent and Registrar

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

<u>Directors</u>	<u>Officers and Position</u>
Brian Murray (Chairman)	Greig Hutton, President and Chief Executive Officer
Isac Burstein	Chris Hopkins, Chief Financial Officer
Greig Hutton	Glenda Kelly, Corporate Secretary
Chris Healey	Chris Healey, Vice President of Exploration
Chris Hopkins	

### Qualified Person

Mr. Chris Healey, P.Geo., 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. YEAR ENDED JANUARY 31, 2018 AND TO MAY 31, 2018 HIGHLIGHTS AND SIGNIFICANT EVENTS**

- 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 per share for a period of eighteen months following the date of closing. As compensation for the placement, the Company paid cash finder's fees of \$29,496. In addition, the Company issued 399,000 broker warrants with a value of \$31,661. Each broker's warrant is exercisable at price of \$0.16 per share 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 finders' fees of \$20,599. In addition, the Company issued 171,660 broker warrants with a value of \$11,319. Each broker's warrant is exercisable at price of \$0.16 per share 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.

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- On March 22, 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 27, 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 issuance of 400,000 common shares (**issued**) on the date the agreement is accepted for filing by the TSX:V, followed by an additional payment of \$20,000 (**paid**) and issuance of 400,000 common shares (**issued**) six months following the acceptance date of the TSX:V.
- On April 17, 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 issuance of 200,000 common shares (**issued**).
- 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.
- July 27, 2017, the Company completed its phase 1 drill program as detailed below.
- On August 18, 2017, Cobalt entered into an agreement with Hochschild Mining Holdings Limited ("**Hochschild**"), in which Hochschild invested \$500,000 US dollars by way of a private placement. The terms of the PP granted Hochschild the right to have one director on CPO's Board; the right to option and joint venture 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 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. The common shares and warrants issued are subject to a four month statutory hold period. The placement was finalized on August 25, 2017.

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- 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, 750,000 shares were issued for the final payment on the Smith-Cobalt property acquisition.
- 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. In addition, the Company issued 206,250 broker warrants with a value of \$20,980. Each brokers' warrant is exercisable at price of \$0.16 per share 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 15, 2017, the Company completed its phase 2 drilling program.
- 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.
- On February 13, 2018, the Company announced an agreement to acquire Ontario Cobalt Property Developers Inc. a privately held mineral exploration company which holds 14 mineral claims in the Gillies Limit Township, Ontario. The Properties encompass approximately 2,944 ha of mineral lands in the Cobalt Camp. The purchase will be accomplished by the Company acquiring all of the issued and outstanding shares of Ontario Cobalt in exchange for the issuance, pro-rata, of 15,000,000 common shares of the Company to the existing shareholders of Ontario Cobalt. At closing, the shareholders of Ontario Cobalt will receive the benefit of a 2.5% net smelter returns royalty, of which 1.5% may be purchased by the Company at any time, on or before the seventh anniversary of the closing date, in consideration of a \$1,000,000 cash payment. The share purchase agreement and the closing of the acquisition remains subject to approval of the TSX:V, as well as such other conditions as are customary in transactions of this nature.
- On February 16, 2018 the Company announced that Jevin Werbes and Edmund Elbert have agreed to resign from the Board of Directors of the Company in order to permit the appointment of two new directors based out of Toronto, Ontario. In addition, Mr. Werbes has tendered his resignation to the Board as Chairman. Concurrently with the resignations, Mr. Chris Hopkins and Mr. Brian Murray have been appointed to the Board.

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- On March 7, 2018, the Company closed a non-brokered private placement for aggregate gross proceeds of \$1,116,000 through the issuance and combination of (i) 2,800,000 units of the Company at a price of \$0.22 per unit for gross proceeds of \$616,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase a common share at an exercise price of \$0.35 for a period of two years following the date of issuance; and (ii) 2,000,000 flow-through common shares at a price of \$0.25 per flow-through common share for gross proceeds of \$500,000. The Company paid a cash commission of \$60,360, equal to 6% of the proceeds raised from subscribers introduced to the Company by finders and 258,000 broker warrants, equal to 6% of the units issued pursuant to the offering.
- On March 12, 2018 the Company announced Appointment of Mr. Chris Healey, P. Geo. and Ms. Glenda Kelly to Executive Positions and the resignations of Mr. Jeff Poloni and Mr. Daniel Caamano. Mr Caamano will also be resigning as Vice President of Corporate Communications and Judy McCall will be resigning as Corporate-Secretary.
- On March 21, 2018 the Company announced the appointment of Mr. Joerg Kleinboeck as Advisor to the Company with specific responsibilities for relations with First Nations and the local community in the Cobalt Mining Camp in and around Cobalt, Ontario.
- On April 30, 2018, the Company announced an agreement to purchase all of the issued and outstanding common shares of Western Cobalt Corp., a privately held mineral exploration company that holds approximately 20,130 acres of mineral claims in the eastern Athabasca basin of Saskatchewan, Canada. The purchase will be accomplished by the Company acquiring all of the issued and outstanding shares in Western Cobalt in exchange for the issuance, pro-rata, of 12,200,000 common shares of the Company to the existing shareholders of Western Cobalt. At closing, the shareholders of Western Cobalt will receive a 2.5 % net smelter royalty, of which 1.5 % may be purchased by the Company at any time on or before the fifth anniversary of the closing date, in consideration of a \$1,500,000 cash payment. This is an arm's length transaction and the transaction will not create any new insiders of the Company .
- On May 2, 2018 the Company announced the appointment of Mr. Greig Hutton, P. Eng., MSc (Geology) as President and CEO and to the Board of Directors.
- On May 3, 2018 the Company announced results from the Phase 2, 16 hole, 2,345 m drill program at the Smith Cobalt Project as detailed below.
- On May 15, 2018 the Company announced an independent sampling program of muckpile material in the Cobalt Camp to determine the amenability of recovery of the historically processed mineralization and the sustainable management of these resources.

## **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.

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 second phase of the drilling program consisted of 16 holes and 2,345 m with the results as follows;

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### Highlights:

- The mineralized Smith Cobalt veins systems have been extended to over 400 m in strike length, from the western property boundary to the south-east towards the Smith Cobalt East surface.
- Significant concentrations of Co and Ag were encountered.
- 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 systems 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.

### Assay Highlights Include:

- 371.0 g/t Ag and 0.10% Co over 1.0m in hole 17-23
- 0.20% Co over 4.0m in hole 17-23
- 1.15 g/t Ag over 64.0m in hole 17-22
- 5.73 g/t Ag, 0.17% Cu, 0.29% Pb and 0.43% Zn over 6.0m in hole 17-24
- 3.08 g/t Ag over 49.2m in hole 17-25
- 211.0 g/t Ag and 0.193 g/t Au over 0.20m in hole 17-25
- 22.7 g/t Ag, 0.27% Co, 0.52% Cu and 0.439 g/t Au over 1.0m in hole 17-25

Holes 17-21 to 17-25 were drilled to extend the known vein systems extending to the south-east from the Smith Cobalt shaft. These holes were successful in extending the mineralized strike length to over 400 m from the western property boundary. This includes silver concentrations up to 371 g/t over 1.0m in hole 17-23, and cobalt concentrations up to 0.20% over 4.0 m in hole 17-22. Holes 17-23 and 17-24 ended short of the planned target, having intersected what is probably old mine workings, or at least intense fracturing around those workings.

Holes 17-10 to 17-19 were short holes drilled under the Smith Cobalt East outcrop (see July 17, 2017 news release, 12.5% Co, 82.2 g/t Ag and 5.0 g.t Au in a 10cm wide vein). All the holes intersected quartz-calcite veining with occasional significant values. It appears that the main mineralization may be offset by a major NE-SW fault cutting across the outcrop.

Hole 17-20 was drilled at a steep angle to test the thickness of the diabase. The hole was stopped at 321.0 m, still in diabase. The variable textures and mineral content of the diabase suggests that this may be a feeder dyke for the sill. Of particular note is the very long intersection of highly anomalous nickel (0.03% Ni over 71.0 m).

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Smith Cobalt - Phase 2 Drill Results										
Hole #	From	To	Length	Ag	Au	Co	Cu	Ni	Pb	Zn
SC-17-10	25.88	26.36	0.48	3.07 g/t			0.06			0.64
SC-17-11	No significant values									
SC-17-12	35.85	39	3.15	0.66 g/t						
SC-17-13	35.49	36.12	0.63	3.22 g/t						
SC-17-14	37.6	39.15	1.55	2.13 g/t						
SC-17-15	68.11	70	1.89	0.88 g/t						
SC-17-16	37	37.4	0.4	7.40 g/t						0.85%
SC-17-17	58	59	1	3.41 g/t						
SC-17-18	3.6	60	56.4	0.83 g/t						
SC-17-19	No significant values									
SC-17-20	44	46	2	4.95 g/t						
	169	240	71					0.03%		
SC-17-21	59	60	1	16.70 g/t						
	71.4	78	6.6	2.31 g/t						
	144	145	1	4.65 g/t						
	279	288	9				0.06%			
	348	350	2	3.69 g/t			0.10%		0.07%	0.14%
SC-17-22	236	300	64	1.15 g/t						
Including	276	283.33	7.33	3.27 g/t	0.13 g/t					
Including	281	282	1	9.27 g/t						
And	234	249	15							0.10%
	261	265.7	4.7							0.30%
SC-17-23	118	147	29	14.09 g/t						
Including	121	126	5	76.19 g/t						
Including	<b>121</b>	<b>122</b>	<b>1</b>	<b>371.00 g/t</b>		<b>0.11%</b>			<b>1.79%</b>	
And	<b>133</b>	<b>142</b>	<b>9</b>	<b>2.19 g/t</b>		<b>0.10%</b>	<b>0.23%</b>			
Including	<b>136</b>	<b>140</b>	<b>4</b>	<b>1.16 g/t</b>		<b>0.20%</b>				
SC-17-24	9	9.25	0.25		0.26 g/t					
	<b>159</b>	<b>165</b>	<b>6</b>	<b>5.73 g/t</b>			<b>0.17%</b>		<b>0.29%</b>	<b>0.43%</b>
SC-17-25	<b>130.8</b>	<b>180</b>	<b>49.2</b>	<b>3.08 g/t</b>						
Including	130.8	151	20.2	4.37 g/t						
Including	<b>130.8</b>	<b>131</b>	<b>0.2</b>	<b>211.00 g/t</b>	<b>0.193 g/t</b>					
And	163.43	163.64	0.21	90.50 g/t						
And	174.60b	178	3.4	7.63 g/t			0.18%			
Including	<b>177</b>	<b>178</b>	<b>1</b>	<b>22.70 g/t</b>	<b>0.44 g/t</b>	<b>0.27%</b>	<b>0.52%</b>			
	188	204	16	1.15 g/t						
	211.5	213	1.5	7.97 g/t					1.00%	
	222	247	25	1.42 g/t					0.04%	0.17%
Including	224	232	8	2.66 g/t						0.40%
	244.3	244.5	0.2	10.90 g/t					0.73%	1.27%

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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.

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

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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
	189.00	200.00	11.00	0.08%	Zn	Bedded tuff/dacite/chert
17-04	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
	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	

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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 8, 2017, the Company agreed to purchase all the issued and outstanding common shares of Canadian Cobalt Projects Inc., which is the registered holder of 33 mineral claims located in the South Lorrain Township, Ontario. Pursuant to the acquisition, the Company issued one common share for each of the outstanding common shares of Canadian Cobalt Projects Inc. resulting in the issuance of 29,950,000 common shares of the Company. The operations and changes in cash flow of Canadian Cobalt Projects Inc., have been included from the date control was acquired (i.e. December 8, 2017). As Canadian Cobalt Projects Inc., did not meet the definition of a business per IFRS 3, the acquisition has been accounted for as an asset acquisition, whereby the Company is considered to issue shares in return for the net assets of Canadian Cobalt Projects Inc., at their fair value with the entire consideration of \$6,589,000 being allocated to the mineral claims held by Canadian Cobalt Projects Inc.

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.

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. These concessions were granted during the period ended January 31, 2018..

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

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### 5. SELECTED ANNUAL RESULTS

	Year Ended 31-Jan-18	Year Ended 31-Jan-17	Year Ended 31-Jan-16
Loss before non-operating income	\$ 2,091,434	\$ 700,456	\$ 466,218
Loss before income taxes	2,091,434	700,456	466,218
Loss per common share, basic and diluted	0.03	0.03	0.04
Net and comprehensive loss	1,911,542	964,745	1,071,350
Net and Comprehensive Loss per Common Share, Basic and Diluted	0.03	0.04	0.08
Weighted average number of shares outstanding	62,789,006	21,992,108	13,295,642
<b>Financial Position</b>			
Total assets	11,326,234	570,468	451,092
Non-current liabilities	-	-	-

### 6. SUMMARY OF QUARTERLY RESULTS

The summary of the quarterly results are as follows:

Three months ended	31-Jan-18	31-Oct-17	31-Jul-17	30-Apr-17
Loss before non-operating expenses	\$736,272	\$257,680	\$321,780	\$775,702
Loss before income taxes	736,272	257,680	321,780	775,702
Loss per common share, basic and diluted	0.01	-	-	0.02
Net and comprehensive loss	705,900	252,266	177,173	776,203
Net and Comprehensive Loss per Common Share, Basic and Diluted	\$0.01	\$0.00	\$0.00	\$0.02

  

Three months ended	31-Jan-17	31-Oct-16	31-Jul-16	30-Apr-16
Loss before non-operating expenses	\$159,002	\$347,956	\$109,432	\$84,066
Loss before income taxes	159,002	347,956	109,432	84,066
Loss per common share, basic and diluted	0.01	0.02	0.01	0.01
Net and comprehensive loss	424,203	347,956	108,520	84,066
Net and Comprehensive Loss per Common Share, Basic and Diluted	\$0.02	\$0.02	\$0.01	\$0.01

### 7. 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, 2018 for the summary of significant accounting policies.

#### Three Months Ended January 31, 2018 Compared to Three Months Ended January 31, 2017

For the three months ended January 31, 2018, the Company recorded a net and comprehensive loss of \$705,900 or \$0.01 per share compared to a net and comprehensive loss of \$424,203 or \$0.02 per share in the comparable three months ended January 31, 2017 period. The overall increase in net and comprehensive loss of \$281,697 is due to higher consulting fees, professional fees, rent, salaries, shareholder communications and travel, all relating to increased corporate activity, property acquisitions and the transition to new management.

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	Three Months Ended January 31, 2018	Three Months Ended January 31, 2017	Discussion
<b>Consulting</b>	\$366,100	\$78,806	Consulting increased due to increased Company activity and exploration efforts
<b>Office</b>	\$14,771	\$6,095	Office expenses increased slightly due to increased activity
<b>Professional fees</b>	\$94,049	\$13,832	Professional fees increased due to legal fees because of two private placements and land acquisitions in the current period.
<b>Promotion and entertainment</b>	\$4,862	\$17,669	Promotion and entertainment decreased by \$12,807 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>	\$45,400	\$3,750	Rent increased due to the rental of core storage facilities.
<b>Salary</b>	\$109,953	\$30,723	Salary increased due to Dr. Andreas Rompel becoming an employee instead of a consultant on May 2, 2016
<b>Shareholder communications</b>	\$27,445	\$5,060	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>	\$10,111	\$1,709	Transfer agent and regulatory fees increased due to the two private placements that occurred this comparable period.
<b>Travel</b>	\$63,580	\$(6,415)	Travel increased this comparable period due to increased marketing meetings in various locations.
<u>Non-Operating Expense (Income)</u>			
<b>Exchange loss</b>	\$12,874	\$1,468	The increase in exchange loss is a direct result of the Hoschild private placement, which was paid in US funds.
<b>Impairment of exploration assets</b>	\$Nil	\$292,731	There was no property impairment booked in the current period as compared to the comparative period
<b>Flow-through income</b>	\$(188,565)	\$Nil	Flow-through income increased because there were no flow-through shares issued in the prior comparable period.
<b>Interest income</b>	\$(4,201)	\$Nil	Interest income increased because the Company had no GIC's in the prior comparable period.

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**Year Ended December 31, 2018 Compared to Twelve Months Ended January 31, 2017**

For the year ended January 31, 2018, the Company recorded a net and comprehensive loss of \$1,911,542 or \$0.03 per share compared to a net and comprehensive loss of \$964,745 or \$0.04 per share in the comparable twelve months ended January 31, 2017 period. The overall increase in net and comprehensive loss of \$946,797 is due to higher consulting fees, professional fees, rent, salaries, shareholder communications and travel, all relating to increased corporate activity, property acquisitions and the transition to new management.

	Twelve Months Ended January 31, 2018	Twelve Months Ended January 31, 2017	Discussion
<b>Consulting</b>	\$1,089,844	\$223,641	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>	\$46,329	\$31,008	Office increased due to overall increased business activity.
<b>Professional fees</b>	\$154,667	\$23,056	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>	\$102,614	\$68,242	Promotion and entertainment increased due to higher levels of advertising, investor relations and conferences in the current comparable period.
<b>Rent</b>	\$60,650	\$15,000	Rent increased due to the rental of a core storage facility.
<b>Salaries</b>	\$210,026	\$94,660	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 communications</b>	\$68,933	\$10,862	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>	\$42,923	\$18,270	Transfer agent and regulatory fees increased due to increased private placements.
<b>Travel</b>	\$132,121	\$29,948	Travel increased this comparable period due to increased marketing meetings in various locations.
<i><u>Non-Operating Expense (Income)</u></i>			
<b>Exchange loss</b>	\$12,874	\$1,468	The increase in exchange loss is a direct result of the Hoschild private placement, which was paid in US funds.
<b>Impairment of exploration assets</b>	\$Nil	\$292,731	No asset impairment was booked in the current period as opposed to the comparative period
<b>Flow-through income</b>	\$(188,565)	\$(24,639)	Flow-through income increased because of the increase in the issuance of flow-through shares and related expenditures compared to the prior period.
<b>Interest income</b>	(\$4,201)	\$Nil	Interest income increased because the Company had no GIC's in the prior comparable period.

## **8. 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 January 31, 2018, the Company had \$2,651,773 in cash and cash equivalents (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.

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 January 31, 2018, Cobalt had working capital of \$2,649,917 (January 31, 2017 – \$188,029). The working capital is greater as of January 31, 2018 compared to January 31, 2017 due to the numerous private placements and warrant exercised during the year, 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.

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### *Capital Resources*

As of January 31, 2018, and the date of this MD&A, the Company had \$2,651,773 and \$3,419,880, respectively, in cash and cash equivalents.

### *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.

The Company entered into a premises lease agreement on November 30, 2017. The Company estimates the total obligation remaining under the premises lease to be approximately \$153,600.

### **Capital Risk Management**

Cobalt Power's capital structure consists of common shares, stock options and warrants. The Company manages its capital structure and adjusts 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 year ended January 31, 2018. 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.

## **9. 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 January 31, 2018, included in accounts payable and accrued liabilities is \$1,640 (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 year ended January 31, 2018, \$Nil (2017 - \$13,750) was paid in rent to a company controlled by an officer of Cobalt. In addition, \$179,684 (2017 - \$Nil) was capitalized towards the Smith Cobalt project for services rendered by companies controlled by directors.

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As at January 31, 2018 and 2017, and for the years ended January 31, 2018 and 2017, the Company incurred the following capitalizations and expenditures for key management personnel and the companies directly controlled by them.

<b>As at January 31</b>	<b>2018</b>	2017
<i>Statement of Financial Position</i>		
Exploration and evaluation	\$ 179,684	\$ -
<b>Total</b>	<b>\$ 179,684</b>	<b>\$ -</b>

<b>Year ended January 31</b>	<b>2018</b>	2017
Consulting	\$ 124,800	\$ 166,356
Salaries	203,596	94,605
Share-based compensation	117,444	178,016
	<b>\$ 445,840</b>	<b>\$ 438,977</b>

## 10. 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 January 31, 2018, those financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement.

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

	<b>Input Level</b>	<b>As at January 31, 2018</b>		<b>As at January 31, 2017</b>	
		<b>Carrying Amount</b>	<b>Estimated Fair value</b>	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>
<i>Financial Assets:</i>					
Cash and cash equivalents	1	\$ 2,651,773	\$ 2,651,773	\$ 190,809	\$ 190,809
		<b>\$ 2,651,773</b>	<b>\$ 2,651,773</b>	<b>\$ 190,809</b>	<b>\$ 190,809</b>

	<b>Input Level</b>	<b>As at January 31, 2018</b>		<b>As at January 31, 2017</b>	
		<b>Carrying Amount</b>	<b>Estimated Fair value</b>	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>
<i>Financial Liabilities:</i>					
A/P and Acc. Liabilities	1	\$ 53,630	\$ 53,630	\$ 26,967	\$ 26,967
		<b>\$ 53,630</b>	<b>\$ 53,630</b>	<b>\$ 26,967</b>	<b>\$ 26,967</b>

### 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 and cash equivalents. To minimize the credit risk, the Company places cash and cash equivalents 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 January 31, 2018, the Company has cash and cash equivalents of \$2,651,773 (January 31, 2017 - \$190,809) and financial liabilities of \$75,065 (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. The Company considers its exposure to interest rate risk to be insignificant.

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.

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.

## **11. 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, 2018 (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.

## **12. PROPOSED TRANSACTIONS**

On February 13, 2018, the Company announced an agreement to acquire Ontario Cobalt Property Developers Inc. a privately held mineral exploration company which holds 14 mineral claims in the Gillies Limit Township, Ontario. The Properties encompass approximately 2,944 ha of mineral lands in the Cobalt Camp. The purchase will be accomplished by the Company acquiring all of the issued and outstanding shares of Ontario Cobalt in exchange for the issuance, pro-rata, of 15,000,000 common shares of the Company to the existing shareholders of Ontario Cobalt. At closing, the shareholders of Ontario Cobalt will receive the benefit of a 2.5% net smelter returns royalty, of which 1.5% may be purchased by the Company at any time, on or before the seventh anniversary of the Effective Date, in consideration of a \$1,000,000 cash payment. The share purchase agreement and the closing of the acquisition remains subject to approval of the TSX:V, as well as such other conditions as are customary in transactions of this nature.

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On April 30, 2018, the Company announced an agreement to purchase all of the issued and outstanding common shares of Western Cobalt Corp., a privately held mineral exploration company that holds approximately 20,130 acres of mineral claims in the eastern Athabasca basin of Saskatchewan, Canada. The purchase will be accomplished by the Company acquiring all of the issued and outstanding shares in Western Cobalt in exchange for the issuance, pro-rata, of 12,200,000 common shares of the Company to the existing shareholders of Western Cobalt. At closing, the shareholders of Western Cobalt will receive the benefit of a 2.5 % net smelter royalty, of which 1.5 % may be purchased by Cobalt Power at any time on or before the fifth anniversary of the closing date, in consideration of a \$1,500,000 cash payment. This is an arm's length transaction and the transaction will not create any new insiders of the corporation.

### 13. DISCLOSURE OF OUTSTANDING SHARE DATA

#### Common Shares

a) *Authorized*

An unlimited number of common shares without par value.

b) *Issued and Outstanding*

As at January 31, 2018 had 120,386,753 common shares issued and outstanding and 130,611,253 common shares issued and outstanding as at May 31, 2018.

c) *Warrants*

As at January 31, 2018, the summary of changes for the share purchase warrants outstanding of the Company are as follows:

Year ended January 31	2018		2017	
	Amount	Weighted Average Exercise Price	Amount	Weighted Average Exercise Price
Balance - Beginning of Year	12,387,783	\$ 0.101	3,852,500	\$ 0.075
Issued	16,702,904	0.229	8,535,283	0.112
Exercised *	(14,017,710)	(0.116)	-	-
Expired	(100,000)	(0.075)	-	-
<b>Balance - End of Year</b>	<b>14,972,977</b>	<b>\$ 0.230</b>	<b>12,387,783</b>	<b>\$ 0.101</b>

As at May 31, 2018, there were 13,708,477 share purchase warrants outstanding.

*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.

As of January 31, 2018, the following options were outstanding:

<b>Options</b>		
<b>Outstanding - Exercisable</b>	<b>Price Per Option</b>	<b>Expiry Date</b>
1,330,000	\$ 0.075	09-Sep-20
1,640,000	0.11	27-Oct-21
1,225,000	0.13	21-Mar-22
<b>4,195,000</b>		

As at May 31, 2018, there were 11,435,000 options outstanding.

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

During the twelve months ended January 31, 2018, 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.

## **15. CHANGES IN ACCOUNTING STANDARDS**

There were no changes in the Company's accounting policies during the twelve months ended January 31, 2018. New and revised accounting standards and interpretations issued but not yet adopted are described in Note 3, "Significant Accounting Policies", of the consolidated financial statements for the year ended January 31, 2018.

## **16. 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 cashflows.

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.

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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.

## **17. APPROVAL**

The Audit Committee of Cobalt Power Group Inc. has reviewed and approved the disclosure contained in this January 31, 2018 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).