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**POWER GROUP PROJECTS CORP.**  
(formerly COBALT POWER GROUP INC.)

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

**For the three and nine month periods ended  
October 31, 2019 and 2018**

**(Expressed in Canadian Dollars)**

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# 1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Power Group Projects Corp. (formerly Cobalt Power Group Inc.) (referred to as "Power Group", the "Company", "us" or "our") provides analysis of the Company's financial results for the three and nine month periods ended October 31, 2019 and 2018. The following information should be read in conjunction with the accompanying annual financial statements for the year ended January 31, 2019, 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 15 of this MD&A which compare certain financial results for the three and nine month periods ended October 31, 2019. Financial information contained herein is expressed in Canadian dollars, unless stated otherwise. All information in this MD&A is current as of December 30, 2019 unless otherwise indicated. This MD&A is intended to supplement and complement Power Group's financial statements for the year ended January 31, 2019 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 30, 2019.

## Description of Business

Power Group Projects Corp. (formerly Cobalt Power Group Corp.) 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**").

### Head Office

393 University Ave.,  
Ste 1810  
Toronto, Ontario  
M5G 1E6

### Share Information

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. 510 Burrard Street  
Vancouver, BC V6C 3B9

### Contact Information

*Investors: John Dyer, CFO*

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

<u>Directors</u>	<u>Officers and Position</u>
John Dyer (Chairman)	John Dyer – President and Chief Executive Officer
Randy Koroll	Randy Koroll, Chief Financial Officer
Brian Steyck	

## **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. HIGHLIGHTS AND SUBSEQUENT EVENTS**

- 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 1,500,000 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.
- 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) 280,000 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) 200,000 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 25,800 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.

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- 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 October 31, 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 1,220,000 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.
- On June 7, 2018, the Company announced the closing of an agreement to acquire Ontario Cobalt Property Developers Inc. ("Ontario Cobalt"), a privately-held mineral exploration company which holds 14 mineral claims in the Gillies Limit Township, Ontario. The purchase will be accomplished by the Company acquiring all of the issued and outstanding shares of Ontario Cobalt Property Developers Inc. in exchange for the issuance, pro-rata, of 1,500,000 common shares of the Company to the existing shareholders of Ontario Cobalt Property Developers Inc. At closing, the shareholders of Ontario Cobalt Property Developers Inc. will also receive 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.
- On June 15, 2018, the Company announced the closing of an agreement to purchase all of the issued and outstanding common shares of Western Cobalt Corp. ("Western Cobalt"), a privately- held mineral exploration company that holds nine strategically-located mineral claims in the eastern Athabasca basin of Saskatchewan, Canada. The Western Cobalt properties comprise approximately 20,130 hectares (49,742 acres) of highly prospective geology. 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 1,220,000 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. 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 July 3, 2018, the Company announced that it has received a comprehensive N.I. 43-101 Technical Report focusing on the exploration potential of the Company's Smith Cobalt and Canadian Cobalt Projects. The Report was completed by CSA Global Canada Geosciences Ltd with Ian Trinder as the lead author. A copy of the Report can be found at [www.sedar.com](http://www.sedar.com). The Report states that "CSA Global considers the Smith and Canadian Cobalt Projects to be at an early stage of exploration and recommends a multi-faceted exploration program including historical and current data compilation, continued airborne geophysical surveys to cover both Project areas, prospecting, geological mapping, testing of ground geophysical and geochemical methods with follow-up surveys and finally diamond drill testing of targets developed from these programs." CSA Global also concluded that the Projects have potential for additional cobalt-silver discoveries near historical mines and mineral occurrences and for new mineralized zones in areas with little past exploration (particularly the Canadian Cobalt Project area).
- On July 3, 2018, Greig Hutton resigned as President and Chief Executive Officer and a Director of the Company.
- On July 5, 2018, the Company announced the acquisition of the Little Trout group of claims in the South Lorraine Township of Ontario, Canada. The Little Trout property consists of 46 claim units comprising approximately 776 hectares of highly prospective geology for cobalt and copper mineralization. The claims are contiguous with Cobalt Power's Canadian Cobalt project. The purchase will be accomplished by Cobalt Power acquiring all of the issued and outstanding shares in Little Trout Cobalt Development Corp. In exchange for the issuance, at closing, to the shareholders of Little Trout the sum of \$192,375 and 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 was an arm's length transaction and the transaction will not create any new insiders of the Company.
- On July 9, 2018, the Company announced the acquisition of the Blueberry Lake group of claims in the Cassels Township of Ontario, Canada. The Blueberry Lake property consists of 46 claim units comprising approximately 800 hectares of highly prospective geology for cobalt, copper, and silver mineralization. The claims are contiguous with Cobalt Power's TriEast project. The company has agreed to pay the sum of \$94,000 for the noted claims. The Vendor shall retain a 2.5% net smelter royalty on the noted claims. The purchaser may buyout 1.5% of this royalty at any time during a five-year (5) period from commencement of commercial production for the sum of \$1,000,000.
- On August 15, 2018, the Company announced significant results from the late winter lake bottom sediment sampling programs completed on Blueberry and Little Trout Lake Properties by the vendors of the Properties. A total of 18 lake bottom sediment samples were collected through the ice on the properties using a Hornbrook lake sediment sampler. Two samples from Little Trout Lake returned highly anomalous values of Co, Cu and Zn (177 ppm Co, 327 ppm Cu and 161 ppm Zn, and 111 ppm Co, 262 ppm Cu and 151 ppm Zn). One sample from Blueberry Lake returned highly anomalous values of Co (159 ppm Co). Full details are discussed below.

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- On August 22, 2018, the Company announced the acquisition of the Cliff Lake Property, consisting of 73 claim units comprising approximately 1,460 hectares of highly prospective geology for cobalt, copper, and silver mineralization. The Cliff Lake properties are located west of the Trans-Canada highway in the Municipality of Temagami in Northeastern Ontario area and the claims are contiguous with Cobalt Power's TriEast claim block. The Company agreed to pay the sum of \$200,000 for the claims. The vendor retained a 2.5% net smelter royalty on the noted claims. The Company may buyout 1.5% of this royalty at any time during a five-year (5) period for the sum of \$1,000,000.
- On November 23, 2018 the Company announced its intention to proceed with a share consolidation of its issued and outstanding common shares. Shareholders will receive one post-consolidation common share for every twelve pre-consolidation common shares held by them. In addition, the Company name will change to Power Group Projects Corp. The share consolidation will be subject to at the approval of the TSX Venture Exchange.
- On February 7, 2019 the Company filed articles of amendment to change its name to Power Group Projects Corp. and consolidate its common shares on a ten (10) for one (1) basis. Power Group Projects Corp. will now be trading under the symbol "PGP".
- On March 5, 2019 the Company appointed Brian Stecyk to the Board of Directors and accepted the resignation of Mr. Chris Healey.
- On March 29, 2019 the Company changed its Auditors from Davidson & Company LLP to RSM Canada LLP.

## **4. PROPERTY SUMMARY**

### **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;

#### 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, 2018 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.

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**Smith-Cobalt Property (Cont'd)**

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).

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	121	122	1	371.00 g/t		0.11%			1.79%	
And	133	142	9	2.19 g/t		0.10%	0.23%			
Including	136	140	4	1.16 g/t		0.20%				
SC-17-24	9	9.25	0.25		0.26 g/t					
	159	165	6	5.73 g/t			0.17%		0.29%	0.43%
SC-17-25	130.8	180	49.2	3.08 g/t						
Including	130.8	151	20.2	4.37 g/t						
Including	130.8	131	0.2	211.00 g/t	0.193 g/t					
And	163.43	163.64	0.21	90.50 g/t						
And	174.60b	178	3.4	7.63 g/t			0.18%			
Including	177	178	1	22.70 g/t	0.44 g/t	0.27%	0.52%			
	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%

### **Smith-Cobalt Property (Cont'd)**

The first phase of drilling was completed during the summer of 2018. 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.
- 1.85g/tAg over 56.0 m in hole 17-03
- 1.39g/tAg 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 Property (Cont'd)**

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	

### **Smith-Cobalt Property (Cont'd)**

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, 2018, 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, 2018, 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 2,995,000 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, 2018). 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, 2019.

Exploration land for the South Lorraine area is being considered and will be addressed in the 2019 exploration budget.

**POWER GROUP PROJECTS CORP. (formerly COBALT POWER GROUP INC.)**

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

For the three and nine month periods ended October 31, 2019 and 2018

**5. SELECTED ANNUAL RESULTS**

	Year Ended <b>31-Jan-19</b>	Year Ended <b>31-Jan-18</b>	Year Ended <b>31-Jan-17</b>
Loss before non-operating income	\$ (7,753,458)	\$ (10,337,214)	\$ 1,055,928
Loss before income taxes	(7,753,458)	(10,337,214)	1,055,928
Loss per common share, basic and diluted	(0.52)	(1.62)	0.05
Net and comprehensive loss	(7,728,939)	(10,157,322)	1,320,217
Net and Comprehensive Loss per Common Share, Basic and Diluted	(0.52)	(1.62)	0.06
Weighted average number of shares outstanding	14,771,007	6,278,901	21,992,108
<b>Financial Position</b>			
Total assets	1,496,964	2,724,982	214,996

**6. SUMMARY OF QUARTERLY RESULTS**

The summary of the quarterly results are as follows:

Three months ended	<b>31-Oct-19</b>	<b>31-Jul-19</b>	<b>30-Apr-19</b>	<b>31-Jan-19</b>
Loss before non-operating expenses	(176,479)	(235,521)	(178,153)	(4,581,446)
Loss before income taxes	(176,479)	(235,521)	(178,153)	(4,581,446)
Loss per common share, basic and diluted	(0.02)	(0.01)	(0.01)	(0.52)
Net and comprehensive loss	(176,479)	(232,956)	(175,537)	(7,728,939)
Net and Comprehensive Loss per Common Share, Basic and Diluted	(0.02)	(0.01)	(0.01)	(0.52)

  

Three months ended	<b>31-Oct-18</b>	<b>31-Jul-18</b>	<b>30-Apr-18</b>	<b>31-Jan-18</b>
Loss before non-operating expenses	(189,345)	(528,305)	(2,558,703)	(8,982,052)
Loss before income taxes	(147,967)	(552,284)	(2,534,724)	(8,802,160)
Loss per common share, basic and diluted	(0.00)	(0.00)	(0.02)	(1.62)
Net and comprehensive loss	(147,967)	(469,566)	(2,534,724)	(10,157,322)
Net and Comprehensive Loss per Common Share, Basic and Diluted	(0.00)	(0.02)	(0.02)	(1.62)

**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, 2019 for the summary of significant accounting policies.

**POWER GROUP PROJECTS CORP. (formerly COBALT POWER GROUP INC.)**

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

For the three and nine month periods ended October 31, 2019 and 2018

**Three month period ended October 31, 2019 Compared to October 31, 2018**

For the three month period ended October 31, 2019, the Company recorded a net and comprehensive loss of \$176,479 or \$0.02 per share compared to a net and comprehensive loss of \$518,597 or \$0.03 per share in the comparable three months ended October 31, 2018. The overall decrease in net and comprehensive loss of \$342,118 is due to decrease in exploration and evaluation expenditures.

	Three Months Ended	Three Months Ended	Variance	Discussion
	Oct 31, 2019	Oct 31, 2018		
Consulting	123,026	115,011	8,015	Consulting fees increased slightly due to increased activity compared to the prior comparative quarter.
Depreciation	-	1,444	(1,444)	Depreciation increased as the result of purchase of a computer, office equipment and field equipment.
Exploration and evaluation expenditures	5,903	370,630	(364,728)	Exploration and evaluation expenses have now been expensed due to a change in accounting policy by the Company and have decreased due to reduced activity in this quarter.
Insurance	5,615	4,263	1,352	Insurance expense comparable to comparative period
Office	1,238	4,907	(3,669)	Office expenses decreased comparable to comparative period
Professional fees	30,409	33,894	(3,485)	Professional fees comparable to comparative period
Promotion and entertainment	68	3,476	(3,408)	Promotion and entertainment decreased due to efforts to maintain costs at a minimum
Rent	-	24,525	(24,525)	Rent decreased in this period.
Shareholder communications	2,750	(9,564)	12,314	Shareholder communications increased due to an over-accrual in the previous quarter
Transfer agent and regulatory fees	7,470	5,638	1,832	Transfer agent and regulatory fees are comparable to the prior period.
Travel	-	5,751	(5,751)	Travel decreased due to concentration of activity in the Smith-Cobalt camp area.
Foreign exchange (gain)/loss	-	699	(699)	Minimal foreign-based transactions were undertaken during the quarter compared to the comparative quarter
Flow through income	-	(41,888)	41,888	Flow through income was generated due to the Company incurring eligible expenses in the prior period.
Interest income	-	(189)	189	Interest income decreased as the Company held reduced interest bearing cash equivalents

**POWER GROUP PROJECTS CORP. (formerly COBALT POWER GROUP INC.)**

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

For the three and nine month periods ended October 31, 2019 and 2018

**Nine month period ended October 31, 2019 Compared to October 31, 2018**

For the period ended October 31, 2019, the Company recorded a net and comprehensive loss of \$584,971 or \$0.04 per share compared to a net and comprehensive loss of \$4,532,282 or \$0.31 per share in the comparable three months ended October 31, 2018. The overall decrease in net and comprehensive loss of \$3,947,311 is due to the decrease in exploration and evaluation expenditures and lower consulting fees while increased share-based compensation offset these decreases.

	<b>Nine Months Ended</b>	<b>Nine Months Ended</b>	<b>Variance</b>	<b>Discussion</b>
	<b>Oct 31, 2019</b>	<b>Oct 31, 2018</b>		
Consulting	292,758	671,168	(378,410)	Consulting fees have decreased dramatically compared to the prior comparative quarter as the Company looks to conserve cash.
Depreciation	4,747	2,724	2,023	Depreciation increased as the result of purchase of a computer, office equipment and field equipment.
Exploration and evaluation expenditures	17,328	1,484,367	(1,467,039)	Exploration and evaluation expenses have now been expensed due to a change in accounting policy by the Company and have decreased due to reduced activity in this quarter.
Insurance	21,306	9,475	11,831	Insurance expense has increased due to increased policy coverages
Office	42,078	20,498	21,580	Office expenses have increased comparable to comparative period
Professional fees	130,873	129,690	1,183	Professional fees comparable to comparative period
Promotion and entertainment	4,684	18,831	(14,147)	Promotion and entertainment decreased due to efforts to maintain costs at a minimum
Rent	30,306	58,025	(27,719)	Rent expense has decreased year to date over last year.
Salaries	-	237,190	(237,190)	Salaries decreased due to the increased use of independent consultants rather than employees.
Share-based compensation	-	1,910,000	(1,910,000)	No share based activity in the current year.
Shareholder communications	20,995	38,456	(17,461)	Shareholder communications decreased due to an over-accrual in the previous quarter
Transfer agent and regulatory fees	24,958	35,329	(10,371)	Transfer agent and regulatory fees decreased due to reduced activity
Travel	120	40,626	(40,506)	Travel decreased due to concentration of activity in the Smith-Cobalt camp area.
Foreign exchange (gain)/loss	137	-	137	Minimal foreign-based transactions were undertaken during the quarter compared to the comparative quarter
Flow through income	-	(121,435)	121,435	Flow through income was generated due to the Company incurring eligible expenses in the prior period.
Interest income	(5,318)	(2,662)	(2,656)	Interest income decreased as the Company held reduced interest bearing cash equivalents

## **8. LIQUIDITY AND CAPITAL RESOURCES**

### **Liquidity**

As an exploration company, Power Group Projects Corp. 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, 2019, the Company had \$639,075 in cash and cash equivalents (January 31, 2019 - \$1,299,272). 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 October 31, 2019, the Company had working capital of \$542,234 (January 31, 2019 – \$1,122,459). The working capital has declined since January 31, 2019 due to no new private placements or warrants exercised during the period, along with 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, the Company 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.

The Company 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.

### *Capital Resources*

As of October 31, 2019, and the date of this MD&A, the Company had \$639,075 and \$1,299,272 in January of 2019 respectively, in cash and cash equivalents.

### *Contractual Commitments*

The Company'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 December 1, 2017. The Company has terminated this premises lease as of November 30, 2018.

### **Capital Risk Management**

The Company'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 the Company 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 three-month period ended October 31, 2019. The Company 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 October 31, 2019, included in accounts payable and accrued liabilities is \$Nil (January 31, 2019 – \$1,898) 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 period ended October 31, 2019, \$Nil (October 31, 2018 - \$Nil) was paid in rent to a company controlled by an officer of the Company.

For the period ended October 31, 2019, \$Nil (October 31, 2018 - \$20,583) was expensed towards the Smith Cobalt project for services rendered by companies controlled by directors.

## 9. TRANSACTIONS WITH RELATED PARTIES

The Company incurred the following compensation for key management personnel and the companies directly controlled by them.

<b>Period ended October 31</b>	<b>2019</b>	<b>2018</b>
Consulting	\$ 55,379	\$ 172,746
Salaries	-	-
Share-based compensation	-	-
	<b>\$ 55,379</b>	<b>\$ 172,746</b>

## 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, 2019 (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. DISCLOSURE OF OUTSTANDING SHARE DATA

### Common Shares

a) *Authorized*

An unlimited number of common shares without par value.

b) *Issued and Outstanding*

As at October 31, 2019 had 15,860,562 common shares issued and outstanding and 15,860,562 common shares issued and outstanding as at January 31, 2019.

## 11. DISCLOSURE OF OUTSTANDING SHARE DATA

### c) Warrants

As at October 31, 2019, the summary of changes for the share purchase warrants outstanding of the Company are as follows:

	Number	Weighted Average Exercise Price
<b>Balance at January 31, 2018</b>	<b>1,497,298</b>	<b>\$2.30</b>
Issued	165,800	3.32
Exercised	(274,887)	1.21
Expired	(275,459)	1.55
<b>Balance at January 31, 2019</b>	<b>1,112,752</b>	<b>\$2.90</b>
Issued	-	-
Exercised	-	-
Expired	264,952	\$2.30
<b>Balance at October 31, 2019</b>	<b>847,800</b>	<b>\$2.75</b>
<b>Exercisable at October 31, 2019</b>	<b>847,800</b>	<b>\$2.75</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.

As of October 31, 2019, the following options were outstanding:

	Number	Weighted Average Exercise Price
<b>Balance at January 31, 2018</b>	<b>419,500</b>	<b>\$1.05</b>
Issued	1,000,000	1.90
Exercised	(347,000)	1.02
<b>Balance at January 31, 2019</b>	<b>1,072,500</b>	<b>\$1.85</b>
Issued	-	-
Exercised	-	-
<b>Balance at October 31, 2019</b>	<b>1,072,500</b>	<b>\$1.85</b>
<b>Exercisable at October 31, 2019</b>	<b>1,072,500</b>	<b>\$1.85</b>

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

During the nine months ended October 31, 2019, 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.

## **13. CHANGES IN ACCOUNTING STANDARDS**

The following is a future change in accounting policy the Company has adopted as of February 1, 2019.

### **Leases – IFRS 16**

IFRS 16, Leases ("IFRS 16") replaces IAS 17, Leases ("IAS 17"). The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company has adopted IFRS 16 on its interim financial statements and determined there was no impact to the interim financial statements.

### **Share-based payments – IFRS 2**

IFRS 2, Share-based Payments ("IFRS 2") - In June 2016, the IASB issued final amendments to IFRS 2, which clarifies how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: (i) the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) a modification to the terms and conditions of a share based payment that changes the classifications of the transaction from cash-settled to equity settled. The amendments are effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company has adopted IFRS 2 on its interim financial statements and determined there was no impact to the interim financial statements.

## **14. CRITICAL ACCOUNTING ESTIMATES**

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The significant areas of estimation uncertainty considered by management in preparing the interim financial statements are as follows:

(i) Share-based compensation expense:

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based compensation expense.

(ii) Valuation of broker warrants:

The Company uses the Black-Scholes option pricing model to calculate the fair value of broker warrants issued in connection with the Company's private placements. The Black-Scholes model requires six key inputs to determine a value for a broker warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the broker warrant or a higher volatility number used would result in an increase in the broker warrant fair value.

The significant areas of judgment considered by management in preparing the interim financial statements are as follows:

(i) Going concern:

The Company's management has made an assessment of the Company's ability to continue as a going concern and the interim financial statements continue to be prepared on a going concern basis. The Company has no sources of revenue and remains dependent on its ability to obtain financing which may cast significant doubt upon the Company's ability to continue as a going concern. These interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

(ii) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

## **15. APPROVAL**

The Audit Committee of Cobalt Power Group Corp. has reviewed and approved the disclosure contained in this October 31, 2019 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).