



CONDENSED INTERIM FINANCIAL STATEMENTS OF
FIRST COBALT CORP.

FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2017

(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

**MANAGEMENT'S COMMENTS ON
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM
FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the unaudited condensed interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of First Cobalt Corp. (formerly Aurgent Resource Corp.) (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Company's independent auditor, MNP LLP, has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

FIRST COBALT CORP. (FORMERLY AURGENT RESOURCE CORP.)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017 (UNAUDITED)

(expressed in Canadian Dollars)

	September 30, 2017	March 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,711,175	\$ 5,340,136
Prepaid expenses and deposits (Note 5)	407,887	292,540
Receivables (Note 4)	172,000	467,880
	3,291,062	6,100,556
Non-Current Assets		
Exploration and evaluation asset (Note 6)	6,241,558	2,185,614
Total Assets	\$ 9,532,620	\$ 8,285,614
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 714,944	\$ 363,633
Due to related party (Note 16)	-	36,064
Total Liabilities	\$ 714,944	\$ 399,697
Shareholders' Equity		
Common shares (Note 8)	15,944,691	10,360,835
Share issuance costs	(772,212)	-
Reserve (Note 9 and 10)	1,559,141	1,677,704
Deficit	(7,913,944)	(4,152,622)
	\$ 8,817,676	\$ 7,885,917
Total Liabilities and Shareholders' Equity	\$ 9,532,620	\$ 8,285,614

Nature and continuance of operations (Note 1)

Subsequent events (Note 17)

**Approved on behalf of the Board of Directors and
authorized for issue on November 21, 2017**

/s/ Jeff Swinoga
Jeff Swinoga, Director

/s/ Trent Mell
Trent Mell, Director

FIRST COBALT CORP. (FORMERLY AURGENT RESOURCE CORP.)
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2017 AND 2016 (UNAUDITED)

<i>(expressed in Canadian Dollars)</i>	Three months ended September 30, 2017	Three months ended September 30, 2016	Six months ended September 30, 2017	Six months ended September 30, 2016
OPERATING EXPENSES				
Consulting and management fees	\$ 273,385	\$ 6,376	\$ 454,401	\$ 14,776
Exploration and evaluation expenditures	621,687	-	726,561	-
General and administrative	340,809	11,763	632,895	23,082
Professional fees	247,737	5,989	441,711	(1,011)
Investor relations	268,583	-	1,036,603	-
Share-based payment expense (Note 10)	168,038	-	231,608	-
Travel	172,029	-	240,479	-
Operating Expenses	(2,092,268)	(24,128)	(3,764,258)	(36,847)
OTHER				
Foreign exchange loss	(4,690)	-	(1,699)	-
Interest income	2,509	-	4,635	-
Loss Before Income Tax	(2,094,449)	(24,128)	(3,761,322)	(36,847)
Income Tax Expense	-	-	-	-
Net Loss and Comprehensive Loss	\$ (2,094,449)	\$ (24,128)	\$ (3,761,322)	\$ (36,847)
Basic and diluted loss per share	\$ (0.04)	\$ (0.00)	\$ (0.07)	\$ (0.00)
Weighted average number of shares outstanding (basic and diluted) (Note 11)	57,267,534	14,459,924	53,857,805	14,345,455

The accompanying notes are integral to these condensed interim financial statements

FIRST COBALT CORP. (FORMERLY AURGENT RESOURCE CORP.)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2017 AND 2016 (UNAUDITED)

<i>(expressed in Canadian Dollars)</i>	Three months ended	Three months ended	Six months ended	Six months ended
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Cash Flows used in Operating Activities				
Net loss	\$ (2,094,449)	\$ (24,128)	\$ (3,761,322)	\$ (36,847)
Adjustments for items not affecting cash				
Share-based payment expense	168,038	-	231,608	-
	(1,926,411)	(24,128)	(3,529,714)	(36,847)
Changes in non-cash working capital				
Decrease (Increase) in receivables	(102,928)	2,288	(139,120)	2,828
Decrease (Increase) in prepaid and other current assets	209,143	-	(115,346)	-
Increase (Decrease) in accounts payable and accrued liabilities	294,328	(17,046)	351,312	86,647
Increase (Decrease) in due to related party	-	5,625	(36,064)	(147,534)
	(1,525,868)	(33,259)	(3,468,932)	(94,906)
Cash Flows used in Investing Activities				
Acquisition of exploration and evaluation asset, net of cash (Note 6)	-	(164,963)	(1,085,000)	(164,963)
	-	(164,963)	(1,085,000)	(164,963)
Cash Flows from Financing Activities				
Increase (Decrease) in loan payable	-	(41,763)	-	(31,270)
Proceeds from issuance of common shares	-	500,000	1,230,000	565,500
Proceeds from exercise of warrants	5,000	-	605,000	-
Proceeds from exercise of stock options	-	-	115,000	-
Subscription receipts	-	-	12,000	-
Share issuance costs	-	-	(37,029)	-
	5,000	458,236	1,924,971	534,230
Changes in cash during the period	(1,520,868)	260,014	(2,628,961)	274,361
Cash – Beginning of the period	\$ 4,232,043	\$ 18,162	\$ 5,340,136	\$ 3,815
Cash – End of the period	\$ 2,711,175	\$ 278,176	\$ 2,711,175	\$ 278,176

Supplemental Information (Note 14)

**FIRST COBALT CORP. (FORMERLY AURGENT RESOURCE CORP.)
CONDENSED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017 AND 2016 (UNAUDITED)**

(Expressed in Canadian Dollars, except per share amounts)

	Common Shares				
	Number of Shares	Amount	Reserves	Deficit	Total
Balance – March 31, 2017	44,117,750	\$ 10,360,835	\$ 1,677,704	\$ (4,152,622)	\$ 7,885,917
Net loss for the period				(3,761,322)	(3,761,322)
Shares and units issued for:					
Acquisition of property (Note 6)	4,450,000	2,536,500	-	-	2,536,500
Cash (Note 8)	2,050,001	1,230,001	-	-	1,230,001
Exercise of warrants (Note 9)	6,290,000	901,096	(296,096)	-	605,000
Issuance of stock options (Note 10)	-	-	231,609	-	231,609
Exercise of stock options (Note 10)	400,000	165,076	(50,076)	-	115,000
Subscription receipts		16,000	(4,000)		12,000
Share issuance cost (Note 12)	-	(37,029)	-	-	(37,029)
Balance – September 30, 2017	57,307,751	\$ 15,172,479	\$ 1,559,141	\$ (7,913,944)	\$ 8,817,676
Balance – March 31, 2016	4,757,750	\$ 1,641,249	\$ 200,000	\$ (1,902,057)	\$ (60,808)
Net loss for the period	-	-	-	(36,847)	(36,847)
Shares issued for cash	11,550,000	565,500	-	-	565,500
Balance – September 30, 2016	6,307,750	\$ 2,218,749	\$ 200,000	\$ (1,913,867)	\$ 467,345

The accompanying notes are integral to these condensed interim financial statements

FIRST COBALT CORP. (FORMERLY AURGENT RESOURCES CORP.)
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017 AND 2016 (UNAUDITED)

(expressed in Canadian dollars)

1. Nature and continuance of operations

First Cobalt Corp. (Formerly Aurgent Resource Corp.) (the "Corporation" or "First Cobalt") was incorporated on July 13, 2011 under the Business Corporations Act of British Columbia (the "Act"). On September 22, 2016, the Corporation changed its name to First Cobalt Corp. The Corporation is in the business of acquisition and exploration of resource properties. The Corporation is focused on building a diversified global portfolio of assets that are highly leveraged to the cobalt market.

These financial statements have been prepared on the assumption that the Corporation will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Corporation is not expected to continue operations for the foreseeable future. As at September 30, 2017, the Corporation had not advanced its exploration and evaluation assets to commercial production and is not able to finance day-to-day activities through operations. These uncertainties cast significant doubt about the Corporation's ability to continue as a going concern. The Corporation's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months from proceeds of private placements of its common shares.

First Cobalt is a public company which is listed on the Toronto Venture Stock Exchange (TSX-V) (under the symbol FCC). The Corporation's registered and records office is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 and corporate head office located at 140 Yonge Street, Suite 201, Toronto, Ontario, M5C 1X6.

2. Significant accounting policies and basis of preparation

Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, these condensed interim consolidated financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting process.

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Corporation's audited financial statements for the year ended March 31, 2017. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued as of November 21, 2017, the date the Board of Directors approved the financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Corporation's annual consolidated financial statements for the year ended March 31, 2017.

Basis of Presentation

These consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments, which are classified as fair value through profit or loss ("FVTPL"). In addition, these consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts on the consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the Corporation. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in note 4 in the Company's annual consolidated financial statements for the year ended March 31, 2017.

**FIRST COBALT CORP. (FORMERLY AURGENT RESOURCES CORP.)
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
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(expressed in Canadian dollars)

3. Recent accounting standards issued but not yet effective

The Corporation has reviewed amendments to accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation:

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. IFRS 9 is effective for annual period beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the International Accounting Standards Board ("IASB") issued IFRS 15 Revenue from Contracts with Customers, which specifies how and when an entity will recognize revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. IFRS 15 is effective for annual period beginning on or after January 1, 2018.

IFRS 16 - Leases

This new standard was issued with the objective to recognize all leases on the balance sheet. IFRS 16 requires lessees to recognize a "right of use" asset and a lease liability calculated using a prescribed methodology. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. Early adoption is permitted provided that IFRS 15, Revenue from Contracts with Customers, is also adopted.

IFRS 2 – Share-based Payment

On June 30, 2016, the IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments apply for annual periods beginning on or after January 1, 2018. The Corporation intends to adopt the amendments to IFRS 2 in its consolidated financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

The Corporation is currently assessing the impact these standards and amendments may have on its financial statements.

4. Receivables

	September 30, 2017	March 31, 2017
Loans receivable	\$ -	\$ 435,000
GST receivable	172,000	32,880
	\$ 172,000	\$ 467,880

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(expressed in Canadian dollars)

5. Prepaid expenses and deposits

	September 30, 2017	March 31, 2017
Prepaid expenses	\$ 407,887	\$ 224,492
Deposits	-	68,048
	\$ 407,887	\$ 292,540

6. Exploration and Evaluation Asset

	Balance March 31, 2017	Acquisition Costs	Write-Down	Balance September 30, 2017
South Lorraine	\$ 1,810,000	\$ 10,000	\$ -	\$ 1,820,000
Keeley-Frontier	-	2,971,500	-	2,971,500
Cobalt One	-	750,000	-	750,000
Bellellen	-	325,000	-	325,000
Dickens Lake	375,058	-	-	375,058
	\$ 2,185,058	\$ 4,056,500	\$ -	\$ 6,241,558

South Lorraine

On December 12, 2016, the Corporation entered into an agreement to acquire all of the outstanding share capital of Cobalt Industries of Canada Inc. ("Cobalt Industries"), a privately-held Ontario-based mineral exploration company. Cobalt Industries holds "South Lorraine Cobalt" claim group which consists of 17 claim blocks covering an area of 1,950 hectares or 19.50 square kilometers. The claim group is located in the former mining camp of Silver Centre, Ontario, Canada, 25 kilometers south of the historical Cobalt, Ontario silver camp and 400 kilometers north of Toronto, Canada.

The claim group is located adjacent to the former producing Keely-Frontier Mine in South Lorraine Township, Ontario and includes the following:

Claim Number	Township	Claim Size (Ha)
4282446	Lorraine	40
4282449	Lorraine	40
4282748	Lorraine	40
4282451	South Lorraine	141
4282445	South Lorraine	64
4282447	South Lorraine	256
4282448	South Lorraine	64
4282450	South Lorraine	192
4282747	South Lorraine	120
4282749	South Lorraine	192
4282750	South Lorraine	240
4278692	South Lorraine	30
4282704	South Lorraine	14
4280570	South Lorraine	10
4282406	South Lorraine	203
4282702	South Lorraine	145
4282703	South Lorraine	160

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(expressed in Canadian dollars)

In consideration for the acquisition, the Corporation issued 6,900,000 common shares for all outstanding share capital of Cobalt Industries at a deemed value of \$0.25 per share.

As of the acquisition date of Cobalt Industries, management of the Corporation concluded that the acquisition does not constitute a business combination as determined by IFRS 3 Business Combinations, the acquisition was accounted for as an asset acquisition.

During the three months ended June 30, 2017, the Corporation paid a \$10,000 option payment for the South Lorraine property.

Keeley-Frontier

On April 10, 2017, the Corporation acquired all of the outstanding share capital of Cobalt Projects International Corp. ("Cobalt Project"), a privately held Ontario-based mineral exploration company. Cobalt Project holds the rights to earn up to a 100% interest from Canadian Silver Hunter Inc. ("Canadian Silver Hunter") in the Keeley-Frontier mine ("Keeley-Frontier"), located within the historic Silver Centre camp, and bordering on the Corporation's existing South Lorraine cobalt claim blocks. As consideration for the acquisition, the Corporation issued 4,450,000 common shares, at a deemed price of \$0.57 per share, to existing shareholders of Cobalt Projects, which shall vest in 6 equal tranches over a 4 to 18-month period. Additionally, promissory notes totaling \$435,000 were forgiven.

Under the terms of the option agreement between Cobalt Projects and Canadian Silver Hunter, the Corporation may earn up to 100% interest in Keeley-Frontier as follows:

- 50% interest upon payment of \$850,000 (of which \$350,000 has been paid) and incurring expenditures of \$1,750,000 on the property over a period of three years.
- 51% interest upon payment of \$200,000 within 60 days of having exercised the first option and producing a technical report in compliance with NI 43-101 – *Standards of Disclosure for Mineral Projects* by the fourth anniversary.
- 100% interest upon payment of \$750,000 and incurring additional expenditures of \$1,250,000 by the fifth anniversary.

Upon earning a 100% interest, Canadian Silver Hunter shall be granted a 2% net smelter return royalty, subject to the Corporation having the right to purchase 1% for \$1 million over the ensuing 10 years. The Corporation may elect to accelerate the earn-in.

Cobalt One

On June 1, 2017, the Corporation entered into an option agreement with Cobalt One Limited ("Cobalt One") to enter into a 50-50 joint venture on a permitted cobalt extraction refinery (the "Refinery") in Cobalt, Ontario that has been on care and maintenance for approximately three years. The Refinery is situated in close proximity to the Corporation's Keeley-Frontier mine.

Under the terms of the agreement:

- In consideration for the option payment to enter into a 50-50 joint venture, the Corporation paid \$750,000 in cash to Cobalt One
- The Corporation has until December 31, 2017 to exercise the option
- On exercise, the Corporation will be obligated to pay Cobalt One an additional \$2,250,000 in cash and the equivalent of 50,000,000 shares of Cobalt One in cash or shares of the Corporation, at an approximate value of \$5,500,000.

Bellellen

On June 7, 2017, the Corporation acquired 22 mining claims totalling 848 hectares from Brixton Metals Corp. ("Brixton"). These mining claims, includes former producing Bellellen Mine, are located in Cobalt, Ontario. The claims cover prospective ground in both the south end of the mining camp, near Silver Centre, as well as the north, near the town of Cobalt, Ontario. The Bellellen Mine is adjacent to the Keeley-Frontier Mine. In

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(expressed in Canadian dollars)

consideration for the acquisition of the mining claims, the Corporation made a cash payment of \$325,000 to Brixton during the six months ended September 30, 2017.

Dickens Lake Property

On July 5, 2012, the Corporation acquired a 90% interest in the Dickens Lake Property, located in Saskatchewan, Canada from Unity Energy Corp. ("Unity") in exchange for 3,182,750 common shares of the Corporation with a fair value of \$1,466,749. The fair value of the common shares was equal to Unity's carrying value of the Dickens Lake Property.

The Dickens Lake Property is subject to a 2% net smelter royalty ("NSR"), which may be purchased by the Corporation for \$1,500,000. During the year ended March 31, 2017 the Corporation re-purchased 1.5% of the 2% NSR for \$164,963. During the six-month period ended September 30, 2017, the Corporation incurred \$nil (2016 - \$nil) in exploration expenditures on the Dickens Lake Property.

7. Accounts Payable and Accrued Liabilities

	September 30, 2017	March 31, 2017
Accounts Payable	\$ 678,847	\$ 312,660
Accrued Liabilities	36,098	50,973
	\$ 714,945	\$ 363,633

Accounts payable and accrued liabilities comprise primarily of trade payables incurred in the normal course of business. Included in accounts payable are amounts total \$978 (March 31, 2017 - \$36,064) due to related parties (see note 16).

8. Share Capital

(a) Authorized Share Capital

The Corporation is authorized to issue an unlimited number of common shares without par value. At September 30, 2017, the Corporation had 57,307,751 (March 31, 2017 – 44,117,750) common shares outstanding.

(b) Issued Share Capital

During the six-month period ended September 30, 2017, the Corporation issued common shares as follows:

- the Corporation issued 6,290,000 common shares on exercise of warrants for total gross proceeds of \$605,000.
- the Corporation issued 400,000 common shares on exercise of stock options for total gross proceeds of \$115,000.
- On May 31, 2017, the Corporation issued 2,050,001 flow-through shares at \$0.60 per share for total gross proceeds of \$1,230,001. In connection with the flow-through share offering, the Corporation paid cash finders' fee of \$37,029.

FIRST COBALT CORP. (FORMERLY AURGENT RESOURCES CORP.)
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017 AND 2016 (UNAUDITED)

(expressed in Canadian dollars)

9. Warrants

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted Average exercise price	Number of shares issued or issuable on exercise
Balance – March 31, 2017	\$0.10	9,840,000
Exercise of warrants	\$0.06	(600,000)
Exercise of warrants	\$0.10	(5,690,000)
Balance – September 30, 2017	\$0.10	3,550,000

The expiry of warrants are as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
May 31, 2016	May 31, 2021	300,000	\$0.06
September 13, 2016	September 13, 2021	3,250,000	\$0.10
		3,550,000	\$0.10

10. Stock Options

The Corporation adopted a stock option plan (the “Plan”) whereby it can grant stock options to directors, officers, employees, and consultants of the Corporation. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Corporation at any time.

The changes in incentive share options outstanding are summarized as follows:

	Weighted average exercise price	Number of shares issued or issuable on exercise	Amount
Balance – March 31, 2017	\$0.50	4,050,000	\$ 1,013,473
Stock options granted	\$0.69	1,565,000	-
Stock options vested	-	-	231,609
Stock options exercised	\$0.29	(400,000)	(50,076)
Balance – September 30, 2017	\$0.50	5,215,000	\$ 1,195,006

During the six-month period year ended September 30, 2017, the Corporation granted 1,565,000 incentive stock options to employees, consultants, and directors. The options may be exercised within 5 years from the date of grant at a price of \$0.69 per share, and have a vesting period of 2 years.

The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.69% per annum, an expected life of options of 2.5 years, an expected volatility of 86.5%, and no expected dividends.

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(expressed in Canadian dollars)

Incentive share options outstanding and exercisable September 30, 2017 are summarized as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
\$0.25	575,000	3.05	\$0.25	575,000	\$0.25
\$0.34	200,000	4.28	\$0.34	200,000	\$0.34
\$0.35	350,000	4.21	\$0.35	350,000	\$0.35
\$0.38	550,000	4.23	\$0.38	550,000	\$0.38
\$0.66	1,975,000	4.33	\$0.66	1,975,000	\$0.66
\$0.69	1,565,000	4.67	\$0.69	-	-
	5,215,000	4.46	\$0.56	3,650,000	\$0.51

11. Loss Per Share

The following table sets forth the computation of basic and diluted loss per share for the six-months ended September 30, 2017 and 2016:

	September 30, 2017	September 30, 2016
Numerator		
Net loss for the period	\$ (3,761,322)	\$ (36,847)
Denominator		
Basic – weighted average number of shares outstanding	53,857,805	14,345,455
Effect of dilutive securities	-	-
Diluted – adjusted weighted average number of shares outstanding	53,857,805	14,345,455
Loss Per Share – Basic and Diluted	\$(0.07)	\$(0.00)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year.

The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive.

Share purchase warrants and stock options were excluded from the calculation of diluted weighted average number of common shares outstanding during the six-months ended September 30, 2017 as the warrants and stock options were anti-dilutive since the Corporation was in a loss position.

12. Financial Instruments

Fair value

The Corporation's financial instruments consisted of cash and cash equivalents. The fair values of cash and cash equivalents approximate their carrying values because of their current nature.

(expressed in Canadian dollars)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation's primary exposure to credit risk is on its cash and short-term investments which are being held in bank accounts. The cash and short-term investments are deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Corporation has secondary exposure to risk on its sales tax receivables. The risk is minimal since it is recoverable from the Canadian government.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Corporation's functional currency. The Corporation only operates in Canada and is therefore minimally exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Corporation's exposure to interest rate risk relates to its ability to earn interest income on cash at variable rates. The risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements on an ongoing basis. The Corporation attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. Liquidity risk is assessed as low.

13. Management of Capital

The Corporation manages its capital structure, consisting of share capital, and will make adjustments to it depending on the funds available to the Corporation for its future acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the business.

The Corporation is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for future general and administrative expenses, the Corporation expects to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Corporation will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the size of the Corporation, is reasonable. The Corporation is not subject to externally imposed capital requirements. There were no changes in the Corporation's approach to capital management during the six-month period ended September 30, 2017.

14. Supplemental Cash Flow Information

The Corporation did not make any cash payments and had no cash receipts for interest or income taxes during the six-month periods ended September 30, 2017 and 2016.

The acquisition of Cobalt Project (see note 6) was a non-cash transaction, whereby, 4,450,000 shares at a price of \$0.57 per share were exchanged as consideration for the mineral property.

FIRST COBALT CORP. (FORMERLY AURGENT RESOURCES CORP.)
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2017 AND 2016 (UNAUDITED)

(expressed in Canadian dollars)

15. Segmented Information

The Corporation's exploration and evaluation activities are located in the provinces of Saskatchewan and Ontario, Canada, with its head office function in Canada. All of the Corporation's capital assets, including property, plant and equipment and exploration and the exploration and evaluation asset are located in Canada.

16. Related Party Transactions

The Corporation's related parties include key management personnel and companies related by way of directors or shareholders in common.

(a) Key Management Personnel Compensation

During the six-months ended September 30, 2017 and 2016, the Corporation paid and/or accrued the following fees to management personnel and directors:

	September 30, 2017	September 30, 2016
Management	\$ 294,367	\$ -
Directors	-	15,496
	\$ 294,367	\$ 15,946

(b) Due to Related Parties

As at September 30, 2017 and March 31, 2017, the Corporation has the follow amounts due to related parties:

	September 30, 2017	March 31, 2017
Accounts payable	\$ 978	\$ 36,064
	\$ 978	\$ 36,064

17. Subsequent Events

(a) On November 20, 2017, the Corporation announced that Cobalt One Ltd. shareholders approved the merger with First Cobalt, with 99.995% of votes cast in favour. On November 22, 2017, the Corporation announced that shareholders of CobalTech Mining Inc. approved the merger with First Cobalt, with 95% of votes cast in favour. The two transactions are expected to close in December 2017.

(b) Subsequent to September 30, 2017, the Corporation issued the following equity instruments:

- 443,750 common shares on exercise of stock options at an average exercise price of \$0.28 for gross proceeds of \$124,938 and
- 1,000,000 common shares on exercise of warrants at an exercise price of \$0.10 for gross proceeds of \$100,000.