



**CANADA SILVER COBALT WORKS INC.**  
(Formerly Canada Cobalt Works Inc.)

**For the nine months ended September 30, 2020**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

**Form 51-102F1**

**Interim Management's Discussion & Analysis**

**DATE: November 26, 2020**

The following Management's Discussion and Analysis ("MD&A") is a review of the operations, current financial position and outlook Canada Cobalt Works Inc. ("Canada Cobalt" or the "Company"), and it has been prepared by management and should be read in conjunction with the financial statements of Canada Silver Cobalt for the period ended September 30, 2020 and the related notes thereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). The discussion covers the period ended September 30, 2020 and up to the date of filing of this MD&A. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information. See "Forward-Looking Information" and "Risks and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to such information.

For further information on the Company reference should be made to the Company's public filings which are available on SEDAR website ([www.sedar.com](http://www.sedar.com)).

### **FORWARD-LOOKING INFORMATION**

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the annual MD&A, additional important factors, if any, are identified here.

## **DESCRIPTION OF BUSINESS**

Canada Silver Cobalt Works Inc. is a junior natural resource company whose business is to seek out exploration opportunities with a focus on the Castle Silver Mine property in Haultain and Nicol Townships, Ontario. Operations are conducted either directly or through consulting agreements with third-parties. The Company finances its properties by way of equity or debt financing or by way of joint ventures. Additional information is provided in the Company's audited consolidated financial statements for the year ended December 31, 2019, and the Company's interim condensed consolidated financial statements for the nine months ended September 30, 2020. These documents are available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company also maintains a website at [www.canadasilvercobaltworks.com](http://www.canadasilvercobaltworks.com).

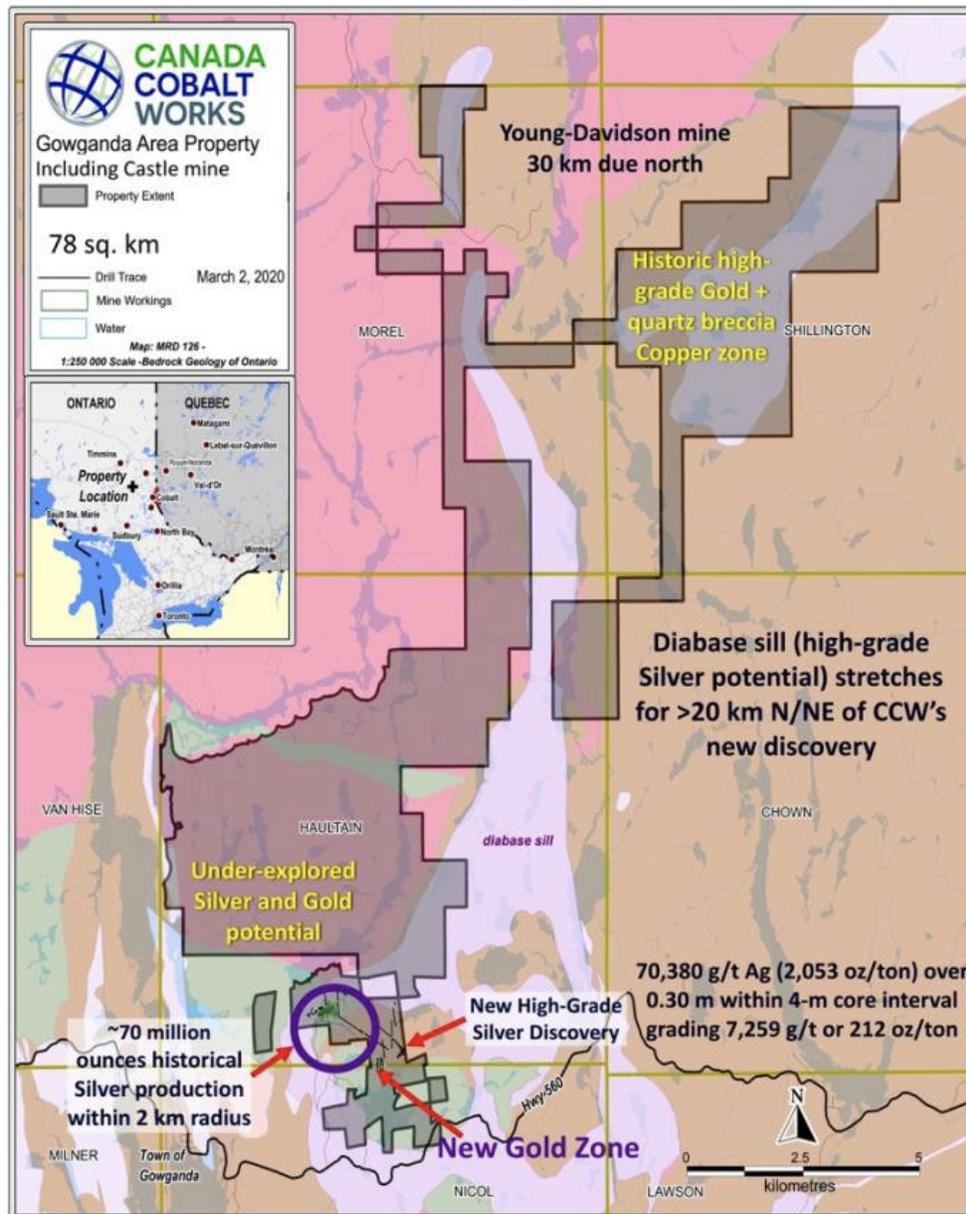
The Company is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario, and trades on the TSX Venture Exchange ("TSXV") under the symbol CCW.

The corporate office of the Company is located at 3028 Quadra Court, Coquitlam, BC, V3B 5X6

## **Exploration and Evaluation Projects.**

### **Castle Silver Mine Property**

Canada Silver Cobalt Works Inc. retains a 100% interest in Castle Silver Mine Property consisting of 34 Mining Leases and 2 Mining Licenses of Occupation located in the Haultain and Nicol Townships of Ontario covering a total of 564.41 hectares. The Company has an additional 341 cells totaling 7,509 hectares. Approximately 4,200 additional hectares were acquired in a property purchase in May 2019 from a local prospector and another approximately 880 hectares were acquired by staking for contiguity. The total land holdings, encompassing cells, mining leases and licenses of occupation, now amounts to 8,074 hectares (or nearly 80km<sup>2</sup>).



### Castle East:

Late in 2014, a small trenching program was initiated to follow up on significant results based on a boulder train of rusty, highly altered, angular boulders with 3-5% sulphides and substantial quartz veining originally identified in late 2012 while prospecting. Assay results included grab samples in one trench of up to 0.37 g/t Au and another of 0.26 g/t Au with 1.032% Cu. The area along strike of this mineral occurrence was named Golden Corridor.

Further results from the late 2014 trenching include channel sample assays in trench D3 grading 2.24 g/t Au over 2.20 metres including one sample of 3.77 g/t Au over 1.27 metres. In trench D1, channel sampling grading 0.77 g/t Au over 3.98 metres including a sample of 1.25 g/t over 0.83 metres (Press Release April 2, 2015).

As follow-up, an IP survey was completed at the end of January 2017 covering approximately 15 line-kilometres aimed at identifying IP anomalies typical of gold and silver mineralization. The IP survey tested for chargeability (highs caused by pyrite, coincident with resistivity lows (caused by alteration) which are commonly associated with gold ore. Such mineralization and alteration with gold and copper mineralization were encountered in surface trenching and sampling. The IP tested also for high chargeability-low resistivity anomalies associated with silver-cobalt vein deposits.

Based on the IP survey and historic documentation, a series of diamond drill holes were planned to test a number of different hypotheses. Historically, in the Gowganda area, most of the historic production came from the upper third of the mafic intrusive body known regionally as the Nipissing Diabase. However, regionally, from Gowganda to South Lorrain, south of Cobalt, an estimated 75% of silver production has come from outside this horizon – including in Huronian and Archean rocks both above and below the Nipissing Diabase. The drill program was planned to test these other horizons.

The 2018 drill program consisted of a total of 3175 metres in 7 holes plus 1 wedge hole. After hole CS-1815 and CS-1816 intersected significant alteration (green carbonate, silica, fuchsite and sericite) and faulting associated with quartz-veining and pyrite mineralization a wedge hole was drilled to intersect the same fault and a further 3 holes drilled parallel to and as step-out holes. This zone is also encouraging as it may represent a zone of weakness that continues to the Archean rocks below the Nipissing diabase which would be a prospective zone for classic silver-cobalt veining. Holes CS-1815, CS-1816 and CS-1816W all intersected wide widths of anomalous nickel-copper mineralization. Hole CS-1919, itself a gold-focused hole, was stepped-out west of CS-1816W which cut three separate intervals of gold mineralization including 5.5 g/t over 0.37 meters, 1.59 g/t over 1.32 meters within 6.15 meters grading 0.56 g/t, and 1.35 g/t over 1.27 meters within 2.12 meters grading 0.92 g/t (core lengths). CS-1919 intersected a 12.5 metre length of 1.5 g/t gold including a 4.0 metre length of 4.3 g/t gold within an overall length of 30-metre mineralized zone grading 0.70 g/t gold at a vertical depth of approximately 240 metres. Within this zone was a 1-metre interval grading 15.2 g/t gold. The above intervals are all core lengths values as true widths are, as yet, unknown. Further drilling and trenching will be required to show the connection between these zones intersected at depth and the surface exposures identified above with the 2015 trenching program.

Based on recent drilling and prospecting, gold-bearing quartz-carbonate veins at Castle East are now known to extend for several hundred metres East-West and 200 metres North-South and from surface to depths of over 250 metres.

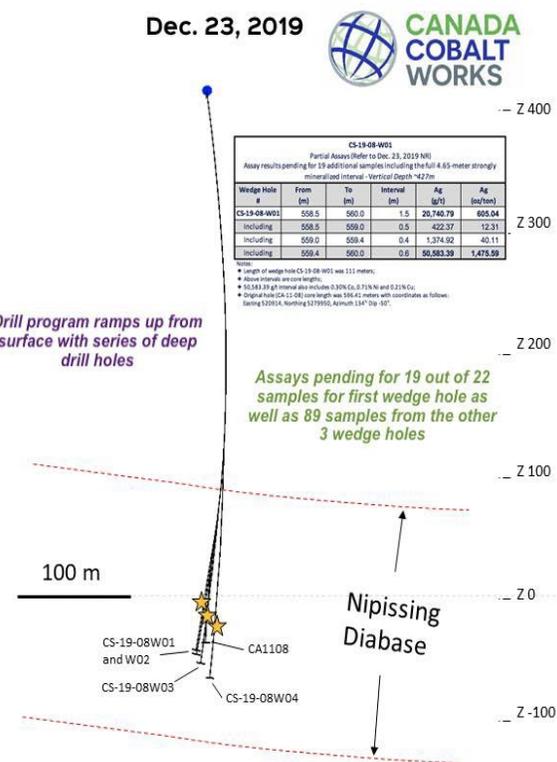
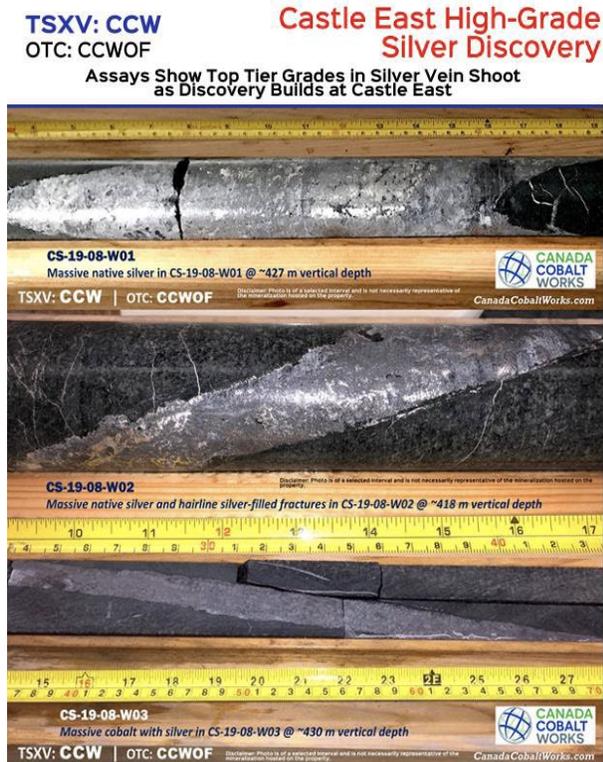
In 2011, the company drilled 12 holes totaling 6842 metres. Hole CA-1108 intersected high-grade silver grading 6,476 grams/ton (189 ounces per ton) silver over 3.09 metres at 563.54 metres down hole including 40,944 grams/tonne (1,194 ounces/ton) silver over 0.45 metres at 564.34 metres down hole (Gold Bullion Development Corp. news release August 25, 2011). True width of vein estimated at approximately 7 cm.

Follow-up on the newly named Robinson Zone in 2019 began with employing a downhole camera to determine the orientation of the high-grade silver vein in hole CA-1108 at an approximate vertical depth of 420 metres. The team was successfully able to view, identify and film the hole in the vicinity of the vein. This work allowed more accurate plotting of 4 wedge holes for additional pierce points on the vein.

CS-19-08W1 not only confirmed the discovery of a classic Northern Ontario Silver-Cobalt District-style vein shoot in this heavily under-explored part of the Nipissing diabase, but this first wedge hole has cut into an even richer and much wider part of the vein 10 metres above and west of the original discovery intercept (CA-11-08). Grades returned **50,583.29 g/t silver (1,476 oz/ton)**, 0.30% cobalt, 0.71% nickel and 0.21% copper over 0.60 meters representing a 20 cm true width - almost 3 times wider than the original intersection of the apparently same vein in CA-1108 just 10 metres away (Canada Cobalt Works news release December 23, 2019). With the assays contiguous to the vein sample, an overall grade of 20,741 g/t (605 oz/ton) over 1.5 metres of core length. These grades are within the norm of high-grade silver veins mined historically in the Gowganda Camp.

CA-1908W2 returned **70,380 g/t silver (2,053 oz/ton)** over 0.30 metres within a broader zone of 1.4 metres grading **20,136 g/t (587 oz/ton)** and 4 metres (core length) of **7,259 g/t (212 oz/ton)**. The very high-grade intersection in CA-19-08-02 is approximately 8 metres west of the mineralized zone intersected by the first wedge hole (430 metres vertical depth) and 17 metres west of the original discovery intercept in hole CA-11-08 (Canada Cobalt Works press release January 10, 2020). These are truly exceptional grades from the first two holes and it must be noted that they represent vein intersections that typically

do not occur in isolation in this kind of geological setting.



As drilling continued from surface to, ideally, intersect the known silver vein at a high angle, native silver was observed in drill core at shallower depths, near the upper contact of the Nipissing Diabase with Archean volcanics as much as 100 metres vertically above and northwest of the high-grade intersections. Significantly, a second silver vein was intersected in hole CS-1922 at a vertical distance of 95m below the and northeast of the previously defined vein. This provides a significant 200-metre minimum envelope of vertical potential for silver mineralization (Canada Cobalt Works press release of January 27, 2020). Assays have not yet been released for this latest vein intersection.

Based on reliable historical reports and internal data, management believes Castle East may represent the most significant new grassroots, high-grade silver discovery in the Gowganda Camp - and the broader Northern Ontario Silver-Cobalt District - in at least 40 years, since Agnico Eagle put the Castle mine back into production in 1979 for a decade – financed, primarily, through a new vein discovery at what is currently Shaft #3 owned 100% by Canada Cobalt.

In May, (Company press release, May 28, 2020) the Company released the first-ever resource estimate from the Cobalt Camp. Given the nature of the veins in the Camp, companies historically went underground once significant silver grades were identified from surface and then drifted on the veins to identify minable ore shoots. Exploration drilling was used to identify structures and veins. Ore was defined from drifting on those veins which generally led to the discovery of additional veins.

The mineral resource estimate used the four wedge holes and the four holes drilled from surface (CS-19-08W1 to W4; CS-19-20, CS-19-21; CS-20-22 and CS-20-23) and one historical drill hole (CA1108).

This resource estimate was independently prepared by GoldMinds Geoservices Inc. in accordance with National Instrument 43-101 (“NI 43-101”) and is dated May 28, 2020.

**Notably, Zones 1A and 1B have an average silver grade of 8,582 g/t (250.2 oz/ton) in a combined 27,400 tonnes of material for a total of 7,560,200 Inferred ounces using a**

**cut-off grade of 258 g/t AgEq** (mineral resources which are not mineral Reserves do not have demonstrated economic viability).

**Mineral Resource Estimate at Castle East Using a Cut-Off Grade of 258 AgEq g/t**

Inferred Mineral Resources	Ag g/t	Co g/t	Cu g/t	Ni g/t	Pb g/t	Zn g/t	AgEq g/t	Tonnes	Ag Oz.	AgEq Oz.
Zone 1A	7,960	946	349	790	16	12	8,042	8,100	2,073,000	2,094,200
Zone 1B	8,843	2,308	325	336	30	52	8,998	19,300	5,487,200	5,583,200
Zone 2A	38	5,673	2,101	453	118	108	426	5,500	6,800	75,300
<b>Total Inferred Mineral Resources</b>	<b>7,149</b>	<b>2,537</b>	<b>628</b>	<b>467</b>	<b>41</b>	<b>52</b>	<b>7,325</b>	<b>32,900</b>	<b>7,567,000</b>	<b>7,752,700</b>

**Notes:**

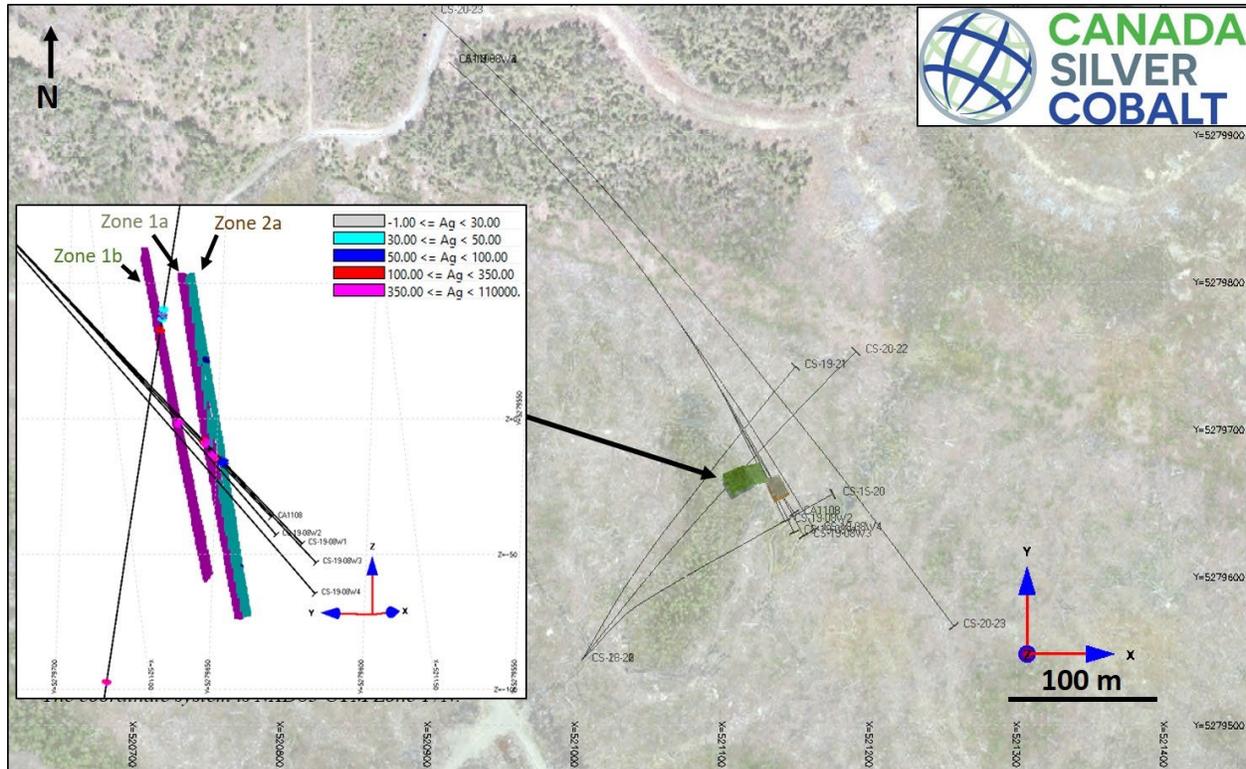
1. Mineral resources which are not mineral Reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, market or other relevant issues. The quantity and grade of reported Inferred resources are uncertain in nature and there has not been sufficient work to define these Inferred resources as Indicated or Measured resources;
2. The database used for this mineral estimate includes drill results obtained from historical (2011 one hole) to the recent 2019 drill program and wedges from the 2011 diamond drill hole;
3. Mineral resources are reported with mineable shape cut-off grade equivalent to \$125 USD (258 g/t AgEq) including mining, shipping and smelting cost with recovery of 95%. The high-grade value of the mineral resources may potentially allow for direct shipping. The assay results are not capped as they are not considered as outliers at this stage and results are reproducible;
4. The geological interpretation of the mineralized zones is based on lithology and the mineralized intervals intersected by drill holes. The use of the borehole inspection camera provided a valuable geometric characterization of the mineralized intervals;
5. The mineral resource presented here was estimated with a block size of 1mE x 1mN x 1mZ;
6. The blocks were interpolated from equal length composites of 0.5m calculated from the mineralized intervals;
7. The minimum horizontal width of the mineralized envelopes includes dilution and is 1.3m;
8. The mineral estimation was completed using the inverse distance to the square methodology utilizing two passes. For each pass, search ellipsoids followed the geological interpretation trends were used;
9. The mineral resources have been classified under the guidelines of the *CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines* prepared by the CIM Standing Committee on Reserve Definitions in 2019 and adopted by CIM Council (2020), and procedures for classifying the reported mineral resources were undertaken within the context of the Canadian Securities Administrators NI 43-101;
10. To convert volume to tonnage a specific gravity of 3.4 tonnes per cubic metre was used. Results are presented in-situ without mining dilution;
11. This mineral resource estimate is dated May 28, 2020. Tonnages and AgEq oz in the

table above are rounded to nearest hundred. Numbers may not total due to rounding;

12. The table below shows the commodity prices and the formula for AgEq calculation:

$$\text{AgEq} = \frac{\left( \frac{\text{Ag} \frac{\text{g}}{\text{t}} \times 15 \frac{\text{USD}}{\text{oz}}}{31.103 \frac{\text{g}}{\text{oz}}} + \text{Co} \frac{\text{g}}{\text{t}} \times 0.03 \frac{\text{USD}}{\text{g}} + \text{Cu} \frac{\text{g}}{\text{t}} \times 0.00515 \frac{\text{USD}}{\text{g}} + \text{Ni} \frac{\text{g}}{\text{t}} \times 0.012 \frac{\text{USD}}{\text{g}} + \text{Pb} \frac{\text{g}}{\text{t}} \times 0.016 \frac{\text{USD}}{\text{g}} + \text{Zn} \frac{\text{g}}{\text{t}} \times 0.00192 \frac{\text{USD}}{\text{g}} \right)}{15 \frac{\text{USD}}{31.103 \text{g}}}$$

13. Additional details will be provided in the Technical Report.



As part of the resource estimation process, the company and GoldMinds compiled, verified and modelled all technical information available from the Castle East Project. The 3D geological models were built for sub-vertical structures. The mineralized envelopes were created using the last diamond drill holes (CS-19-08W1 to W4; CS-19-20, CS-19-21; CS-20-22 and CS-20-23) and the historical hole CA1108. A total of four mineralized envelopes were created by connecting the defined mineralized prisms on the sections with a minimum horizontal width of 1.3m. A fixed density of 3.4 t/m<sup>3</sup> was used. This density reflects the typical mineralized interval composed mainly of diabase. The geological and mineralization wireframes were constructed using Genesis©, a modelling and mineral estimation software.

The maximum depth of the mineralized envelopes is around Z = -73 m (around 490 metres from the surface). The envelopes are extended from around 350m to 490m from the surface. A total of four block models were created. The block size (1mE × 1mN × 1mZ) has been defined to respect the geometry of the envelopes.

Search ellipsoids were used for the grade estimation and follow the geological interpretation trends. Block grades were interpolated from the composites (0.5m length) within the envelopes in two passes using the inverse distance to the square methodology and the assays results are not capped.

For the first pass, the number of composites was limited to twelve (12) with a minimum of three (3) with a maximum of two (2) composites from the same hole. For the second pass, the number of composites was limited to twelve (12) with a minimum of two (2).

A cut-off grade of \$125 USD (258 g/t AgEq) was applied for these underground mineral resources.

## Significant Robinson Zone Drill Results – Silver/Cobalt Values

CCW Castle East Robinson Zone Significant Drill Intercepts (Core Intervals)						
Hole #	From [m]	To [m]	Length [m]	Ag [g/t]	Ag [oz/ton]	Co [%]
CA1108	563.54	566.63	3.09	6,476.29	188.92	0.13
<b>Including</b>	564.34	564.79	0.45	40,944.00	1,194.40	0.91
CS-19-08W1	558.00	560.50	2.50	12,738.55	371.60	0.09
<b>Including</b>	559.40	560.00	0.60	50,583.39	1,475.59	0.30
CS-19-08W2	545.00	549.00	4.00	7,259.50	211.77	0.20
<b>Including</b>	547.20	547.50	0.30	70,380.15	2,053.10	2.61
CS-19-08W3	568.00	569.00	1.00	56.40	1.65	1.35
CS-20-22	563.90	564.50	0.60	4,971.39	145.02	0.39
<b>Including</b>	564.15	564.50	0.35	8,338.41	243.24	0.66
CS-20-22	407.00	419.00	12.00	29.05	0.85	0.00
<b>Including</b>	409.45	409.85	0.40	368.70	10.76	0.01

- Notes:** 1. True widths are estimated to be 50% to 70% of the reported downhole intercepts;  
 2. CS-20-22 interval at 563.90 m to 564.50 m was not used in the Inferred resource calculation.

### The price used for the calculation of AgEq

Element	Ag [oz]	Co [ton]	Cu [ton]	Ni [ton]	Pb [ton]	Zn [ton]
<b>USD</b>	\$15	\$30,000	\$5,150	\$12,327	\$1,650	\$1,925

### Drill Hole Coordinates Table

Hole Name	Easting	Northing	Elevation	Azimuth	Dip	Start Depth	End Depth	Length
<b>CS-19-08W1</b>	520914	5279950	415	134	-50	495.03	611.00	115.97
<b>CS-19-08W2</b>	520914	5279950	415	134	-50	444.30	602.00	157.70
<b>CS-19-08W3</b>	520914	5279950	415	134	-50	425.00	620.00	195.00
<b>CS-19-08W4</b>	520914	5279950	415	134	-50	371.40	629.00	257.60
<b>CS-19-20</b>	521004	5279544	415	43	-70	0.00	701.00	701.00
<b>CS-19-21</b>	521004	5279544	415	30	-70	0.00	755.00	755.00
<b>CS-20-22</b>	521004	5279544	415	36.8	-67	0.00	695.00	695.00
<b>CS-20-23</b>	520902	5279983.93	415	133.1	-51.3	0.00	884.00	884.00

Following the release of the maiden Resource Estimate, the company announced it will be continuing the drill program of 50,000 metres and has launched the permitting process under Ontario's Advanced Exploration Permit structure. The process includes environmental baseline studies for air and water permits in addition to a closure plan for the Castle East project. The Company is following the example of earlier, successful exploration in the district by ramping down to access these pods of extremely high-grade material while simultaneously creating underground exploration platforms to more efficiently follow vein structures. This will also provide the ability to continue to explore and evaluate the gold mineralization identified with our 2018 drill program only a few hundred metres to the west. The company is continually re-assessing and trying new tools to find the most effective package at identifying concentrations of high-grade silver mineralization.

The deposit model and history of the Gowganda Camp, and the broader Northern Ontario Silver-Cobalt District which officially produced nearly half a billion ounces of silver last century, show that unusually rich, narrow vein shoots (generally half an inch to six inches in true width and, in rare cases, up to approximately 12 inches in true width) can extend for tens or even hundreds of meters (pinching and swelling, moving in and out of very high-grade mineralization).

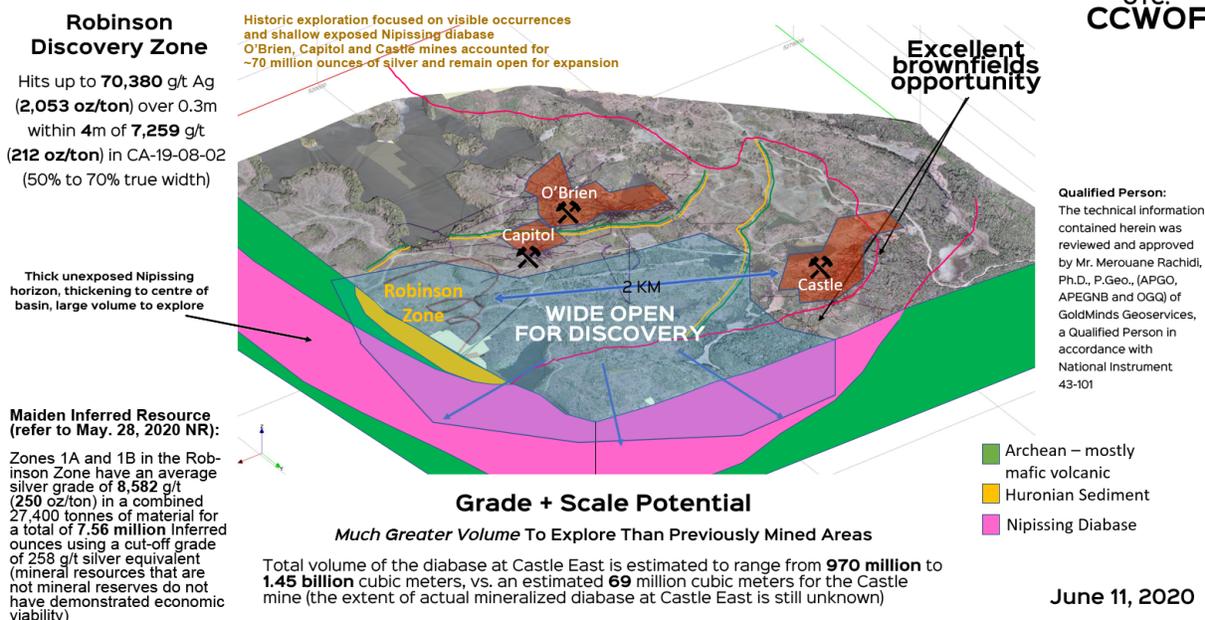


### Castle East High-Grade Silver Discovery Gowganda Camp, Miller Lake Basin

*Just a small fraction of Castle East has been drilled to date*

TSXV:  
CCW

OTC:  
CCWOF



June 11, 2020

In September, the Company reported (Company news release September 30, 2020) that, with additional drilling, the Robinson Zone had been expanded by 500% and had intersected a new high-grade vein. Hole CS20-28 intersected 3,452 g/t silver over 0.4 metres (true width unknown) approximately 75 metres vertically above the original Robinson Vein intersection. This intersection is an all-new vein. At least 4 new mineralized veins have been identified in only the first 9000 metres of the 50,000-metre drill program. These discoveries have expanded the targeted exploration area up to 135 metres East-West and up to 100 metres North-South as well as up to 265 metres vertically.

The uppermost mineralized vein intercept in hole CS-20-31 (assays pending) occurs less than 10 metres below the upper contact, at a vertical depth of 336 metres and the original high-grade vein intersection in hole CA-1108 grading 40,944 g/t silver (1,194 oz/ton) over a core length of 0.45 metres with a true width of approximately 7cm (refer to August 25, 2011, Gold Bullion Development news release) at a vertical depth of approximately 430 metres. Another deep mineralized vein was intersected in CS-20-22W3 (assays pending), the deepest one to date, at 592 metres vertical depth. With these recent new mineralized

vein discoveries, the vertical extent of significant silver mineralization has now reached 256 metres.

Notably, vein intersections at Castle East exist in both the upper and lower parts of the Nipissing diabase sill, near the contact with the Archean volcanics, greatly enhancing the deposit potential of the area with implications for the broader Camp where historic production was predominantly within the upper half of the diabase sill. CCW now has a greater opportunity to expand the Robinson Zone since the potential mineralized horizon is much larger than originally believed.

### **Castle Underground at Shaft No. 3:**

Canada Cobalt Works is employing a century-old approach to resource development and mining whereby it drills for structure and mines for grade. The nature of the vein structures in the northern Ontario Cobalt Camp is that multiple high-grade zones can exist within a single structure. Historically, structures were identified by drilling and were then followed by drifting along mineralized areas to develop ore zones.

As stated in 2017, the Company has accessed the first level via a portal at 21m (70 feet) below the shaft collar of its underground mine to sample and begin evaluation of the underground cobalt and silver potential. The first level, the first of eleven levels in all, extends approximately 365 meters (1,200 feet) east-west and 360 meters north-south. An extensive network of structures and tunnels, developed through a substantial financial investment by various operators in the 1900's, remains in excellent condition and only minor rehabilitation is necessary.

Visible cobalt in veins that pinch and swell and continue intermittently for many tens of metres on the first level has been noted which is consistent with comments in a large amount of invaluable historical Agnico Eagle data acquired by the Company. Agnico Eagle ceased operations at Castle around 1990 due to plunging silver prices.

In 2018, Canada Cobalt Works began an underground program of rehabilitation, underground sampling and diamond drilling. By year-end, the accessible workings as far as the shaft had been rehabilitated and a total of 672 metres were drilled in 57 holes from 6 drill stations.

Initial results reported November 2, 2018 highlighted the first three holes which targeted a vein structure near the adit entrance and attempted to follow the vein from a series of inclinations from approximately the same drill set-up downwards towards Level 2. Drilling in these holes exited the vein at depths of 7 meters, 6 meters and 9.25 meters, respectively, reaching a maximum hole length of 30 meters, underscoring the potential to identify additional high-grade mineralization at significantly deeper levels through additional drilling in this area and elsewhere.

Highlights from the first three drill holes are as follows:

- 2.28% cobalt, 261 g/t silver and 1.65% nickel over 7.00 meters in hole CA18-001
- 1.87% cobalt, 4,763 g/t silver, 1.29% nickel and 1.19 g/t gold over 2.54 m in CA18-002
- 3.16% cobalt and 10,741 g/t silver (345 ounces per tonne) over 0.60 meter in hole CA18-003

Additional results were reported February 19, 2019. Although the drilling in 2018 was focused on cobalt mineralization, a number of very significant silver intersections were identified. Drill results also revealed areas overlooked by historical explorers that show potential to host very high-grade "shoots" of silver and cobalt-silver mineralization, mixed with occasional nickel and gold. Reported highlights are as follows:

- New discovery of very high-grade silver vein structures approximately 55 metres southwest of the #3 Shaft where a silver discovery in 1979 put the Castle mine back into production for a decade - CA-18-54 cut 3,213 g/t (93.7 ounces per ton) silver over one metre including 9,816 g/t (286.3 ounces per ton) silver over 0.33 metres starting just 9.71

metres downhole, with the hole drilled across the structure at 250 to core axis and then bottoming in high-grade mineralization from 18.84 metres to 20.50 metres;

- 13,208 g/t (385.2 ounces per ton) silver, 0.67% cobalt and 3.77 g/t gold over half a metre within a broader 5.51-metre zone that also included 1.87% cobalt over 2.54 metres and 2,620 g/t (76.4 ounces per ton) silver over a core length of 5.51 metres starting at just 1.46 metres (CA-18-02, collared near the adit entrance, was drilled perpendicular to the strike of the targeted vein structure, sub-parallel to the dip of the vein);

- All 47 assayed shallow underground test holes intersected cobalt mineralization with an impressive one-quarter of those holes returning high-grade intercepts of 1.05% to 3.7% cobalt over an average core length of 1.77 meters (true widths unknown at this time);

In 2019, a follow-up underground drill program continued with 47 shallow holes totaling 229 metres. These holes were drilled both upwards and downwards from the first level where unexpectedly high-grade gold was identified in addition to high-grade silver, cobalt and nickel values. Highlights reported by the company in a January 3, 2020 press release are as follows:

- 22.7 g/t Au and 1.03% Co in drill hole C-U-19-016 from 3.3m to 3.6m within a broader 2.4-metre core interval grading 5.8 g/t Au and 0.78% Co (2.4m to 4.8m, drilled upward toward the surface);

- 10.8 g/t Au and 3.4% Co in drill hole C-U-19-005 over 0.33m from 0.67m to 1m within a 1.33 metre interval (0.67m to 2.0m) grading 3.7 g/t Au and 1.3% Co (drilled down into the floor, collared approximately 4 m west and 4.3 m south of C-U-19-016);

- three distinct intervals in C-U-19-006: 4,970 g/t Ag (144.9 oz/ton) and 0.40% Co over 0.6 metres (1.2m to 1.8m); then 1.6% Co and 1.1% Ni over 0.6m (1.8m to 2.4m); and 2.9% Co, 3.7% Ni and 0.89 g/t Au over 0.6m (4.8 m to 5.4 m), all in drill hole C-U-19-006 (drilled down into the floor from the same set-up as C-U-19-005 but intersecting a different part of the vein);

- 3.2% Co, 102 g/t Ag and 3.0% Ni over 0.3m (0.9m to 1.2m) in drill hole C-U-19-002 within 1.5m (0.0m to 1.5m) grading 1.7% Co and 1.6% Ni (drilled down into the floor from the same set-up as holes #5 and #6 but at a different angle);

- Cobalt mineralization was intersected in 13 out of the 16 holes included in this release with 7 of those short test holes returning intervals >1% cobalt. Cobalt grades reported from the first level of the Castle mine, previously only exploited for its native silver, are considered very high in a global context.

### **Re-2OX process:**

In May 2017, the Company commenced a program to create a suite of value-added, client-specific cobalt product test samples sourced from material to be extracted during upcoming underground sampling and drilling at its 100%-owned, past-producing, high-grade Castle silver mine at Gowganda, Ontario. (Press Release May 1, 2017). Battery manufacturers will be the target market for the planned test samples which will be cobalt salts (powder) with a range of purities. Canada Cobalt Works' has the exclusive rights to the unique hydrometallurgical process, now known as Re-2OX, owned by a director of the Company in conjunction with the National Research Council during the Castle mine's last production cycle and which has been optimized since then. Re-2OX is extremely adaptable as it's designed for high recovery of multiple metals and elements from all feeds with varying chemistries. In addition, CSR (now CCW) is carrying out advanced-stage testing through SGS Lakefield to evaluate the amenability of the process for efficient recycling of spent Lithium-ion batteries.

The company announced (August 15, 2018 press release) that, through its proprietary Re-2OX process at SGS Lakefield, the Company has produced the first-ever premium-grade cobalt sulphate from its 100%-owned Castle mine while also moving toward the creation of nickel-manganese-cobalt battery grade formulations. Pilot plant production of cobalt-nickel-rich gravity concentrates at the Castle mine, now underway, will allow for a scaling-up of

the Re-2OX process.

- Canada Cobalt's vertically integrated, environmentally green Re-2OX process at SGS has produced a technical-grade cobalt sulphate hexahydrate at 22.6%, directly from cobalt-rich gravity concentrates produced from the first level of the Castle mine in the prolific Northern Ontario Cobalt Camp (bypassing the smelting process);
- The 22.6% grade exceeds the technical specifications of cathode producers in Asia who are in discussions with the company's marketing representative in that region to evaluate Canada Cobalt's sample product for potential battery sector use (Re-2OX will meet client specific purities);
- The very adaptable Re-2OX process will now create a Canada Cobalt suite of nickel-manganese-cobalt (NMC) battery-grade formulations using an additive approach where necessary.

Through the expertise of Dr. Ron Molnar and the team at SGS in Peterborough, Canada Cobalt has broken new ground as a technology leader in Canada's most prolific Cobalt district. We've now demonstrated that from concentrate produced from the Castle mine, we can create a premium grade end product (cobalt sulphate) without a smelting process. This is a testament to the efficiency and effectiveness of Re-2OX - a process that's very amenable to scaling up. Cobalt, nickel and manganese recoveries from the concentrate using Re-2OX were 99%, 81% and 84%, respectively, while 99% of the arsenic was removed (refer to May 31, 2018, news release).

The company provided an update on April 30, 2019 stating that they had made important breakthroughs in its proprietary and environmentally green Re-2OX process for the recovery of cobalt, precious metals and base metals and offered the following highlights:

- Further optimization of Re-2OX has enabled SGS Lakefield in Peterborough, Ontario, to recover silver and copper for the first time while also increasing recovery rates for cobalt and nickel (refer to May 31, 2018, news release);
- In refining the Re-2OX process through a one-step leach extraction, overseen by Canada Cobalt adviser Dr. Ron Molnar, SGS has recovered >99% cobalt, >99% silver, 99% nickel and 99% copper while removing 99% of arsenic from a composite of gravity concentrates;
- The gravity concentrates were from Castle mine waste material and graded 10.2% cobalt, 11,000 g/t silver, 0.26% copper, 1.49% nickel and 45.1% arsenic. Canada Cobalt Works is encouraged by the fact that SGS has demonstrated that the Re2OX process can, very efficiently, recover a broad set of metals from arsenic-rich material, ranging from low-grade to high-grade thus further de-risking the Castle Mine project and expanding opportunities to build shareholder value. Additionally, the Re-2OX optimization will recovery gold.

On May 7, 2019, the company announced having entered into a non-binding Memorandum of Understanding (MOU) with Global Energy Metals (TSXV: GEMC) that allows for cobalt-nickel-copper-bearing mineralized material from the GEMC's Lovelock mine and Treasure Box Property to be put through the Re-2OX Process in order to confirm efficient battery metal extraction and create a battery grade test product.

Canada Cobalt is to supervise the program, protecting its intellectual property, and will be paid a \$200,000 upfront first-stage Re-2OX fee, with costs related to sampling and lab work to be borne by GEMC (maximum \$100,000). The companies may broaden their relationship.

#### **Metallurgical test work:**

The Company received encouraging assay test results in November 2016 for tailings grab samples collected at Castle and Beaver. Highlights of the assay results include: 134.78 g/t silver and 1.124 g/t gold at the Beaver Silver Mine; and 91.36 g/t silver at the Castle Silver

Mine. Details of the assay results were reported in the November 29, 2016 news release. The samples of these metallurgical tests may not be representative of the mineralization hosted in the waste and tailings and further work will be undertaken.

The Company announced, on January 31, 2017, preliminary results from bench-scale metallurgical flotation and gravity test work carried out at SGS Canada laboratories in Quebec City, Canada using about 100 kilograms of tailings and mineralized rock samples. The test program was aimed at evaluating the potential recovery of silver and cobalt from mineralized-material surface rock samples and tailings collected at the historic past-producing Beaver Mine in Cobalt, Ontario and tailings from Castle Mine in Gowganda, Ontario. Tailings samples from Castle and Beaver were tested using a gravity separation process. Beaver mineralized material samples were tested using a flotation process. The Company plans to undertake additional metallurgical testing for the optimization of grind and reagents.

Silver and cobalt recoveries, of 98.5% and 70.5% respectively, produced an extremely high concentrate grade of 11,876 grams per tonne silver and 10.5% cobalt using a simple flotation process. The initial mineralized-material surface rock sample - a composite collected from the Beaver Mine waste pile - assayed 2,064 grams per tonne silver and 5.62% cobalt. Silver and cobalt concentrate grades produced from the Beaver and Castle Mines tailings were 1,379 grams per tonne Ag and 0.04% Co and 308 grams per tonne Ag and 0.08% Co respectively, using a simple gravity process. Head assays were 108 grams per tonne Ag with 0.02% Co and 123 grams per tonne Ag with 0.01% Co respectively.

CCW reported on May 31, 2018 on the ongoing test work at SGS Lakefield in Peterborough, Ontario, where the environmentally green Re-2OX process was used to recover 99% of cobalt and 81% of nickel from a composite of gravity concentrates while also removing 99% of the arsenic - a long-time issue in this cobalt-rich district. Testing and optimization continue.

The gravity concentrates graded 9.25% cobalt, 5.65% nickel, 9,250 g/t silver and 49.9% arsenic. Further updates were provided in a press release on August 15<sup>th</sup>, 2018 announcing that the company, through its proprietary Re-2OX process at SGS Lakefield, has produced the first-ever premium-grade cobalt sulphate from its 100%-owned Castle mine. The Company has now demonstrated that, from concentrate produced from the Castle mine, it can create a premium grade end-product (cobalt sulphate) without a smelting process. This is a testament to the efficiency and effectiveness of Re-2OX, a process that's very amenable to scaling up. Highlights from August 15, 2018 include:

- Canada Cobalt's vertically integrated, environmentally green Re-2OX process at SGS has produced a technical grade cobalt sulphate hexahydrate at 22.6%, directly from cobalt-rich gravity concentrates produced from the first level of the Castle mine in the prolific Northern Ontario Cobalt Camp (bypassing the smelting process);
- The 22.6% grade exceeds the technical specifications of cathode producers in Asia who are in discussions with the company's marketing representative in that region to evaluate Canada Cobalt sample product for potential battery sector use (Re-2OX will meet client specific purities);
- The very adaptable Re-2OX process will now create a Canada Cobalt suite of nickel-manganese-cobalt (NMC) battery grade formulations using an additive approach where necessary.

The Company considers the tailings very prospective for high-grade silver and other metals, including gold and cobalt, based on historical records and recent results from SGS Lakefield which has produced a gravity concentrate from the tailings grading 389 g/t silver, 0.63 g/t gold and 0.20% cobalt (Canada Cobalt Works press release March 1, 2019). The Company feels that the tailings "problem" in Northern Ontario's historic silver-cobalt mining district should be seen as a tailings "opportunity" and the Company's intention is to capture that opportunity for its shareholders. This undertaking forms part of the Advanced Exploration permit ongoing amendment process.

The updated tailings program will initially target silver and gold and will be optimized

through the Re-2OX process to recover other metals including cobalt, nickel and copper. It will also be used as a template by the Company for similar potential initiatives in Gowganda and elsewhere in the broader region where innovative approaches to decades-old tailings issues can deliver important environmental solutions as well as potential business growth opportunities. Highlights from the March 2019 press release include:

- Canada Cobalt has acquired gravity separation spiral concentrators, made by Mineral Technologies of Australia, for test work which is being undertaken to complete a flow sheet for a pilot plant that can treat a minimum of 600 tonnes of tailings per day;
- Mineral Technologies' spiral concentrators are designed to be highly efficient and easy to install, featuring minimal maintenance requirements and high recoveries;
- The stamp mill coarse tailings from early 20th century mining at Castle will be processed underground at the Castle mine near the #3 Shaft in a wide-open area on the first level;
- The stopes on the first level will be fully cleaned out and back-filled (cemented) with the tailings waste from the high-grade concentrate created underground.

On May 24, 2019, the Company reported the results of SGS Lakefield's metallurgical test work which has demonstrated that historic stamp mill tailings at Canada Cobalt's Castle mine are amenable to flotation and leaching, enhancing potential recoveries and creating an opportunity for a direct shipping precious metal concentrate in addition to a Re-2OX cobalt sulphate.

- SGS has produced a high-purity flotation silver concentrate grading 18,486 grams per tonne (539.17 ounces per ton) from a gravity concentrate of a 120-kilogram sample from the Castle mine's historic tailings pond with a calculated head assay of 459 g/t silver
- Optimization is expected to increase the 70% recovery rate

The aim of the proposed tailings program is to produce a high-purity, direct-shipping precious metal concentrate (silver and gold), while Canada Cobalt's proprietary Re-2OX Process would be used to convert a cobalt concentrate into a cobalt sulphate.

### **Temiskaming Testing Laboratories (TTL):**

The Company announced on October 10, 2019 that it had signed a binding Letter of Intent (LOI) to acquire the assets of PolyMet Resources Inc., owner of PolyMet Labs – an ISO-certified laboratory – being the only permitted and operating mineral and precious metal processing facility in Northern Ontario's Silver-Cobalt camp. The transaction is believed to offer multiple immediate and long-term advantages including a bullion furnace to pour payable silver and gold dore bars, and a 23,400 sq. foot facility with district leading sampling and analytical capabilities that can also host the Company's proprietary and environmentally friendly Re-2OX Process.

- The lab and mineral processing facility will become the new headquarters of Canada Cobalt Works and is located in the town of Cobalt, immediately adjacent to a rail line and just a short distance from the Company's Castle mine and Beaver Property;
- This well-established sampling and analytical facility, specializing in high-grade mineralization, provides commercial assaying, crushing, screening, grinding, bulk sampling, upgrading and smelting services all in one location, driving multiple revenue streams at a time when gold prices in Canadian dollars have hit new record highs.

This deal builds dramatically on Canada Cobalt's current competitive advantages and opportunities - technological, on the ground and underground - in a rejuvenated silver-cobalt district recognized as the birthplace of Canadian hard rock mining. With such a unique and fully operational facility in the town of Cobalt, so close to the Castle mine and other properties, Canada Cobalt achieves a key goal of becoming a vertically integrated leader in Canada's silver-cobalt heartland while it also exploits a powerful new cycle in precious metals.

Bullion pouring, bulk sampling, and commercial assaying are PolyMet's three key immediate profit centers that merge with Canada Cobalt, creating powerful new synergies. Hosting Re-2OX and accelerating the development of such a unique and environmentally friendly process at this facility is a major coup for the town of Cobalt and the broader district.

On January 10, 2020 the Company announced that it has closed its deal to acquire the PolyMet facility.

The Transaction provides Canada Silver Cobalt with multiple immediate and long-term advantages as a fully integrated leader in Canada's Silver-Cobalt heartland. The Transaction is subject to standard closing conditions, including approval by the TSX Venture Exchange and was reported completed on July 31, 2020.

### **Beaver and Violet Properties, Ontario, Canada**

Canada Silver Cobalt Works Inc. owns a 100% interest to an area of approximately 20 acres (Beaver Property) and 39.07 acres (Violet Property) in Coleman Township, Ontario. The property is subject to a 3% net smelter return royalty, and the Company may purchase each 1% of the NSR royalty for \$1.5 million. The Company has met all the obligations of the Option and has had the ownership of the Patents transferred to Canada Silver Cobalt Works.

The Company has released results of a high definition mineralogy study and some scoping level flotation and gravity separation tests done by SGS Lakefield on samples from its Beaver Silver Property, located 15 kilometres east of the historic silver camp in Cobalt, Ontario. See Gold Bullion Development Corp.'s Press Release dated February 14, 2013 on the company's website.

The test work above was based on a 20-kilogram sample from 400 kilograms of cobalt-nickel sulfide material hand-cobbed from the historic waste pile at the Beaver Silver Mine. The sample used in this test program, has an average calculated assay of 7.98 percent Cobalt, 3.98 percent Nickel and 1246 grams per tonne silver. Combined gravity-flotation recoveries from the limited test program yielded 64.2 percent for cobalt, 61.2 percent for nickel and 92.0 percent for silver.

The Company announced, on January 31, 2017, preliminary results from bench-scale metallurgical flotation and gravity test work carried out at SGS Canada laboratories in Quebec City, Canada. The test program was aimed at evaluating the potential recovery of silver and cobalt from mineralized-material surface rock samples and tailings collected at the former historic producing Beaver Mine in Cobalt, Ontario and tailings from Castle Mine in Gowganda, Ontario.

Silver and cobalt recoveries, of 98.5 percent and 70.5 percent respectively, produced an extremely high concentrate grade of 11,876 grams per tonne silver and 10.5 percent cobalt using a simple flotation process. The mineralized-material surface rock sample was a composite collected from the waste pile assaying 2,064 grams per tonne silver and 5.62 percent cobalt at the Beaver Mine. Silver and cobalt concentrate grades produced from the Beaver and Castle Mines tailings were 1,379 grams per tonne Ag and 0.04 percent Co and 308 grams per tonne Ag and 0.08 percent Co respectively, using a simple gravity process. Head assays were 108 grams per tonne Ag with 0.02 percent Co and 123 grams per tonne Ag with 0.01 percent Co, respectively. The metallurgical tests were conducted at SGS Canada Inc. laboratories in Quebec City using about 100 kilograms of tailings and mineralized rock samples. Tailings samples from Castle and Beaver were tested using a gravity separation process. Beaver mineralized material samples were tested using a flotation process.

Developments in mobile phone use and renewable energy, including solar and electric car batteries, are strongly supportive of demand and pricing for cobalt and silver. This opens up an opportunity to re-evaluate former silver-cobalt producing mine sites with positive results.

Mining at Beaver and Castle took place in the early 1900s and at Castle again in the 1980s when extraction processes were not as advanced as they are today. It may now be economically viable to extract silver and cobalt from what was left behind, including old mine tailings and waste and other rock piles on the surface, as a first phase of production at the properties. These latest test results support previous test findings at the Castle and Beaver mine sites. In 2013, a hand-cobbed 20 kg geological test sample from the historic waste pile at the Beaver Silver Mine had an average calculated assay of 7.98% cobalt, 3.98% nickel and 1,246 grams (g/t) silver. Details were reported when Granada Gold Mine Inc. (formerly Gold Bullion Development Corp.) owned the property in a news release February 14, 2013.

### **Qualified Person Statement**

“Project Overview” and “Subsequent Event” sections of this MD&A have been reviewed and approved for technical content by Matthew Halliday, P. Geo., (APGO), geologist and a Qualified Person under the provisions of NI 43-101.

### **FINANCINGS**

On January 15, 2018, the Company closed a private placement offering, raising gross proceeds of \$1,030,000. The Company issued 2,942,857 units at a price of \$0.35 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.50 per share for a period of two years from closing.

On September 6, 2019, the Company closed a private placement offering, raising gross proceeds of \$423,000. The Company issued 1,410,000 units at a price of \$0.30 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.50 per share for a period of 2 years.

The 1,410,000 warrants issued in connection to the private placements listed above have been recorded at an estimated value of \$107,000 based on a proportional method based on the Black Scholes option pricing model, using the following assumptions: share price of \$0.22, an average exercise price of \$0.50, risk free interest rate of 1.49%, expected life of warrants of 2 years, expected volatility rate of 100% (based on the Company's historical volatility for 2 years up to the issuance date) and expected dividend rate of 0%.

On September 23, 2019' the Company closed a private placement offering, raising gross proceeds of \$304,907. The Company issued 1,016,667 units at a price of \$0.30 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.50 per share for a period of 2 years.

The 1,016,667 warrants issued in connection to the private placements listed above have been recorded at an estimated value of \$76,000 based on a proportional method based on the Black Scholes option pricing model, using the following assumptions: share price of \$0.23, an average exercise price of \$0.50, risk free interest rate of 1.57%, expected life of warrants of 2 years, expected volatility rate of 99% (based on the Company's historical volatility for 2 years up to the issuance date) and expected dividend rate of 0%.

On November 14, 2019 the Company closed a private placement offering, raising gross proceeds of \$1,406,500. The Company issued 4,018,571 units at a price of \$0.35 per unit. Each unit comprises one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.55 per share for a period of 2 years. The Company's related parties have purchased a total of 204,286 units for aggregate proceeds of \$71,500

The 4,018,571 warrants issued in connection to the private placements listed above have been recorded at an estimated value of \$305,411 based on a proportional method based on the Black Scholes option pricing model, using the following assumptions: share price of

\$0.27, an average exercise price of \$0.55, risk free interest rate of 1.50%, expected life of warrants of 2 years, expected volatility rate of 85% (based on the Company's historical volatility for 2 years up to the issuance date) and expected dividend rate of 0%.

On December 4, 2019, the Company closed a non-brokered flow-through ("FT") private placement with strategic investors, raising gross proceeds of \$800,000. The Company issued 1,600,000 FT shares at \$0.50 per share. Finder's fees were paid in connection with the private placement in the amount of \$45,500 in cash and 91,000 finder warrants. Each finder warrant is exercisable at \$0.50 per share for two years from closing. The Company's related parties have purchased a total of 100,000 FT shares for aggregate proceeds of \$50,000.

The 91,000 finder warrants issued in connection to the FT shares listed above have been recorded at an estimated value of \$21,878 based on a proportional method based on the Black Scholes option pricing model, using the following assumptions: share price of \$0.40, an average exercise price of \$0.50, risk free interest rate of 1.50%, expected life of warrants of 5 years, expected volatility rate of 80% (based on the Company's historical volatility for 5 years up to the issuance date) and expected dividend rate of 0%.

On June 15, 2020, the Company closed a flow-through private placement with strategic investors, raising gross proceeds of \$1.2 million by issuing 2,000,000 units at \$0.60 per flow-through unit. Each FT Unit comprises one flow-through common share of the Company and one half of one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.70 per share, for a period of two years from closing. In connection with the FT private placement the Company paid finder fees in the amount of \$94,000 and issued 156,665 finder warrants. The finder's warrants are on the same terms as the financing warrants and have been recorded at an estimated value of \$30,393 based on a proportional method based on the Black Scholes option pricing model, using the following assumptions: share price of \$0.50, an average exercise price of \$0.70, risk free interest rate of 0.2.9%, expected life of warrants of 2 years, expected volatility rate of 89% and expected dividend rate of 0%.

On August 14, 2020, the Company closed the first tranche of a non-brokered private placement financing, raising gross proceeds of \$3,193,730 by the issue of 5,806,782 units. Each Unit is comprised of one common share of the Company and one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.65 per share, for a period of three years from closing. Finder' fees in the amount of \$90,247.50 and the issuance of 164,086 finder warrants were paid in connection with the private placement. The finder's warrants are on the same terms as the financing warrants.

## **SELECTED QUARTERLY INFORMATION**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may be different from those estimates.

The following selected financial information is derived from the unaudited interim financial statements of the Company. The figures have been prepared in accordance with IFRS.

	Sep 30, 2020 \$	Jun 30, 2020 \$	Mar 31, 2020 \$	Dec 31, 2019 \$	Sept 30, 2019 \$	Jun 30, 2019 \$	Mar 31, 2019 \$	Dec 31, 2018 \$
Revenue	-	-	-	-	-	-	-	-
Net loss	4,167,853	886,690	1,468,565	2,825,830	760,352	457,587	876,756	2,322,823
Loss per share	0.001	(0.01)	(0.02)	(0.03)	(0.01)	(0.01)	(0.01)	(0.03)

## **RESULTS OF OPERATIONS**

The following schedule provides the details of the Company's expenditures on its exploration and evaluation projects for the nine months ended September 30, 2020 and 2019.

	<b>September 30, 2020</b> \$	September 30, 2019 \$
Acquisition costs	<b>1,500,000</b>	86,350
Assay and testing	<b>145,197</b>	56,506
Depreciation	<b>62,564</b>	23,651
Drilling	<b>1,039,243</b>	132,176
Equipment	<b>236,252</b>	307,246
Facility expenses	<b>128,291</b>	135,740
Feasibility and scoping studies (recovery)	<b>(28,548)</b>	124,721
Geology, geophysics and surveys	<b>221,533</b>	191,122
Labour	<b>286,126</b>	170,722
Project management and engineering	<b>467,719</b>	151,313
Royalties	<b>15,000</b>	15,000
Taxes, permits and licensing	<b>18,054</b>	29,493
	<b>4,091,431</b>	1,424,040

The following schedule provides the details of the Company's corporate operating expenditures for the nine months ended September 30, 2020 and 2019

	<b>September 30, 2020</b>	September 30, 2019
	<b>\$</b>	<b>\$</b>
Administrative and general expenses	<b>20,945</b>	59,148
Advertising and promotion	<b>385,734</b>	74,474
Professional fees	<b>1,388,191</b>	510,457
Filing and shareholders' information	<b>270,047</b>	99,873
Travel	<b>29,258</b>	35,441
	<b>2,094,175</b>	779,393

For the period ended 30 September 2020 compared to the same period ended 30 September 2019.

Comprehensive loss for the period ended 30 September 2020 was \$6,480,071 as compared to \$2,094,695 for the same period in 2019. The increase in comprehensive loss of \$4,385,376 was mainly attributable to the net effect of:

Increase of \$1,413,650 in Acquisition, from \$86,350 in 2019 to \$1,500 in 2020, due to the repurchase agreement from Granada Gold back-in option on five mining leases at Castle East.

Increase of \$88,691 in Assay and testing, from \$56,506 in 2019 to \$145,197 in 2020.

Increase of \$38,913 in Depreciation, from \$23,651 in 2019 to \$62,564 in 2020.

Increase of \$907,067 in Drilling, from \$132,176 in 2019 to \$1,039,243 in 2020.

Decrease of \$70,994 in Equipment, from \$307,246 in 2019 to \$236,252 in 2020.

Decrease of \$7,449 in Facility expenses, from \$135,740 in 2019 to \$128,291 in 2020.

Decrease of \$153,269 in Feasibility and scoping studies, from \$124,721 in 2019 to \$28,548 recovery in 2020.

Increase of \$30,411 in Geology, geophysics and surveys, from \$191,122 in 2019 to \$221,533 in 2020.

Increase of \$115,404 in Labour, from \$170,122 in 2019 to \$286,126 in 2020.

Increase of \$316,406 in Project management and engineering, from \$151,313 in 2019 to \$467,716 in 2020.

Decrease of \$11,439 in Taxes, permits and licensing, from \$29,493 in 2019 to \$18,054 in 2020.

Decrease of \$38,203 in Administrative and general expenses, from \$59,148 in 2019 to \$20,945 in 2020.

Increase of \$311,260 in Advertising and promotion, from \$74,474 in 2019 to \$385,734 in 2020.

Increase of \$877,734 in Professional fees, from \$510,457 in 2019 to \$1,388,191 in 2020.

Increase of \$170,174 in Filing costs and shareholders' information, from \$99,873 in 2019 to \$270,047 in 2020.

Decrease of \$6,183 in Travel, from \$35,441 in 2019 to \$29,258 in 2020.

Increase of \$6,000 in Interest and other income, from \$Nil in 2019 to \$6,000 in 2020.

Increase of \$60,968 in Impairment on accounts receivable, from \$Nil in 2019 to \$60,968 in 2020.

Increase of \$160,000 in Premium on FT shares, from \$Nil in 2019 to \$160,000 in 2020.

Increase of \$140,741 in Recovery of AR W/O, from \$Nil in 2019 to \$140,741 in 2020.

Decrease of \$8,453 in Taxes interest and penalties, from \$176,991 in 2019 to \$73,748 in 2020.

Increase of \$7,539 in GST/HST Adjustments, from \$Nil in 2019 to \$7,539 in 2020.

Increase of \$668,583 in Stock-based compensation, from \$58,000 in 2019 to \$726,583 in 2020.

## **LIQUIDITY**

The Company has financed its operations to date primarily through the issuance of common shares and the exercise of warrants and stock options. The Company will continue to seek capital through various means including the issuance of capital stock.

The Company is in the exploration stage. These financial statements are prepared in accordance with accounting principles to a going concern, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon the continued support from its directors, the ability to continue to raise the necessary financing to meet its obligations, and to achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time. These financial statements do not reflect any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

The Company has no history of profitable operations and its mineral projects are at an early stage. Therefore, it is subject to many risks common to comparable junior venture resource companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues.

## **OUTSTANDING SHARE DATA**

The Company's authorized capital is an unlimited number of common shares without par value. As at the date of this report there were 112,499,224 shares issued and outstanding, and the Company had 23,190,460 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share at a price of \$0.50 - \$0.70 per share until January 10, 2022. Stock options outstanding total 8,538,000 and are exercisable for common shares at \$0.05 - \$0.70 per share until August 12, 2025.

## Share Purchase Warrant Outstanding

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
2,095,084	\$ 0.500	September 6, 2021
3,731,071	\$ 0.550	November 14, 2021
91,000	\$ 0.500	December 4, 2021
1,156,665	\$ 0.700	June 15, 2022
2,941,000	\$ 0.550	July 10, 2025
690,409	\$ 0.500	July 31, 2022
5,885,413	\$ 0.650	August 14, 2023
<u>6,599,818</u>	\$ 0.650	September 1, 2023
<u>23,190,460</u>		

## Options Outstanding

<u>Number of Options</u>	<u>Options Vested</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
393,000	393,000	\$ 0.050	April 13, 2021
100,000	100,000	\$ 0.200	June 29, 2022
320,000	320,000	\$ 0.180	October 12, 2022
1,850,000	1,850,000	\$ 0.300	December 5, 2022
400,000	400,000	\$ 0.320	June 5, 2023
400,000	400,000	\$ 0.700	August 2, 2023
100,000	100,000	\$ 0.520	August 30, 2023
200,000	200,000	\$ 0.300	June 4, 2024
100,000	100,000	\$ 0.350	October 4, 2023
1,450,000	1,450,000	\$ 0.300	November 13, 2024
950,000	950,000	\$ 0.330	November 29, 2024
400,000	400,000	\$ 0.450	December 5, 2024
50,000	50,000	\$ 0.530	January 10, 2025
1,225,000	1,225,000	\$ 0.250	March 18, 2022
<u>600,000</u>	<u>600,000</u>	\$ 0.420	August 12, 2025
<u>8,538,000</u>	<u>8,538,000</u>		

## **CONTROLS AND PROCEDURES**

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), Canada Cobalt utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing a Venture Issuer Basic Certificate do not make any representations relating to establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP ("IFRS").

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of Canada Cobalt's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided securities legislation.

## **RISK FACTORS**

The mineral industry involves significant risks. In addition to the risk factors described elsewhere in this MD&A, the risk factors that should be taken into account in considering Canada Cobalt's business include, but are not limited to, those set out below. Any one or more of these risks could have a material adverse effect on the future prospects of the Company and the value of its securities.

## **Current Global Financial Condition**

Current global financial conditions have been subject to increased volatility and turmoil. These factors may affect Canada Cobalt's ability to obtain equity financing in the future or, if obtained, to do so on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations as well as the trading price of its common shares could be adversely affected.

## **Industry and Mineral Exploration Risk**

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's exploration efforts will be successful. At present, Canada Cobalt's projects do not contain any proven or probable reserves. Success in establishing reserves is a result of a number of factors, including the quality of the project itself. Substantial expenditures are required to establish reserves or resources through drilling, to develop metallurgical processes, and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves.

The Company may be subject to risks that could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. Canada Cobalt attempts to balance these risks through insurance programs where required and ongoing risk assessments conducted by its technical team.

## **Commodity Prices**

Canada Cobalt is in the business of exploring for base and precious metals, the market prices of which can fluctuate widely. Metal prices ultimately depend on demand in the end markets for which metals are used. Demand is affected by numerous factors beyond the Company's control, including the overall state of the economy, general level of industrial production, interest rates, the rate of inflation, and the stability of exchange rates, any of which can cause significant fluctuations in metals prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of metals has fluctuated widely in recent years and there are no assurances as to what will be the future prices of base and precious metals. In the course of its current operations, the Company does not enter into price hedging programs.

## **Environmental**

Exploration projects and operations are subject to the environmental laws and applicable regulations of the jurisdiction in which Canada Cobalt operates. Environmental standards continue to evolve and the trend is to a longer, more complete and rigid process. The Company reviews environmental matters on an ongoing basis. If and when appropriate, the Company will make appropriate provisions in its financial statements for any potential environmental liability.

## **Reliance upon Key Personnel**

The Company is dependent upon a number of key management and operational personnel, including the services of certain key employees. Its ability to manage activities, and hence its success, will depend in large part on the efforts of these individuals. During times when metals prices are strong, the Company faces intense competition for qualified personnel, and there can be no assurance that Canada Cobalt will be able to attract and retain such personnel at any time. Canada Cobalt does not maintain "key person" life insurance. Accordingly, the loss of the services of one or more of such key management personnel

could have a material adverse effect on the Company.

### **Insurance**

Canada Cobalt's insurance will not cover all the potential risks associated with its operations. In addition, although certain risks are insurable, it might be unable to maintain insurance to cover these risks at economically feasible premiums. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration is not generally available to Canada Cobalt or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards that may not be insured against or that it may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### **Requirements to Obtain Government Permits**

Government approvals and permits are currently required in connection with Canada Cobalt's exploration activities, and further approvals and permits may be required in the future. The duration and success of the Company's efforts to obtain permits are contingent upon many variables outside of its control. Obtaining government permits may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary permits will be obtained and if obtained, that the costs involved will not exceed Canada Cobalt's estimates or that it will be able to maintain such permits. To the extent such approvals are required and not obtained or maintained, the Company may be prohibited from proceeding with planned exploration or development of mineral properties.

### **Joint Ventures**

From time to time Canada Cobalt may enter into one or more joint ventures. Any failure of a joint venture partner to meet its obligations could have a material adverse effect on such joint ventures. In addition, the Company might be unable to exert influence over strategic decisions made in connection with properties that are involved in such joint ventures.

### **Exploration Risks**

The exploration for and development of mineral deposits involves significant risks. Few properties that are explored are ultimately developed into producing mines. Whether a mineral deposit will be commercially viable depends on a number of factors, including: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulation, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Even if the Company identifies and acquires an economically viable ore body, several years may elapse from the initial stages of development until production. As a result, it cannot be assured that Canada Cobalt's exploration or development efforts will yield new mineral reserves or will result in any new commercial mining operations.

### **Mineral Property Title Risk**

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of the properties will not be challenged or impaired. Third parties may have valid claims underlying portions of Canada Cobalt's interests, including prior unregistered liens,

agreements, transfers or claims, including aboriginal land claims, and title may be affected by, among other things, undetected defects or unforeseen changes to the boundaries of Canada Cobalt's properties by governmental authorities. As a result, the Company may be constrained in its ability to operate its properties or unable to enforce its rights with respect to its properties. An impairment to or defect in the title to the Company's properties could have a material adverse effect on its business, financial condition or results of operations. In addition, such claims, whether or not valid, would involve additional cost and expense to defend or settle.

### **Potential for Conflicts of Interest**

Certain of the Company's directors and officers may also serve as directors or officers of other companies involved in natural resource exploration and development or other businesses and consequently there exists the possibility for such directors and officers to be in a position of conflict. Canada Cobalt expects that any decision made by any of such directors and officers involving Canada Cobalt will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Canada Cobalt and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matters in which such director may have a conflict of interest or which are governed by the procedures set forth in applicable law.

### **Subsequent Events**

**Since 30 September 2020**, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

**October 16, 2020**, the Company announced significant ramp project advancement in environmental studies, site development, community engagement, First Nations consultations, and exploration which will further de-risk the Robinson Zone Project which is 100-percent owned by the Company, in the 78-square-kilometre Castle Silver Mine property, in Gowganda, Ontario, Canada.

Highlights and updates:

- Engaged an environmental consultant to begin a gap analysis at the Robinson Zone. The gap analysis will develop a baseline study for ramp development. The company plans to setup drill stations underground to further the exploration program. A bulk sample will be taken for metallurgical testing.
- Engaged a mining consultant to develop a scope of work for the upcoming engineering studies to design the ramp. The necessary information has been forwarded to the mining consultant.
- Retained SGS Lakefield to further develop the company's Re-2OX process. The metallurgical program will consist of producing battery-grade cobalt and nickel sulfates with the recovery of silver into dore bars.

- Advanced the 2020-21 Robinson Zone 50,000-meter drill program in the fourth quarter with 20 percent completed to date and with appropriate COVID-19 protocols in place. Four new, mineralized vein structures have been identified. The exploration target is enlarged up to 135 metres East-West, up to 100 metres North-South and up to 256 metres vertically.

**October 22, 2020**, the Company has graduated to Tier 1 on the TSX Venture Exchange. The TSX Venture Exchange classifies issuers into different tiers based on standards including historical financial performance, stage of development and financial resources. Tier 1 is the Exchange's premier tier and is reserved for its most advanced issuers.

**October 23, 2020**, the Company has appointed Robert Guanzon as the new CFO of Canada Silver Cobalt due to the passing of the former CFO, Tom Devlin.

**October 30, 2020**, the Company entered into an option agreement with MagNor Resources (MagNor) dated October 26, 2020 whereby Canada Silver Cobalt may earn an undivided 100% Interest, subject to a 2% NSR, in the MagNor's B2 property in Quebec, Canada. The property has 12 claims totaling 670 hectares (6.7km<sup>2</sup>). The Agreement is subject to TSX Venture Exchange ("Exchange") acceptance.

#### Terms of the Agreement

Pursuant to the terms of the Agreement, the Company may exercise the option with MagNor as follows:

- On Closing, making a payment of \$62,500<sup>(1)</sup> - (120,238 shares issued);
- 24 months from Closing, making a payment of \$62,500<sup>(1)</sup>;
- 36 months from Closing, making a payment of \$62,500<sup>(1)</sup>; and
- 36 months from Closing, incurring an aggregate of \$100,000 in Exploration Expenditures on the Ni Cu property;

*(1) Payment can be made in cash or through the issuance of Canada Silver Cobalt shares at a price per common share equal to the volume weighted average trading price of the Company's shares on the Exchange for the ten (10) trading days immediately preceding the Closing Date, at the option of the Company.*

**November 4, 2020**, the Company has issued 200,000 stock options at \$0.50 per share to consultant.

**November 25, 2020**, the Company has closed a non-brokered private placement by way of issuing 4,288,778 flow-through units ("FT Units") at a price of \$0.63 per FT Unit raising gross proceeds of \$2,701,930. The Company will also be issuing 3,308,824 Quebec FT Units at a price of \$0.68 per QFT Unit raising gross proceeds \$2,250,000. The Company is raising in total \$4,951,930.

Each FT and QFT Unit is comprised of one flow-through common share of the Company and one half of one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.80 per share, for a period of two years from closing, subject to TSX Venture Exchange ("Exchange") approval.

The Company has paid Finder fees in the amount of \$129,304 and issued 198,533 finder warrants in connection with the FT and QFT private placement. The finder's warrants are on the same terms as the financing warrants. The finder fees are subject to Exchange approval.

All securities issued in connection with the private placement will be subject to a four-month and a day hold period expiring on March 26, 2021 in accordance with applicable Canadian Securities Laws.