CAMEO COBALT CORP.

(Formerly known as Cameo Resources Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For The Six Months Ended October 31, 2018 and 2017

(Unaudited –Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

CAMEO COBALT CORP.

(Formerly known as Cameo Resources Corp.)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

As at

	Note		October 31, 2018		April 30, 2018
ASSETS					
Current assets					
Cash		$	22,308	$	1,033,445
Receivables			15,695		35,562
Prepaid expenses			61,380		200,477
Total current assets			99,383		1,269,484
Non-current assets					
Exploration and evaluation assets	4		10,732,625		5,121,440
TOTAL ASSETS		$	10,832,008	$	6,390,924
LIABILITIES					
Current liabilities					
Trade payables and accrued liabilities		$	190,665	$	142,951
Convertible loans payable	5		8,081		-
Due to related parties	6		31,730		31,015
TOTAL LIABILITIES			230,476		173,966
EQUITY					
Share capital	7		28,931,818		23,546,224
Shares to be issued			-		18,750
Reserves	7		1,881,322		1,242,839
Equity component of convertible loans			162		-
Deficit			(20,211,770)		(18,590,855)
TOTAL EQUITY			10,601,532		6,216,958
TOTAL LIABILITIES AND EQUITY		$	10,832,008	$	6,390,924

Nature of operations and going concern (Note 1)
Subsequent events (Note 12)

Approved by the Board of Directors on **December 21, 2018**:

"Akash Patel"	*"Lucas Birdsall"*
Director	Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CAMEO COBALT CORP.

(Formerly known as Cameo Resources Corp.)

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

For The Six Months Ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Note	Three months ended October 31, 2018	Three months ended October 31, 2017	Six months ended October 31, 2018	Six months ended October 31, 2017
EXPENSES					
Consulting and management fees	6	$ 120,462	$ 54,226	$ 221,575	$ 101,280
Filing and transfer agent fees		(15,526)	7,722	106,172	11,724
Marketing		111,596	13,168	558,613	13,168
Office, rent and miscellaneous		12,324	4,037	24,096	7,225
Professional fees		37,003	6,121	66,240	10,331
Share-based compensation	6	638,483	-	638,483	-
Travel and promotion		5,165	1,080	5,318	3,308
Total expenses		(909,507)	(86,354)	(1,620,497)	(147,036)
OTHER ITEMS					
Finance expenses		(481)	-	(496)	-
Other income		78	-	78	-
Total other items		(403)	-	(418)	-
Net loss and comprehensive loss for the period		$ (909,910)	$ (86,354)	$ (1,620,915)	$ (147,036)
Loss per common share – basic and diluted		$ (0.02)	$ (0.00)	$ (0.03)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted		60,046,730	20,629,158	56,846,476	20,615,262

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CAMEO COBALT CORP.

(Formerly known as Cameo Resources Corp.)

Condensed Interim Consolidated Statements of Cash Flows

For The Six Months Ended October 31, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Six months ended October 31, 2018	October 31, 2017
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the period	$ (1,620,915)	$ (147,036)
Items not involving cash		
Accrued interest	243	-
Share-based compensation	638,483	-
Changes in non-cash working capital items		
Receivables	24,867	(4,362)
Prepaid expenses	139,097	(93,116)
Trade payables and accrued liabilities	42,414	(194,588)
Due to related parties	715	(15,750)
Net cash used in operating activities	(775,096)	(454,852)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition, net of cash received	(35,544)	-
Exploration and evaluation assets	(840,687)	-
Net cash used in investing activities	(876,231)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of common shares	330,000	-
Proceeds from the exercise of warrants	306,250	30,684
Share issuance costs, cash	(4,060)	(5,896)
Proceeds from loans payable	65,000	-
Repayment of loans payable	(57,000)	-
Net cash provided by financing activities	640,190	24,788
Change in cash	(1,011,137)	(430,064)
Cash, beginning of the period	1,033,445	867,003
Cash, end of the period	$ 22,308	$ 436,939

Supplemental disclosure with respect to cash flows (Note 11)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CAMEO COBALT CORP.

(Formerly known as Cameo Resources Corp.)

Condensed Interim Consolidated Statement of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Number of Shares	Share Capital	Shares to be Issued	Reserves	Equity Component of Convertible Loans	Deficit	Total Equity
Balance – April 30, 2017	**20,555,517**	**$ 17,205,010**	**$ -**	**$ 921,442**	**$ -**	**$ (17,486,870)**	**$ 639,582**
Share issuance costs	-	(5,896)	-	-	-	-	(5,896)
Exercise of broker's warrants	73,641	30,684	-	-	-	-	30,684
Fair value of broker's warrants transferred to share capital	-	9,095	-	(9,095)	-	-	-
Net comprehensive loss for the period	-	-	-	-	-	(147,036)	(147,036)
Balance – October 31, 2017	**20,629,158**	**$ 17,238,893**	**$ -**	**$ 912,347**	**$ -**	**$ (17,633,906)**	**$ 517,334**
Balance – April 30, 2018	**44,439,156**	**$ 23,546,224**	**$ 18,750**	**$ 1,242,839**	**$ -**	**$ (18,590,855)**	**$ 6,216,958**
Private placement	1,650,000	330,000	-	-	-	-	330,000
Share issuance costs	-	(4,060)	-	-	-	-	(4,060)
Shares issued for exploration and evaluation assets	9,637,060	3,054,654	-	-	-	-	3,054,654
Acquisition of Labrador Cobalt Corp.	1,500,000	480,000	-	-	-	-	480,000
Acquisition of Forrest Kerr Resources Inc.	4,000,000	1,200,000	-	-	-	-	1,200,000
Exercise of warrants	1,300,000	325,000	(18,750)	-	-	-	306,250
Equity component of convertible loans	-	-	-	-	1,317	-	1,317
Settlement of convertible loans	-	-	-	-	(1,155)	-	(1,155)
Share-based compensation	-	-	-	638,483	-	-	638,483
Net comprehensive loss for the period	-	-	-	-	-	(1,620,915)	(1,620,915)
Balance – October 31, 2018	**62,526,216**	**$ 28,931,818**	**$ -**	**$ 1,881,322**	**$ 162**	**$ (20,211,770)**	**$ 10,601,532**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Cameo Cobalt Corp. (formerly Cameo Resources Corp.) (the "Company") was incorporated under the Company Act of British Columbia on March 3, 1987. The Company is in the business of exploring mineral properties and has not yet generated revenues from operations. The Company's shares are traded on the TSX Venture Exchange ("TSX-V").

The address of the Company's corporate office is 810-789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

During the year ended April 30, 2017, the Company consolidated the shares of the Company on a twenty five to one basis. These statements reflect the share consolidation retroactively.

On May 29, 2018, the Company split its common shares on the basis of three common shares for each existing common share held. All number of shares and per share amounts have been retroactively restated in these consolidated financial statements to reflect this share split.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has working capital deficiency at October 31, 2018 of $131,093 (April 30, 2018 – working capital of $1,095,518) and a deficit of $20,211,770 (April 30, 2018 - $18,590,855). Management is aware of material uncertainties present that cast doubt upon the Company's ability to continue as a going concern, the most significant of these being the Company's ability to continue to obtain additional long-term financing and the continued financial support of the Company's shareholders. The Company is considering a number of alternatives to secure additional capital from additional funding facilities or equity financing. Although management intends to secure additional financing there is no assurance management will be successful or that it will establish future profitable operations. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

If the going concern assumption is not appropriate for these condensed interim consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such amounts could be material.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of October 31, 2018.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting.

The condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated.

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at April 30, 2018. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2018.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Basis of consolidation

Consolidated financial statements include the assets, liabilities and results of operations of all entities controlled by the Company. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the Company's the consolidated financial statements. Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of comprehensive loss from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

These condensed interim consolidated financial statements include the accounts of the Company and its controlled wholly owned subsidiaries, Labrador Cobalt Corp. and Forrest Kerr Resources Inc.

Convertible loans

Convertible loans are compound financial instruments that are recorded in part as a liability and in part as shareholders' equity. The Company uses the "residual valuation" method to determine the debt and equity components of the convertible loans. Under the residual valuation method, the liability component is determined by estimating the present value of the future cash payments discounted at a rate of interest which the Company would be charged by the market for similar debt without the conversion option. The difference between the net proceeds of the debenture and the liability component is recorded as a separate component of shareholders' equity. Loans payable is accreted to its face value at maturity over the term of the debt through a charge to operations. The value of the equity component is not remeasured subsequent to its initial measurement date, and remains in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital.

On the early redemption of convertible loans, the Company allocates the consideration paid on extinguishment to the liability based on its fair value at the date of the transaction and the residual is allocated to the conversion option. Any resulting gain or loss relating to the liability component is charged to profit or loss, and the difference between the carrying amount and the amount considered to be settled relating to the equity component is treated as a capital transaction and charged to share capital.

Significant estimates and assumptions

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting years include stock-based awards and payments and fair value measurements for financial instruments.

Significant judgments

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's condensed interim consolidated financial statements include the assessment of the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

<u>Changes in accounting standards</u>
IFRS 9 – Financial Instruments
The Company adopted IFRS 9, which replaced IAS 39 – Financial Instruments: Recognition and Measurement, in its consolidated financial statements beginning May 1, 2018.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9 there are three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and lost ("FVTPL"). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measure at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The adoption of IFRS 9 did not have a material impact on the Company's consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers
On May 28, 2014 the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. IFRS15 is effective for reporting periods beginning on or after January 1, 2018 with early application permitted. Since the Company has no revenues from contracts with customers, there was no material impact on the Company's consolidated financial statements upon adoption of this standard.

<u>New accounting standards and interpretation</u>
Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2019 or later periods. The following new standards, amendments and interpretations that have not been early adopted in these condensed interim consolidated financial statements:

Effective for annual years beginning on or after January 1, 2019:

IFRS 16, Leases. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The extent of the impact of adoption has not yet been determined.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

(Expressed in Canadian dollars)

3. ACQUISITION

Labrador Cobalt Corp.
On May 10, 2018, the Company entered into a share purchase and sale agreement with Phoenix Mining Corp. to acquire all the issued and outstanding common shares of Labrador Cobalt Corp. ("Labrador Cobalt"), a privately-held corporation. Pursuant to the share purchase and sale agreement, the Company will issue 1,500,000 common shares of the Company (issued at a fair value of $480,000 on May 18, 2018) (Notes 7 and 11) and pay $40,000 (paid).

This acquisition has been accounted for as an acquisition of assets as Labrador Cobalt did not meet the definition of a business under IFRS 3, Business Combinations.

		Total
Purchase consideration:		
Cash	$	40,000
Common shares		480,000
	$	520,000
Net assets acquired:		
Cash	$	4,456
Exploration and evaluation assets (Note 4)		515,544
	$	520,000

Forrest Kerr Resources Inc.
On August 27, 2018, the Company entered into a share purchase agreement with the shareholders of Forrest Kerr Resources Inc. ("Forrest Kerr") to acquire all the issued and outstanding common shares of Forrest Kerr, a privately-held corporation. Pursuant to the share purchase agreement, the Company will issue 4,000,000 common shares of the Company (issued at a fair value of $1,200,000 on September 4, 2018) (Notes 7 and 11).

This acquisition has been accounted for as an acquisition of assets and liabilities as Forrest Kerr did not meet the definition of a business under IFRS 3, Business Combinations.

		Total
Purchase consideration:		
Common shares	$	1,200,000
Net assets acquired:		
Amounts receivable	$	5,000
Exploration and evaluation assets (Note 4)		1,200,300
Trade payables and accrued liabilities		(5,300)
	$	1,200,000

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Silver King North	Whabouchi	Gochager Lake	Staghorn Lake	Labrador Cobalt	Carrizal Cobalt	Big Mac Gold	Total
Acquisition costs								
Balance, April 30, 2018	$ 2,960,000	$ 390,000	$ 1,589,220	$ 100,000	$ -	$ -	$ -	$ 5,039,220
Additions	-	-	-	2,880,000	515,544	572,479	1,200,300	5,168,323
Balance, October 31, 2018	2,960,000	390,000	1,589,220	2,980,000	515,544	572,479	1,200,300	10,207,543
Exploration costs								
Balance, April 30, 2018	$ 34,007	$ 31,552	$ 16,661	$ -	$ -	$ -	$ -	$ 82,220
Assays, staking & mapping	-	-	4,314	-	-	1,360	-	5,674
Consulting and professional fees	3,424	-	-	-	-	-	-	3,424
Geological/Geophysical	-	23,893	45,375	-	-	-	110,770	180,038
Field work and supplies	-	-	222,649	-	-	-	-	222,649
Property taxes and licenses	-	-	165	-	-	-	-	165
Travel	-	-	22,268	-	-	-	-	22,268
Trenching and sampling	-	-	8,644	-	-	-	-	8,644
Balance, October 31, 2018	37,431	55,445	320,076	-	-	1,360	110,770	525,082
Total April 30, 2018	$ 2,994,007	$ 421,552	$ 1,605,881	$ 100,000	$ -	$ -	$ -	$ 5,121,440
Total October 31, 2018	$ 2,997,431	$ 445,445	$ 1,909,296	$ 2,980,000	$ 515,544	$ 573,839	$ 1,311,070	$ 10,732,625

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS *(Cont'd.)*

Silver King North Project
During the year ended April 30, 2018, the Company entered into an agreement with arm's-length vendors to acquire the Silver King North Project in exchange for 12,000,000 common shares (issued at a fair value of $2,760,000) (Notes 7 and 11), cash payments totaling $200,000 (paid) and the granting of a 2% gross royalty.

Whabouchi Project
During the year ended April 30, 2018, the Company entered into an agreement with Clean Commodities Corp. whereby the Company may earn an 80% interest in the Whabouchi Regional Lithium Project (the "Whabouchi Project") in exchange for $25,000 (paid), 1,500,000 common shares (issued at a fair value of $365,000) (Notes 7 and 11) and an exploration expenditure earn-in of $5,000,000 over four years (being $500,000 in year one, $1,000,000 in year two, $1,500,000 in year three and $2,000,000 in year four). Upon completion of the option agreement, the Whabouchi Project would become a joint venture between the Company and Clean Commodities Corp., with the Company serving as the operator.

Gochager Lake Project
During the year ended April 30, 2018, the Company entered an agreement to acquire 100% of the Gochager Lake Nickel-Copper-Cobalt project claims from U.S. Lithium Corp. (the "Vendor") in exchange for 3,000,000 common shares (issued at a fair value of $1,260,000) (Notes 7 and 11) and US$60,000 (paid). In addition, the Company agrees to incur development expenditures of US$225,000 on or prior to July 12, 2019. The Company will also issue an aggregate of 600,000 common shares (issued at a fair value of $252,000) (Notes 7 and 11) extending the deadline to incur development expenditures from 2018 to 2019. Additionally, one of the parties from whom the Vendor acquired the project will retain a 2% net smelter royalty on the claims. The Company will have the right to buy back 1% of the NSR for a purchase price of US$1.25 million.

Staghorn Lake Cobalt Project
During the year ended April 30, 2018, the Company entered into an agreement to acquire 100% of the Staghorn Lake Cobalt project claims in exchange for 9,000,000 common shares (issued at fair value of $2,880,000 on May 18, 2018) (Notes 7 and 11) and $100,000 (paid).

Labrador Cobalt Project
On May 10, 2018, the Company entered into a share purchase and sale agreement with Phoenix Mining Corp to acquire all the issued and outstanding common shares of Labrador Cobalt, a privately-held corporation (Note 3) which owns certain claims situated north of the Voisey's Bay mine in Newfoundland and Labrador.

Carrizal Cobalt Project
On June 12, 2018, the Company entered into an option agreement to acquire 100% of the Carrizal Cobalt project located in the Atacama region of Northern Chile from Asesorias Y Servicios ZT Partners SpA in exchange for a total of 2,750,000 common shares of the Company and USD$5,050,000 as follows:

	Cash	**Common Shares**	
On closing date (August 14, 2018)	USD$150,000	250,000 common shares	Paid/Issued
One month following the closing date	USD$150,000	250,000 common shares	Paid/Issued
12 months following the closing date	USD$500,000	500,000 common shares	
24 months following the closing date	USD$750,000	750,000 common shares	
36 months following the closing date	USD$1,000,000	1,000,000 common shares	
48 months following the closing date	USD$2,500,000	-	
	USD$5,050,000	2,750,000 common shares	

4. EXPLORATION AND EVALUATION ASSETS *(Cont'd.)*

Big Mac Gold Project
On August 27, 2018, the Company entered into a share purchase agreement with the shareholders of Forrest Kerr to acquire all the issued and outstanding common shares of Forrest Kerr, a privately-held corporation (Note 3) which owns certain claims situated in British Columbia's Golden Triangle.

Tanzania – Morogoro
On May 10, 2010 an agreement was executed between Kokanee Placer Ltd., AFGF (Tanzania) Ltd. and the Company. The Company acquired an option to earn an 80% interest in the MEG Gold Property located in the Morogoro Rural District of Tanzania. The agreement was last amended on August 28, 2013 and such amendment, in conjunction with previous amendments, deemed all commitments were satisfactorily conformed with and the Company earned its 80% interest in the MEG Gold Property.

The MEG Gold Property consists of one Prospecting License ("PL") (PL 6305/2010, which was renewed in February 2013 and is presently represented by Notification of Grant HQ-P 26835). The new PL was issued to AFGF (Tanzania) Ltd. and replaces entirely the previous PL 6305/2010 with no residual interest and grants rights for a period of 48 months to carry on prospecting operations, and execute other such operations as are necessary for that purpose, for all minerals other than building materials and gemstones. The new PL expired on April 11, 2017 and was not renewed. As such, the property was written off and a write-off expense of $4,016,807 was recorded in the statement of comprehensive loss during the year ended April 30, 2017.

Quebec – Scandium
During the year ended April 30, 2015, the Company paid $12,500 to stake certain scandium properties in Quebec, Canada. During the year ended April 30, 2017, the claims comprising of this property expired and were not renewed. As such, the property was written off and a write-off expense of $235,365 was recorded in the statement of comprehensive loss.

5. CONVERTIBLE LOANS PAYABLE

During the six months ended October 31, 2018, the Company entered into loan agreements to receive a total of $65,000. The loans are unsecured, bearing interest at 8% per annum, matures in six months after the effective date and the lender has the option to convert all or any portion of the loan into common shares of the Company at any time before the maturity date, at the maximum allowable discount. At the date of issue, the debt portion of the convertible loans was recorded at its fair value of $63,683, assuming a fair value of interest rate for comparable debt of 12% per annum. The equity component, which is the fair value attributed to the conversion feature, had a carrying value of $1,317, being the difference between the face amount and the fair value of the debt. The carrying value of the equity component was recorded as a separate component of shareholders' equity. Subsequent to initial recognition, the debt has been amortized over the term of the debt using the effective interest rate method at discount rate of 12%.

During the six months ended October 31, 2018, the Company repaid the principal balance of $57,000 and interest of $253 and accrued an interest and accretion expense of $243 (2017 - $Nil) related to the convertible loans.

As at October 31, 2018, the outstanding convertible loans payable was $8,081 (April 30, 2018 - $Nil).

(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS

The balance in due to related parties comprises the following:

		October 31, 2018		April 30, 2018
Officers and directors	$	31,730	$	31,015

The amounts owing to officers, directors, and key management personnel are unsecured, non-interest bearing and due on demand.

The Company had the following transactions with directors and officers and former directors and officers for the six months ended October 31, 2018 and 2017:

			2018		2017
Management fees	(a)	$	65,000	$	60,000
Consulting fees	(b)		23,500		-
Share-based compensation			370,488		-
		$	458,988	$	60,000

(a) During the six months ended October 31, 2018, the Company paid or accrued management fees of $65,000 (2017 - $60,000) to the President and CEO of the Company.
(b) During the six months ended October 31, 2018, the Company paid or accrued consulting fees of $16,000 (2017 - $Nil) to a director of the Company and $7,500 (2017 - $Nil) to a former director and officer of the Company.

7. SHARE CAPITAL

(a) Authorized and issued

Authorized: Unlimited common shares without par value.

On May 29, 2018, the Company split its common shares on the basis of three common shares for each existing common share held. All number of shares and per share amounts have been retroactively restated in these consolidated financial statements to reflect this share split.

Issued during the period ended October 31, 2018:

- Issued 9,637,060 common shares valued at $3,054,654 in relation to an exploration and evaluation asset (Notes 4 and 11).
- Issued 1,500,000 common shares valued at $480,000 in relation to the acquisition of Labrador Cobalt (Notes 3 and 11).
- Issued 4,000,000 common shares valued at $1,200,000 in relation to the acquisition of Forrest Kerr (Notes 3 and 11).
- Issued 1,300,000 common shares for proceeds of $325,000 as a result of the exercise of warrants.
- Closed a non-brokered private placement for 1,650,000 units at a price of $0.20 per unit for proceeds of $330,000. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one additional common share at a price of $0.30 per share for a period of two years.

(Expressed in Canadian dollars)

7. SHARE CAPITAL *(Cont'd.)*

Issued during the year ended April 30, 2018:

- Issued 17,100,000 common shares valued at $4,637,000 in relation to an exploration and evaluation asset (Notes 4 and 11).
- Issued 4,783,641 common shares for proceeds of $1,208,184 as a result of the exercise of warrants and finder's warrants.
- Closed a private placement for 1,999,998 units at a price of $0.25 per unit for proceeds of $500,000. Each Unit consists of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one additional common share at a price of $0.33 per share for a period of five years. In connection with the private placement, the Company incurred $13,065 in share issuance costs.

Shares to be issued:

As at October 31, 2018, the Company received $Nil (April 30, 2018 - $18,750) related to common shares issued for the exercise of warrants.

(b) Share purchase warrants

Outstanding share purchase warrants at October 31, 2018 were as follows:

Expiry	Price ($)	Outstanding April 30, 2018	Granted	Exercised	Expired	Outstanding October 31, 2018
April 21, 2020	0.250	7,290,000	-	(1,300,000)	-	5,990,000
February 27, 2023	0.333	1,999,998	-	-	-	1,999,998
August 30, 2020	0.300	-	825,000	-	-	825,000
		9,289,998	825,000	(1,300,000)	-	8,814,998

The weighted average remaining contractual life of the warrants outstanding at October 31, 2018 is 2.16 years.

Outstanding share purchase warrants at April 30, 2018 were as follows:

Expiry	Price ($)	Outstanding April 30, 2017	Granted	Exercised	Expired	Outstanding April 30, 2018
September 24, 2017	0.416	2,680,002	-	(42,000)	(2,638,002)	-
September 24, 2017	0.416	108,081	-	(31,641)	(76,440)	-
April 21, 2020	0.250	12,000,000	-	(4,710,000)	-	7,290,000
February 27, 2023	0.333	-	1,999,998	-	-	1,999,998
		14,788,083	1,999,998	(4,783,641)	(2,714,442)	9,289,998

(Expressed in Canadian dollars)

7. SHARE CAPITAL *(Cont'd.)*

(c) Stock options outstanding

Pursuant to the policies of the TSX-V, the Company may grant incentive stock options to its officers, directors, employees and consultants. The Company has implemented a fixed Stock Option Plan (the "Plan") whereby the Company has reserved 10% of the issued shares for issuance under the Plan. The exercise price of stock options is determined by the board of directors of the Company at the time of granting and may not be less than the average closing price of the Company's shares on the ten trading days immediately preceding the date on which the options are granted and publicly announced, and may not otherwise be less than $0.10 per share. Options have a maximum term of five years and terminate after a certain number of days following the termination of the optionee's term/employment, except in the case of death, in which case they terminate one year after the event.

A summary of the Company's outstanding share purchase options as at October 31, 2018 and the changes during the period are presented below:

	Number of Options	Weighted Average Exercise Price
Balance – April 30, 2018	1,050,000	$ 0.333
Granted	2,250,000	0.283
Cancelled	(650,000)	0.280
Outstanding and exercisable – October 31, 2018	2,650,000	$ 0.304

Additional information regarding stock options outstanding as at October 31, 2018 is as follows:

	Outstanding and exercisable			
Exercise price	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price	Expiry Date
$ 0.333	900,000			December 1, 2022
$ 0.333	150,000			December 28, 2022
$ 0.290	750,000			August 29, 2023
$ 0.280	850,000			September 6, 2023
	2,650,000	4.55	$ 0.304	

The weighted average fair value of each stock option granted during the period ended October 31, 2018 was $0.284, calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

Exercise price	Period ended October 31, 2018	Year ended April 30, 2018
Risk-free interest rate	2.18%	1.72%
Expected life of option	5	5
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	177.67%	211.03%

7. SHARE CAPITAL *(Cont'd.)*

Share-based payments

Total share-based payments recognized for stock options granted during the period ended October 31, 2018 was $638,483 (2017 - $Nil).

(d) Reserves

The Company's reserves consist of the fair value determined on granting of stock options and warrants until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

(e) Loss per share

The warrants and stock options outstanding at October 31, 2018 and 2017 were not included in the calculation of diluted loss per share because they are anti-dilutive for the periods presented.

8. SEGMENTED INFORMATION

The following table allocates exploration and evaluation assets by geographic location:

		October 31, 2018		April 30, 2018
Canada	$	10,158,786	$	5,121,440
Chile		573,839		-
	$	10,732,625	$	5,121,440

9. FINANCIAL INSTRUMENTS

Fair Value Measurement

The Company's financial instruments consisted of cash, receivables, trade payable, amounts due to related parties and convertible loans payable. The carrying value of cash, receivables, trade payable and amounts due to related parties approximates their fair value due to the short period of time to maturity. The convertible loans payable are booked at amortized costs.

Risk Disclosures

The Company's consolidated financial instruments are exposed to foreign currency risk, credit risk, interest rate risk and liquidity risk.

Foreign currency risk

The Company does conduct some of its business in US dollars and is therefore exposed to variations in the foreign exchange rate. The Company does not use foreign currency hedges to manage this risk.

Credit risk

Credit risk reflects the risk that the Company may be unable to recover contractual receivables. The Company's receivables are due from the Government of Canada. Credit risk is minimal.

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS *(Cont'd.)*

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in non-interest bearing bank account and interest on the Company's convertible loans payable are based on fixed rates, management considers the interest rate risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company has significant financial liabilities outstanding including trade payables and accrued liabilities and amounts due to related parties. The Company is exposed to the risk that it does not have sufficient liquid assets to meet its commitments associated with these financial liabilities. To the extent that the Company does not believe it has sufficient cash to meet these obligations, management will consider securing additional funds through equity transactions. The Company manages its liquidity risk by continuously monitoring forecast cash flow requirements to fund its operations. Management considers liquidity risk as high.

10. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity and cash. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares and incentive stock options. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. The Company's overall strategy with respect to management of capital remains unchanged for the period ended October 31, 2018.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	October 31, 2018	October 31, 2017
Interest paid	$ 253	$ -
Income tax paid	$ -	$ -

The significant non-cash transactions for the period ended October 31, 2018:

(a) Issued 9,637,060 common shares at a value of $3,054,654 related to exploration and evaluation assets (Notes 4 and 7).
(b) Issued 1,500,000 common shares at a value of $480,000 related to the acquisition of Labrador Cobalt (Notes 3 and 7).
(c) Issued 4,000,000 common shares at a value of $1,200,000 related to the acquisition of Forrest Kerr (Notes 3 and 7).

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS *(Cont'd.)*

The significant non-cash transactions for the year ended April 30, 2018:

(a) Transferred $9,095 to share capital from reserves on the exercise of 10,547 finder's warrants.
(b) Issued 17,100,000 common shares at a value of $4,637,000 related to exploration and evaluation assets (Notes 4 and 7).

12. SUBSEQUENT EVENTS

On September 25, 2018, the Company entered into a share exchange agreement with Chilean Cobalt Opportunity Corp. ("CCOC") to acquire 100% of CCOC's issued and outstanding share capital. For consideration, the Company will issue a total of 12,050,000 common shares and 3,000,000 share purchase warrants valid for a period of 2 years from closing with an exercise price of $0.26 per share. On November 20, 2018, the Company received final TSX-V approval on the share exchange agreement.

On November 5, 2018, 850,000 stock options with an exercise price of $0.28 were cancelled.