Cobalt Blockchain Inc.

MANAGEMENT DISCUSSION AND ANALYSIS
For the three months ended August 31, 2019

Cobalt Blockchain Inc.

MANAGEMENT DISCUSSION AND ANALYSIS – August 31, 2019

This MD&A is prepared as of October 30, 2019 and should be read in conjunction with the unaudited interim financial statements of Cobalt Blockchain Inc. (the "Company") for the three months ended August 31, 2019 and for the year ended May 31, 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward- looking statements. Additional information can be found on SEDAR, www.sedar.com or on the Company's website www.cobc.co. All amounts are in Canadian dollars.

EXECUTIVE SUMMARY

Cobalt Blockchain Inc. (TSX-V: COBC), was initially formed as Peat Resources Limited for the purpose of the exploration and development of peat resources as well as the development, production and marketing of economically competitive, environmentally favourable, and consistent quality peat fuel.

With subsequent changes in the energy environment, the Company put its peat projects on hold and engaged a consultant with a mandate to evaluate specific technology-based alternatives to the Company's focus on energy and biofuels.

During the year ended May 31, 2017, the Company extended the target scope and accelerated the strategic examination with the intent to deliver recommendations to shareholders. However during that period, while the Company accomplished due diligence on many alternatives, no practicable options were found which would warrant a pivot into the technology arena.

Whilst the investigation into the technology field was ongoing, the Company was introduced to a number of opportunities in mineral resource exploration and development. As a resource-based Company, the Board of Directors with the assistance of the Company's financial advisors undertook to evaluate these opportunities and on September 29, 2017, the Company entered into a binding letter of intent to participate in mineral exploration in Dargavel Township, Ontario, with Noble Mineral Exploration Inc. On September 7, 2018 the Company announced the termination of the Letter of Intent following Noble's notification that it would be unable to provide geological information on the property in the near future.

On December 11, 2017, the Company entered into an agreement to purchase Belair African Metals, SARL ("Belair"), a private company in the Democratic Republic of Congo ("DRC"), licensed for the commodity trading of certified conflict free tin, tantalum and tungsten. With an extended management team with ten years of experience in exploration, mining and metal trading in the DRC, the Company plans to expand on Belair's conflict free mining and metals platform to include cobalt and copper. An active investigation into the acquisition of additional cobalt and copper exploration properties has commenced. In addition, resources will be dedicated to the enhancement, through new technologies, of the existing third-party traceability programs to better ensure metals are sourced and traded conflict-free.

At the Annual and Special Meeting held on March 13, 2018, shareholders approved the proposed acquisition of Belair subject to regulatory approval, as well as the change of the company name to "Cobalt Blockchain Inc." which better reflected the minerals focus of the Company and its proposed use of enhanced technology. Following receipt of regulatory approval, the Company concluded the acquisition of Belair through the issuance of 15,000,000 common shares of the Company on April 5, 2018.

CORPORATE DEVELOPMENTS

DRC Copper / Cobalt Joint Venture Properties

Further to COBC's announcement on March 22, 2018, the company has completed early exploration work on the Cobalt Blockchain SAS Joint Venture. Initial property payments totaling US$50,000 have been made to the local JV partner on the completion of due diligence related to property title and a baseline geological assessment. A further US$50,000 in cash will be paid to the local JV partner once the concessions are transferred to the Joint Venture Company, subject to approval of the TSX Venture Exchange. A NI 43-101 compliant technical report acceptable to the TSX Venture Exchange will be completed before the final closing of the JV agreement.

Commissioning Study on Cobalt Hydroxide Processing Plant

With reference to the Letter of Intent ("LOI") with Traxys Europe S.A. ("Traxys") (as previously announced on August. 7, 2018), COBC has engaged Minxcon Consulting (Pty) Limited, a South Africa based consulting engineering firm, to provide a commissioning study to confirm the time and capital costs required to commence operation of the DRC cobalt hydroxide plant. After the plant is commissioned, the initial feed will come from sources arranged by the Company such as the supply agreement previously announced on April 1, 2018. Upon a NI43-101 compliant technical report that includes resources on the above described joint venture properties having been obtained, feed for the plant may also come from these properties. The closing of the arrangements with Traxys concerning the cobalt hydroxide plant are subject to approval of the TSX Venture Exchange and no significant resources will be allocated by the Company to the arrangements with Traxys before the final acceptance of the Exchange.

Trading on the OTCQB Venture Market

On October 3, 2018 COBC began trading on the OTCQB® Venture Market under its existing ticker symbol "COBCF". Moving to the OTCQB was an important step towards increasing awareness, visibility and potentially expanding the Company's U.S. shareholder base. OTCQB companies are current in their reporting and undergo an annual verification and management certification process.

CAPITAL STOCK AND FINANCING

There was no financing activity during the three months ended August 31, 2019

During the year ended May 31, 2019, the following financing transactions occurred:

- On October 16, 2018 there were 500,000 options exercised at $0.05 per share.
- On December 20, 2018 there were 2,995,307 options exercised at $0.05 per share.

- On February 1, 2019 the Company issued 4,333,334 units at a price of $0.15 pursuant to the first tranche of a private placement. Each unit consisted of one common share and one half warrant, each whole warrant exercisable for a period of five years at a price of $0.20
- On February 1, 2019 100,000 warrants were exercised at a price of $0.05
- On March 7, 2019 the Company issued 3,080,001 common shares and 133,333 warrants in settlement of debt amounting to $462,000. Each warrant entitles the holder to purchase one common share at a price of $0.20 for a period of five years.
- On March 15, 2019 the Company issued 193,400 common shares and 96,700 warrants for gross proceeds of $29,010 pursuant to a private placement. Each warrant entitles the holder to purchase one common share at a price of $0.20 for a period of five years.

OPERATIONS

Operational activity has focused on three areas: i) acquisition of cobalt/copper exploration projects, ii) the sourcing of upstream mineral supply and in-country processing, and iii) the development of a mineral tracking program to support the ethical provenance of that supply.

Exploration Projects

On March 22, 2018 the Company announced that it had entered into a joint venture agreement for cobalt/copper concessions in the DRC. COBC has an 80% interest in Cobalt Blockchain SAS, a joint venture between the Company and a private local partner. The two contiguous concessions controlled by Cobalt Blockchain SAS contain 9 carrés, totalling 7.6 square kilometers. The properties are located about 50 kilometers from Lubumbashi in an area with active artisanal and small-scale cobalt / copper mining.

On September 7, 2018 the Company announced that it has terminated its LOI dated September 29, 2017 with Noble Mineral Exploration Ltd. ("Noble") with respect to Noble's Dargavel Township property in Ontario, Canada. The termination was based on Noble's August 27, 2018 announcement that it would be unable to provide geological information on its property in the near future.

In March 2019 the company engaged Earthlabs, a geological consulting firm based in South Africa, to deliver a baseline NI 43-101 technical report on the Cobalt Blockchain SAS project. Three geologists visited the site over the course of one week to perform geological reconnaissance.

Mineral Supply and Processing

On April 6, 2018 the Company announced that it had successfully negotiated a supply agreement with one of the largest local mining cooperatives in the Lualaba province of the DRC. Under the agreement COBC will be supplied with a minimum of 40,000 tonnes of cobalt concentrate per annum, with a minimum grade of 1% cobalt and an expected average grade of 3-4% cobalt. The Company considers this agreement to be a significant milestone in its strategy to generate near-term cash flow. Supply agreements with established mining cooperatives will complement plans for larger-scale, mechanised production activities on mineral concessions including the 48.4 square kilometers of copper/cobalt concessions in the joint ventures discussed above.

The Company remains actively engaged in negotiations on several other cobalt/copper properties and aims to announce further acquisitions or joint ventures when definitive agreements are concluded. Considerations for the joint venture agreements announced above are not deemed by the Company to be material.

On July 25, 2018 the Company announced that it had received final approval from the DRC Ministry of Mines for its cobalt and copper license. With this new export trading license, COBC is now able to export cobalt and copper from the DRC in addition to tin, tantalum, and tungsten under its existing license. The Company is now fully licensed to establish regional buying depots, process minerals in-country, and ultimately export metal concentrates to international buyers.

On August 7, 2018 COBC and Traxys Europe S.A. announced the signing of a letter of intent ("LOI") to establish a commercial partnership with respect to the Traxys-owned cobalt hydroxide plant in Lubumbashi, DRC. Highlights of the LOI include:

- A 10-year joint venture agreement with respect to leasing and operating the Plant;
- A US$30 million trade finance facility to be made available by Traxys to COBC with regard to certified, ethically-sourced cobalt concentrates traded by COBC; and
- A 10-year off-take agreement covering 100% of the cobalt concentrates produced by COBC at the Plant or purchased with the proceeds of the Trade Facility.

In October 2018 the Company engaged Minxcon, an engineering consulting firm based in South Africa, to conduct a desktop study to determine the time and cost to commission the Traxys hydroxide plant.

In March 2019 the Company engaged MSA Group, a geological consulting firm based in South Africa, to deliver a baseline NI 43-101 technical report on the initial mine site associated with the mining coop supply agreement. A geologist visited the site to see the current workings and view historic drill core.

Mineral Tracking

On March 1, 2018 the Company engaged BetterChain S.L. of Barcelona, Spain, to help in establishing an integrated due diligence program for the cobalt supply chain, from the mining assets to be developed by the Company to cobalt end-users. Principals of BetterChain have been instrumental in putting in place incumbent programs for ethically-sourced minerals.

The initial phase of the project includes the identification of local (upstream) data requirements to not only demonstrate compliance with international standards for responsible procurement of minerals, but also to generate value for international (downstream) supply chain participants and investors. To date, BetterChain has helped the Company in active discussions with participants at all levels in the cobalt supply chain to form a broad-based coalition to help define these requirements.

On April 3, 2018 the Company signed a Letter of Intent (LOI) with DLT Labs Inc., a global leader in blockchain platforms, properly known as Distributed Ledger Technology. This technology enables an immutable record of the transactions within the supply system, allowing permissioned parties real-time access to secure and trusted data.

The LOI established a framework for a joint venture to provide secure, traceable and transparent methods for tracking and certifying the provenance of metals and minerals, from source to end-user. Leveraging DLT's supply chain and logistics product DL Asset Track, the joint venture expects to work towards developing and deploying a new enterprise-grade platform which will based on international standards and the work being undertaken by BetterChain.

On August 2, 2018 the Company announced the finalization of the joint venture agreement with DLT to commercialize Mintrax™, an enterprise-grade blockchain platform providing secure and transparent methods for tracking the provenance of metals and minerals through the entire mining supply chain from source to end user.

In the period to August 2019, Mintrax has completed the framework for a provenance protocol, and has piloted a user-interface layer for its blockchain provenance system. This was demonstrated to select stakeholders, and work is ongoing to integrate stakeholder feedback into a fully-functional and practicable system.

GENERAL AND ADMINISTRATIVE EXPENSES

		Three Months Ended August 31,		
		2019		2018
Expenses				
Corporate and administrative expenses	$	51,925	$	23,696
Depreciation		7,851		-
Exploration and evaluation (note 7)		-		11,925
Insurance		2,151		4,525
Interest		1,757		
Management fees		157,200		157,200
Occupancy costs		9,088		18,334
Professional fees		16,845		113,617
Share-based compensation (note 9(c) and 9(d))		2,817		1,110,513
Shareholder communications		-		28,749
Travel		6,067		122,218
Net loss		(255,700)		(1,590,777)

Note references refer to notes contained in the financial statements

Share-based compensation reflects the expensing of restricted stock units ("RSU") granted under the Company's RSU plan in the period ended May 31, 2018.

EXPLORATION AND EVALUATION COSTS

All costs related to the exploration and evaluation of mineral resources are expensed (net of grants received) as exploration and evaluation costs. The policy is to expense all such expenditures until they are proven recoverable. Once a project has been established as commercially viable and technically feasible, all development costs will be capitalized. If the project is brought into production, these costs will be amortized against the income generated from the property.

No expenditures were incurred in the three months ended August 31, 2019 as the Company seeks the necessary funding to move forward on its projects in the DRC.

SUMMARY OF QUARTERLY RESULTS

Financial year	2020	2019				2018			
$'000	Aug 2019	May 2019	Feb 2019	Nov 2018	Aug 2018	May 2018	Feb 2018	Nov 2017	Aug 2017
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss $'000	256	819	586	690	1,591	5,041	1,074	46	44
Other items	-	(20)	(7)	15	7	10,030	-	-	-
Loss per common share	0.0	-	0.003	0.004	0.010	0.042	0.01	0.001	0.001
Total assets $'000	171	288	546	317	391	208	1,180	12	41

LIQUIDITY

The Company's operations to date been funded primarily through the issuance of common shares and through debenture loans. The Company anticipates that it will continue to be able to utilize equity financing until it develops cash flow from operations, but there is no certainty that the Company may be successful in this regard. Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in its liquidity either materially increasing or decreasing in the foreseeable future. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its projects as well as its continued ability to raise capital.

No capital was raised during the three months ended August 31, 2019.

During the preceding year ended May 31, 2019, the Company raised $679,010 through equity financing, $5,000 through exercise of broker's warrants, and $174,765 through exercise of options.

Cash as at August 31, 2019 was $10,412 (May 31, 2019 - $10,188). The Company has a long-term lease liability in respect of office premises. Accounts payable and accrued liabilities at August 31, 2019, were $1,402,324 (May 31, 2019 - $1,136,586), current lease liabilities were $37,959, and the Company owed $149,853 (May 31, 2019 - $143,684) in respect of short term loans and advances.

At present, the Company's operations are not generating cash flow and the ability to raise the capital resources to undertake its objectives is dependent upon the venture capital market. Actual funding requirements may vary from those planned due to a number of factors, including the progress of development activities. Management believes it will be able to raise equity capital as required but recognizes there will be risks involved that may be beyond their control. If the Company is unable to rise sufficient funding, it will adjust its resource exploration and acquisition activities accordingly.

CAPITAL RESOURCES

The Company has relied on the issuance of common shares, advances from related parties and promissory notes to fund working capital. The Company is actively seeking capital to fund corporate administrative activities, property options and new acquisitions.

As at August 31, 2019 the Company's share capital was $26,939,593 (May 31, 2019: $26,939,593) representing 175,138,281 common shares issued and outstanding, without par value.

On October 16, 2018 the Company issued 500,000 common shares upon the exercise of options, and on December 24, 2018 the Company issued 2,995,307 common shares upon the exercise of options.

On February 1, 2019 the Company issued 4,333,334 common shares and 2,166,666 share purchase warrants pursuant to a private placement for gross proceeds of $650,000 and 100,000 common shares upon the exercise of warrants for proceeds of $5,000. On March 7, 2019 the Company issued 3,080,001 common shares and 133,333 warrants in settlement of debt amounting to $462,000. Each warrant entitles the holder to purchase one common share at a price of $0.20 for a period of five years.

On March 15, 2019 the Company issued 193,400 common shares and 96,700 warrants for gross proceeds of $29,010 pursuant to a private placement. Each warrant entitles the holder to purchase one common share at a price of $0.20 for a period of five years.

OUTSTANDING SHARE DATA

As at October 30, 2019:

Common shares issued and outstanding:	175,138,281
Restricted Stock Units	1,500,000
Warrants	5,224,102
Options	7,195,307
Fully diluted	188,960,990

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

On December 12, 2017, the Company entered into an agreement with Hooper Mining Services to provide management services for a fee of USD$40,000 per month to manage and facilitate the growth of the Company.

Exploration activities conducted by the Company are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

RELATED PARTY TRANSACTIONS

Management, technical and administrative support is received from directors and officers, key management, of the Company and paid for at rates representative of fair market value. Compensation paid to key management includes share-based compensation.

The following table reflects transactions paid or accrued with related parties during the three months ended August 31, 2019 and 2018:

		2019		2018
Management fees to Hooper Mining Services, a company controlled by a director and officer	$	157,200	$	157,200
Accounting fees to a company controlled by an officer		24,000		24,000
Legal and secretarial fees to a company of which a director is a principal		9,815		21,642
Fees to officers of Belair African Metals		-		6,950
	$	191,015	$	209,792

In June 2019 9,509,386 RSU's granted to directors and officers were surrendered unissued. As at August 31, 2019 the total amount outstanding to related parties was $1,076,573 (May 31, 2019: $690,988) which included loans and advances from staff of $149,853.

Management believes these transactions are in the normal course of business.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which has been the acquisition, financing, exploration and development of resource properties, and will potentially include involvement within the high technology sector. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward–looking information relating to the Company. Please also see Note 5 – Capital Risk Management and Note 6 – Financial Risk Management of the audited Financial Statements for the year ended May 31, 2019.

Nature of Resource Exploration

Resource exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when resources are discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of peat deposits will result in discoveries or development of commercial quantities of fuel.

Environmental Risks and Hazards

All phases of the Company's operations are subject to applicable environmental regulations. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability.

Permits, Laws and Regulations

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the

Company may be curtailed or prohibited from proceeding with planned exploration or development of resource properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in resource operations may be required to compensate those suffering loss or damage by reason of the activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Additional Funding Requirements

As discussed, any properties of the Company are in the exploration and development stage. The Company has no source of operating cash flow, and will need to raise additional funds to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The development of the exploration properties of the Company would depend on the ability of the Company to obtain financing through debt financing, equity financing or other means. If the exploration and development programs of the Company are successful, additional funds will be required to develop the project. The only source of future funds presently available to the Company is the sale of equity capital or the sale of an interest in any of its property in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions, as well as on the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing if needed on satisfactory terms. If additional financing is raised by the issuance of shares from the treasury of the Corporation, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce its scope, eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interests in some or all of its property and to reduce or terminate its operations.

Prices for Commodities

The profitability of the Company's operations will be dependent upon the market price of commodities. Energy prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations

Title to Property

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company may acquire an interest in its properties through land use permits. Title to, and the area of, the properties may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the property in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the property.

Dependence on Outside Parties

The Company has relied upon consultants, engineers and others and intends to rely on these parties for development and operating expertise. Substantial expenditures are required to develop the exploration infrastructure at the site, to establish peat reserves through sampling, and to carry out environmental and social impact assessments. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Conflicts of Interest

A number of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation. Further, certain of the directors and officers are involved in other enterprises involved in resource exploration. As a result, conflicts of interest may arise and officers and directors cannot devote 100% of their time to the Company.

Internal Controls

The Company has invested resources to document and analyze its system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at August 31, 2019, or as of the date of this report.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates.

The most significant estimates and judgements used in the preparation of these financial statements relate to the recoverability of property, plant and equipment, warrant and stock option valuations and income taxes.

a) *Recoverability of plant and equipment:*

   The Company assesses the carrying value of plant and equipment each reporting period to determine whether any indication of impairment exists. Determining if impairment indicators exist is a key management judgement. The calculation of recoverable amount requires the use of estimates and assumptions.

b) *Valuation of warrants and stock options:*

   The calculation of the fair value of warrants and stock options issued requires the use of estimates of inputs in the applicable valuation models.

c) *Deferred income taxes:*

The interpretation of existing tax laws or regulations in Canada where the Company's operations are located requires the use of judgement. Differing interpretation of these laws or regulations could result in an increase in the Company's taxes, or other government changes, duties or impositions. In addition, the recoverability of deferred income tax assets, including expected periods of reversal of temporary differences and expectations of future taxable income, are assessed by management at the end of each reporting period.

MANAGEMENT'S EVALUATION OF DISCLOSURE CONTROLS

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls and procedures as at August 31, 2019 and have concluded that these controls and procedures are effective.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with IFRS. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at August 31, 2019.