GLOBAL COBALT CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS
NINE MONTHS ENDED JANUARY 31, 2015

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Global Cobalt Corporation
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars – unaudited)

	January 31, 2015	April 30, 2014
	- $ -	- $ -
ASSETS		
Current assets		
Cash	326	58,302
GST receivable	14,995	37,316
Prepaid expenses	4,500	66,384
Deferred financing costs (Note 4)	167,840	167,840
	187,661	329,842
Deposit	13,013	-
Equipment and leasehold	4,755	10,415
Exploration and evaluation assets (Note 3)	7,694,928	7,301,296
	7,900,357	**7,641,553**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,522,384	1,332,081
Loans payable (Note 4)	1,209,146	582,470
	2,731,530	1,914,551
Loans payable (Note 4)	3,579,083	2,744,194
	6,310,613	4,658,745
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	14,389,101	13,531,996
Reserves (Note 5)	2,051,529	2,374,671
Deficit	(14,850,886)	(12,923,859)
	1,589,744	2,982,808
	7,900,357	**7,641,553**

Approved on behalf of the Board of Directors:

"Erin Chutter"	*"Jean-Pierre Colin"*
Erin Chutter, Director	Jean-Pierre Colin, Director

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

Global Cobalt Corporation
Condensed Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars – unaudited)

	Three months ended January 31,		Nine months ended January 31,	
	2015	2014	2015	2014
	- $ -	- $ -	- $ -	- $ -
Expenses				
Financing costs	389,861	1,824,967	1,044,000	2,367,028
Share-based payment expense	-	995,900	-	995,900
General administrative and office	115,675	107,131	418,506	448,459
Marketing and investor relations	58,668	301,112	391,419	571,242
Professional fees	7,500	17,945	73,102	134,511
	571,704	3,247,055	1,927,027	4,517,140
Other item				
Gain from debt settlement	-	(178,213)	-	(178,213)
Net loss and comprehensive loss	**571,704**	**3,068,842**	**1,927,027**	**4,338,927**
Loss per share - basic and diluted	**0.01**	**0.05**	**0.02**	**0.08**
Weighted average common shares outstanding - basic and diluted	**91,456,805**	**66,278,653**	**88,420,095**	**52,916,123**

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

Global Cobalt Corporation
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars – unaudited)

	Nine months ended January 31,	
	2015	**2014**
	- $ -	- $ -
Cash flows from operating activities		
Net loss	(1,927,027)	(4,338,927)
Items not involving cash		
Amortization	8,256	4,832
Financing costs	619,181	1,146,626
Accrued interest	296,986	995,900
Net change in non-cash working capital		
GST receivable	22,321	(5,138)
Prepaid expenses	48,871	9,922
Accounts payable and accrued liabilities	337,204	(158,926)
Cash used in operating activities	(594,208)	(2,345,711)
Cash flows from investing activities		
Acquisition of equipment and leasehold, net of recovery	(2,596)	3,216
Advances	-	563,160
Exploration and evaluation expenditures	(343,632)	(2,849,172)
Cash used in investing activities	(346,228)	(2,282,796)
Cash flows from financing activities		
Share capital issued for cash, net of issuance costs	337,063	3,304,757
Proceeds from loans payable, net of financing costs	1,297,158	3,322,751
Repayment of loans payable	(751,761)	(1,192,831)
Cash provided by financing activities	882,460	5,434,677
Increase (decrease) in cash	**(57,976)**	**806,170**
Cash, beginning	**58,302**	**43,710**
Cash, ending	**326**	**849,880**

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

Global Cobalt Corporation
Condensed Interim Statements of Changes in Equity
(Expressed in Canadian dollars – unaudited)

	Share capital		Reserves			
	Number of shares	Amount	Share-based payments	Warrants	Deficit	Total equity
		- $ -	- $ -	- $ -	- $ -	- $ -
Balance, April 30, 2014	**36,756,671**	**9,635,039**	**253,743**	**12,286**	**(8,954,429)**	**946,639**
Comprehensive loss	-	-	-	-	(4,338,927)	(4,338,927)
Private placements, net of issuance costs	20,033,636	2,802,587	-	-	-	2,802,587
Shares issued as financing costs	9,542,595	1,176,134	-	-	-	1,176,134
Shares issued for debt	2,866,140	399,135	-	-	-	399,135
Shares issued for acquisition of exploration assets	9,060,000	724,800	-	-	-	724,800
Share purchase warrants exercise	5,971,546	516,877	-	-	-	516,877
Share-based payments	-	-	995,900	-	-	995,900
Agent's warrants valuation	-	(105,542)	-	105,542	-	-
Balance (unaudited), January 31, 2014	84,230,588	15,149,030	1,249,643	117,828	(13,293,356)	3,223,145

Balance, April 30, 2014	**83,630,588**	**13,531,996**	**1,573,703**	**800,968**	**(12,923,859)**	**2,982,808**
Comprehensive loss	-	-	-	-	(1,927,027)	(1,927,027)
Private placements, net of issuance costs	3,210,000	127,540	-	-	-	127,540
Shares issued for debt, net of issuance	2,116,000	144,953	-	-	-	144,953
Shares issued for acquisition of exploration assets	1,000,000	50,000	-	-	-	50,000
Share purchase warrants exercise	3,021,000	543,780	(332,310)	-	-	211,470
Agent's warrants valuation	-	(9,168)	-	9,168	-	-
Balance (unaudited), January 31, 2015	92,977,588	14,389,101	1,241,393	810,136	(14,850,886)	1,589,744

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Global Cobalt Corporation (the “Company”) was incorporated under the *Business Corporations Act* of British Columbia on March 9, 2007 and on June 3, 2013 changed its name to Global Cobalt Corporation from Puget Ventures Inc. The Company trades on the TSX Venture Exchange (“TSX-V”) under the symbol “GCO”. All of the Company’s resource properties are located in Ontario, Canada. The address of the Company’s registered office is 1501 – 128 West Pender Street, Vancouver, British Columbia, Canada V6B 1R8.

The Company is in the exploration stage and its principal business activity is the exploration and evaluation of exploration and evaluation assets that it believes contain mineralization that will be economically recoverable in the future. There has been no determination whether the Company’s interests in exploration and evaluation assets contain mineral reserves that are economically recoverable.

The business of mining exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its debts and liabilities, and maintain its mineral interests. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. The carrying value of the Company’s exploration and evaluation assets may not reflect current or future values.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including exploration and development of its exploration and evaluation assets, is dependent on the Company’s ability to obtain the necessary financing. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management will be required to curtail the Company’s operations.

The Company had a working capital deficit of $2,543,869 as at January 31, 2015 (April 30, 2014 – $1,584,709), and an accumulated deficit of $14,850,886 (April 30, 2014 – $$12,923,859).

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Corporation be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying audited financial statements.

2. BASIS OF PREPARATION

The Company is following the same accounting policies and methods of computation in these condensed interim financial statements as it did in the audited consolidated financial statements for the year ended April 30, 2014.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended April 30, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim financial statements were authorized for issue by the Board of Directors on March 31, 2015.

(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS

At January 31, 2015 and April 30, 2014, the Company's interests in exploration and evaluation assets are located in Altai, the Russian Federation, Ontario, Canada and Idaho, the USA. Cumulative expenditures incurred are as follows:

	April 30, 2013	Addition (write-down)	April 30, 2014	Addition	January 31, 2015
	-$-	-$-	-$-	-$-	-$-
Altai Properties:					
Acquisition costs	-	928,087	928,087	-	928,087
Exploration expenditures	-				
Logistic and support	-	399,129	399,129	38,109	437,238
Project management	-	473,322	473,322	181,917	655,239
Access and infrastructure	-	59,400	59,400	-	59,400
Geological services	-	325,820	325,820	100,430	426,250
Drilling	-	1,446,213	1,446,213	-	1,446,213
Assay and analysis	-	246,466	246,466	-	246,466
	-	3,878,437	3,878,437	320,457	4,198,894
Norpax:					
Acquisition costs	164,500	(164,500)	-	-	-
Exploration expenditures	235,996	(235,996)	-	-	-
	400,496	(400,496)	-	-	-
Benton:					
Acquisition costs	491,990	-	491,990	-	491,990
Exploration expenditures	5,082	-	5,082	-	5,082
	497,072	-	497,072	-	497,072
Werner Lake:					
Acquisition costs	1,093,131	2,000	1,095,131	-	1,095,131
Exploration expenditures					
Access road	5,805	-	5,805	-	5,805
Analysis	91,143	-	91,143	-	91,143
Camp cost	82,193	14,450	96,643	6,794	103,437
Drilling	775,197	-	775,197	-	775,197
Geology	659,626	3,750	663,376	16,381	679,757
Recording fees	27,551	15,977	43,528	-	43,528
Reports, drafting and maps	73,879	-	73,879	-	73,879
Travel and accommodation	73,585	-	73,585	-	73,585
	2,882,110	36,177	2,918,287	23,175	2,941,462
Bug Lake/Fortune Lake:					
Acquisition costs	7,500	-	7,500	-	7,500
Iron Creek:					
Acquisition costs	-	-	-	50,0000	50,000
Total	**3,787,178**	**3,514,118**	**7,301,296**	**393,632**	**7,694,928**

3. EXPLORATION AND EVALUATION ASSETS (Continued)

The properties are further described below:

Altai Properties

On May 28, 2013, the Company executed an Earn-in Agreement with Imperial Mining Holding Ltd. (“IMHL”), for up to a 100% interest in mineral resource assets collectively known as the Altai Properties (the "Properties").

The Earn-In Agreement replaces the definitive agreement reached between the Company and IMHL that was announced December 6, 2010. The Company identified and pursued a more favourable earn-in structure for the acquisition of the Karakul Cobalt Project and successfully renegotiated the terms.

In consideration for the option on the Properties, the Company issued to IMHL 8,630,000 common shares (the "Consideration Shares") of the Company with fair value of $724,800. The Company would then need to incur cumulative exploration and development expenditures on the Properties of up to $15 million to earn-in increasing interest levels in the Properties as follows:

(i) Upon completion of exploration and development expenditures of US $7 million on the Properties by October 30, 2014, the Company will earn a 51% interest in the Properties.

(ii) Upon completion of a further US $8 million of expenditures on the Properties by December 31, 2015, the Company will earn an additional 23.9% interest in the Properties, for an aggregate total 74.9% interest in the Properties.

Following the completion of the exploration and development work described above, the Company may then elect to increase its interest from 74.9% to a 100% interest in the Properties, at its sole discretion, by exercising one of the following option triggers:

(i) Option Trigger #1: Upon completion of a NI 43-101 *Standards of Disclosure for Mineral Projects* compliant technical report outlining a 30 million tonnes resource in the measured and indicated category or better with respect to any one property comprising the Properties as selected by the Company, IMHL will then grant the Company the remaining 25.1% interest in the Properties, for an aggregate 100% interest, in consideration of an "Option 1 Trigger Amount" to be negotiated and paid by the Company.

(ii) Option Trigger #2: Upon completion of a bankable feasibility study of the Company showing in excess of a 30 million tonnes resource based on the valuation of any one property comprising the Properties as selected by the Company, IMHL will grant the Company the remaining 25.1% interest in the Properties, for an aggregate 100% interest, in consideration of an "Option 2 Trigger Amount" to be negotiated and paid by the Company.

IMHL may grant the Company the right to acquire the final 25.1% interest in the Properties in advance by payment to IMHL of a portion of the "Option 1 Trigger Amount" or "Option 2 Trigger Amount" to be negotiated by the parties. IMHL will retain a 1.5% net smelter return (“NSR”) royalty on all projects.

The Karakul Cobalt Project includes a subsoil license issued to AltaiRudaMetall LLP (“RuMetall”), which permits exploration and extraction of copper-cobalt ore on the property. RuMetall is an indirect, wholly-owned subsidiary of IMHL. During 2011, insolvency proceedings were commenced against RuMetall with respect to certain indebtedness owing by RuMetall. In 2013 RuMetall was declared insolvent and bankruptcy proceedings were commenced against RuMetall. The conclusion of bankruptcy proceedings has been extended to September 30, 2015. If the bankruptcy proceeds, RuMetall will lose the subsoil license and the Company will not be able to earn-in any interest in the Karakul project under its agreement with IMHL. The Company’s only recourse would be to sue IMHL for failure to keep the property and license in good standing.

3. EXPLORATION AND EVALUATION ASSETS (Continued)

Altai Properties (continued)

IMHL is aware of this possibility and is in advanced-stage communications for a negotiated settlement on the bankruptcy proceedings. Management of the Company is working closely with IMHL on this and they are of the view that IMHL will be successful in negotiating a settlement and that no impairment charge on the Karakul property is required at this time. There is no assurance that IMHL will be successful in achieving any settlement. Accordingly, there is a risk that the Company will not earn any title directly or indirectly, in the Karakul Cobalt Project.

On November 3, 2014, the Company entered into and on February 3, 2015, the Company has granted an extension to the standstill agreement (the "Standstill Agreement") with IMHL, with respect to its option agreement to acquire a 100% interest in the Altai Properties. The Standstill Agreement remains now in effect until at least March 31, 2015 in order for IMHL to engage in settlement negotiations with respect to title for Karakul and to allow IMHL and the Company to enter into amendments to the Option and Loan Agreements.

On February 25, 2015, the Company has formally offered a settlement to IMHL to amend the current option agreement, the terms of which include a settlement of the amount outstanding on the exploration expenses owed to the Company as an offset for the current outstanding loan amount owed to IMHL (Note 4).

Werner Lake

On April 1, 2009, the Company entered into a purchase agreement with Commerce Capital Inc. (“Commerce”) to acquire: (a) an undivided 100% interest in certain Werner Lake Mineral Belt Properties in the Kenora Mining District, Ontario; and (b) an option to acquire two unpatented claims known as the Riives Option. The Company is required to make cash payments pursuant to the agreement totalling $1,035,000 as follows:

- $85,000 on execution of the Agreement (paid); and
- $950,000 on or before that date (paid).

The Company has granted a 2% NSR royalty to Commerce on all ores, minerals or concentrates produced from the property and the Company may purchase 1% of this NSR for $2,000,000.

The Company will be entitled to exercise the Riives Option by making continued cash payments of:

- $10,000 payable upon July 16, 2009 (paid);
- $10,000 payable upon July 16, 2010 (paid); and
- $10,000 payable upon July 16, 2011 (paid).

The Company will also be required to make a $2,000 advance royalty payment annually to the optionor commencing July 16, 2011 and continuing until the property is brought into commercial production. The July 16, 2013 payment has been paid, but the July 16, 2014 payment is unpaid. The Riives Option is subject to an additional 2% NSR royalty, and before the commencement of commercial production, the Company shall have the right to purchase all of the royalty with a payment of $500,000 for each 1% of the royalty.

3. EXPLORATION AND EVALUATION ASSETS (Continued)

Norpax

On April 22, 2009, the Company entered into an agreement (the “Norpax Agreement”) to acquire an option to purchase 100% of the mineral interests in the Norpax Property, located in the Reynar Lake District in the Kenora Mining District, Ontario. In order to acquire the option, the Company is required to make cash payments totalling $30,000 (paid) to the optionor and issue 50,000 common shares (issued June 3, 2009 with a fair value of $19,500) of the Company. Additionally, the Company is required to make option payments of $90,000 and exploration expenditures of $1,000,000 on the Norpax Property as follows:

- $40,000 in cash and $50,000 in exploration expenditures on or before March 15, 2010 (paid and incurred);
- $50,000 in cash and $150,000 in exploration expenditures on or before March 15, 2011 (paid and incurred);
- $350,000 in exploration expenditures on or before March 15, 2012 (extended to December 31, 2013); and
- $450,000 in exploration expenditures on or before March 15, 2013 (extended to December 31, 2014).

On March 20, 2012, August 21, 2012 and April 8, 2013, extensions have been granted by the titleholders whereby the Company is permitted to extend the timing of exploration expenditures with an additional $30,000 cash payment required for the March 20, 2012 extension (paid), $25,000 cash payment required for the August 21, 2012 extension (paid) and $20,000 cash payment required for the April 8, 2013 extension. Additionally, the Company was required to make option payments of $150,000 and issue 185,000 common shares.

During the year ended April 30, 2014, the Company decided to terminate the Norpax Agreement and relinquish the interest in Norpax Property. As the result, the Company wrote-off $400,496 of exploration and evaluation assets related to the Norpax Property.

Benton Resources Property

On November 19, 2008, the Company entered into an option agreement with Benton Resources Corp. (the “Optionor”) to acquire an undivided 100% interest in the Werner-Rex Greenstone Belt located in the Kenora Mining Division, Ontario, subject to a 2% NSR. Following the agreement, the Company issued 103,100 common shares with a fair value of $41,240 and paid $10,000 in cash.

On January 12, 2010, the Company entered into a purchase agreement with the Optionor to purchase an undivided 100% interest in eight claims in the Rex Lake area, which form part of the Company’s Werner Lake cobalt project, in northwestern Ontario. The Company issued 1,550,000 common shares of the Company with a fair value of $410,750 on March 26, 2010. The Company was obligated to pay an additional $30,000 (paid May 25, 2010) to the Optionor to complete the purchase.

Bug Lake/Fortune Lake

On June 29, 2009, the Company entered into an agreement with Teck Resources Ltd. (“Teck”) to acquire the Bug Lake and Fortune Lake copper prospects in the Werner Lake Mineral Belt, located in the Kenora Mining District, Ontario.

In consideration, the Company issued 25,000 common shares of the Company with a fair value of $7,500 to Teck on July 27, 2009. In addition, Teck will retain a 1.5% NSR royalty (with a 0.5% buyout for $1,500,000) in the Bug Lake and Fortune Lake claims.

3. EXPLORATION AND EVALUATION ASSETS (Continued)

Iron Creek Cobalt Project

On October 6, 2014, the Company (the "Lessee") entered into a mining lease agreement ("Agreement") with Chester Mining Company (the "Lessor") with an option to acquire the Iron Creek Cobalt Project, a prospective cobalt property in the Idaho Cobalt Belt Trend located near Salmon, Idaho Following the agreement, the Company issued 1,000,000 common shares with a fair value of $50,000.

The Agreement includes:

- The primary term of this lease will be twenty (20) years with the option for the Company to extend the lease for up to two successive terms of twenty (20) years each.
- The Company has the option to terminate this lease by providing written notice to the Lessor six (6) months prior to the termination date.
- A minimum of $500,000 of work performed by the Lessee upon the Leased Premises during the first three (3) years of the term of the lease.
- The Company shall pay the Owner One Million (1,000,000) (issued on November 1, 2014) shares of common stock of the Company upon the completion of the Agreement and Lessee shall pay quarterly a minimum payment of $1,250 per month ($15,000.00) per year as an advance against royalties on each anniversary of the agreement.
- The advance royalty payments may be in the form of cash or stock or combination as agreed by the parties.
- The Company shall pay the Lessor a 2.5% Net Smelter Royalty on all development and production ores and minerals extracted, milled and sold from the Leased Premises.
- At any time following completion of the agreement, the Lessee may purchase one-half the royalty in the form of cash or stock or combination consideration of $2,500,000.
- At any time during the term of the Lease, the Iron Creek claims can be purchased, at the election of the Company, for a onetime payment in the form of cash or stock or combination as agreed by the parties at a price based on independent valuation.

Title to Resource Properties

Although the Company has taken steps to verify the title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Realization of Assets

The investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the obtaining of permits, the satisfaction of governmental requirements and the attainment of successful production from the properties or from the proceeds of their disposition.

Mineral exploration and development is highly speculative and involves inherent risks. While rewards if a feasible ore body is discovered might be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that the current exploration programs by the Company will result in the discovery of economically viable quantities of ore.

(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (Continued)

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

4. LOANS PAYABLE

	January 31, 2015 -$-	April 30, 2014 -$-
Loans payable – current:		
Martini Coast Holdings Inc., net (c)	-	582,470
Other, net (b)	1,209,146	-
Loans payable - current	1,209,146	582,470
Loans payable – long-term:		
IMHL, net (a)	3,579,083	2,744,194
Loans payable - total	4,788,229	3,326,664

(a) Pursuant to a new loan agreement dated July 8, 2013 between the Company and IMHL, the Company will receive an amount of up to USD 4.67 million (the "Loan") in debt financing, with a maturity date of two years from closing. The Loan proceeds will be advanced in three separate tranches, and will accrue interest at 8% per annum, to be paid on a monthly basis. Interest may be paid by the issuance of common shares of the Company, subject to the consent of IMHL and the prior approval of the TSX-V, or in cash.

As consideration for providing the Loan, IMHL will receive the maximum number of bonus shares allowable under applicable TSX-V policies, anticipated to be a maximum of 9,880,340 common shares based on a deemed price of $0.10 per share and currency exchange rate as at noon of July 10, 2013. The bonus shares will be issued on a pro-rated basis concurrent with each advance of the Loan. The fair value of the bonus shares is treated as a financing cost and will be netted against the loan payable and amortized to income as interest expense using the effective interest rate method. All bonus shares will be subject to a four-month hold period from the date of issuance in accordance with applicable securities law.

As consideration of the loan agreement, the Company also entered into a debt settlement and forgiveness agreement with IMHL and Pafra, whereby the advances of US $563,160 owed to the Company by IMHL and Pafra are forgiven as an inducement for the loan agreement. The advances were netted against the Loan and are being amortized to the statement of operations as interest expense using the effective interest rate method over the term of the Loan.

(Expressed in Canadian dollars)

4. LOANS PAYABLE (Continued)

The effective interest rate on the loan is 31%:

Proceeds from loan	$	3,220,310
Interest accrual		698,707
Deferred financing costs		(339,934)
Balance, January 31, 2015	$	3,579,083

(b) Other loan payable include amounts due to the management of the Company for $1,209,146 (April 30, 2013 - $Nil). All other loans payable are unsecured, with interest accruing at a rate of 11% per annum, with repayments due on demand.

(c) On August 20, 2012, the Company and Martini Coast Holdings Inc. ("Martini Coast") entered into the Martini Coast Loan Agreement, pursuant to which the Company borrowed $1,000,000 with interest accruing at 7.5% per annum payable monthly, payable on or before August 20, 2013 and secured by a personal guarantee from Erin Chutter, the Company's President and CEO, and a mortgage on her personal property. As consideration to enter into the Martini Coast Loan Agreement, Martini Coast received 272,108 common shares with a fair value of $133,333 and a $100,000 financing fee, which amounts have been netted against the loan payable. These amounts are being amortized to income as interest expense using the effective interest rate method. The Company and Martini Coast are arm's length parties.

On April 10, 2013 and July 15, 2013, the Company amended the Loan Agreement with Martini Coast to secure additional funding in the amount of $200,000 thereby increasing the initial $1,000,000 loan to a total of $1,200,000. In connection with the revised loan, the Company issued, at no additional consideration, 108,108 common shares with a fair value of $10,270. The interest on the revised loan increased from an annual rate of 7.5% to 12.5% and the loan repayment date was amended to June 30, 2014.

During the three month ended July 31, 2014, the Company repaid the Martini Coast loan in full.

5. SHARE CAPITAL

Authorized

An unlimited number of common shares without par value.

Share capital transactions were as follows:

Nine months ended January 31, 2015

On January 26, 2015, the Company issued 746,000 common shares to a management services contractor at a fair value of $37,300 as the payment for debt owing.

On November 28, 2014, the Company completed a private placement by issuing 3,115,000 units at a price of $0.05 per unit for gross proceeds of $155,750. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each whole warrant exercisable into a common share at $0.065 within a 24-month period. As finder's fees, the Company paid a total of $10,000 in cash and issued 200,000 agent warrants. Each agent warrant will entitle the holder thereof to purchase one common share for a period of 24 months from the date of issuance at $0.065.

On November 1, 2014, the Company issued 1,000,000 shares to Chester Mining Company with a fair value of $50,000 pursuant to the Mining Lease Agreement with an Option to Acquire the Iron Creek Cobalt Project, a prospective cobalt property in Idaho, USA.

5. SHARE CAPITAL (Continued)

On June 11, 2014, the Company settled $137,000 of consulting services rendered by an arm's length party with the issuance of 1,370,000 common shares.

On July 11, 2014, the Company issued 3,021,000 common shares pursuant to the exercise of share purchase warrants at an average price of $0.07 for gross proceeds of $211,470.

Year ended April 30, 2014

On June 5, 2013, the Company issued 127,892 common shares with a fair value of $14,708 for consulting services rendered for financing costs related to the Martini Coast loan (Note 4(c)).

On July 3, 2013, the Company issued 108,108 common shares to Martini Coast with a fair value of $10,270 pursuant to the amended loan agreement dated April 10, 2013 (Note 4(c)).

On July 11, 2013, the Company issued 368,846 common shares (the "Advisory Fee Shares") to Euro Pacific Canada Inc. ("EuroPac") with a fair value of $29,508. The Advisory Fee Shares are being issued in payment of services rendered under an agreement pursuant to which EuroPac has provided advisory services for financing options for the Company.

On July 12, 2013, the Company issued 1,000,000 common shares to the CEO of the Company at a fair value of $70,000 as payment of $140,000 of debt owing and recognizing a gain on debt settlement of $70,000.

On July 15, 2013, the Company issued 8,630,000 shares to IMHL with a fair value of $690,400 pursuant to the Earn-in Option Agreement and 430,000 shares to PCA Performance Capital Advisors with a fair value of $34,400 as finder's fee for the Earn-in Option Agreement (Note 3).

On July 26, 2013, the Company completed a private placement by issuing 1,613,637 units at a price of $0.11 per unit for gross proceeds of $177,500. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each whole warrant exercisable into a common share at $0.14 within a 24-month period. Using the residual value method to value the units, the fair value of the common shares is $96,818, and the remaining balance of $80,682 is allocated to the share purchase warrants. As finder's fees, the Company paid a total of $10,000 in cash and issued 90,909 agent warrants with a fair value of $1,577. Each agent warrant will entitle the holder thereof to purchase one common share for a period of 24 months from the date of issuance at $0.11.

On September 17, 2013, the Company completed a private placement by issuing 2,502,000 units at a price of $0.051 per unit for gross proceeds of $127,602. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each whole warrant exercisable into one common share at $0.07 within a 24-month period. Using the residual value method to value the units, the fair value of the common shares is $127,602 with $nil to be allocated to the share purchase warrants. As finder's fees, the Company paid a total of $3,828 in cash and issued 75,060 agent warrants with a fair value of $2,083 and 2,502,000 agent warrants with a fair value of $72,459. Each agent warrant will entitle the holder thereof to purchase one common share for a period of 24 months from the date of issuance at $0.07 and $0.06 respectively.

During the year, the Company issued 9,065,641 shares to IMHL with a fair value of $656,640 pursuant to the loan agreement as the bonus shares disclosed in Note 4(a).

(Expressed in Canadian dollars)

5. SHARE CAPITAL (Continued)

On November 6, 2013, the Company completed a private placement by issuing 4,021,000 units at a price of $0.05 per unit for gross proceeds of $201,050. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each whole warrant exercisable into a common share at $0.07 within a 24-month period. Using the residual value method to value the units, the fair value of the common shares is $201,050 with $nil to be allocated to the share purchase warrants. As finder's fees, the Company paid a total of $8,000 in cash and issued 160,000 agent warrants with a fair value of $17,600 and 4,021,000 agent warrants with a fair value of $439,649. Each agent warrant will entitle the holder thereof to purchase one common share for a period of 24 months from the date of issuance at $0.07.

On January 27, 2014, the Company completed a private placement by issuing 11,296,999 units at a price of $0.20 per unit for gross proceeds of $2,259,400. Each unit is comprised of one common share of the Company and one-half common share purchase warrant, with each whole warrant exercisable into a common share at $0.35 within a 36-month period. Using the residual value method to value the units, the fair value of the common shares is $1,468,610, and the remaining balance of $790,790 is allocated to the share purchase warrants. The Company also received proceeds of $110,000 as part of the private placement for units that have not been issued. As finder's fees, the Company paid a total of $33,000 in cash and issued 168,900 agent warrants with a fair value of $11,823. Each agent warrant will entitle the holder thereof to purchase one common share for a period of 36 months from the date of issuance at $0.35.

During the year ended April 30, 2014, the Company issued 1,738,248 common shares to various vendors and contractors at a fair value of $232,032 of debt owing and recognizing a gain on debt settlement of $61,853

During the year ended April 30, 2014, the Company issued 5,971,546 common shares pursuant to the exercise of share purchase warrants at an average price of $0.09 for gross proceeds of $519,538.

Options

The Company has a fixed stock option plan under which the maximum number of shares under option may not exceed 10% of the issued common shares of the Company. Options are granted to directors, officers, employees and consultants at exercise prices determined by reference to the market value on the date of the grant.

On December 9, 2013, the Company granted 4,155,000 share purchase options with an exercise price of $0.19 per share and 400,000 share purchase options with an exercise price of $0.24 per share to directors, consultants and employees of the Company, with the options vesting on the grant date. The options were re-priced at $0.10 in December 2014. The options will expire on December 9, 2018.

The following is a summary of stock option transactions during the nine month ended January 31, 2015 and the year ended April 30, 2014:

		January 31, 2015		**April 30, 2014**
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning	5,205,000	$0.13	860,000	$0.40
Granted	-	-	4,555,000	$0.10
Exercised	-	-	-	-
Expired	(650,000)	$0.32	(210,000)	$0.62
Balance, ending	4,555,000	$0.10	5,205,000	$0.13

At January 31, 2015 and April 30, 2014, all options are exercisable.

(Expressed in Canadian dollars)

5. SHARE CAPITAL (Continued)

The following summarizes information about stock options outstanding at January 31, 2015 and April 30, 2014:

Grant Date	Expiry Date	Exercise Price	January 31, 2015 Number of Stock Options Outstanding	April 30, 2014 Number of Stock Options Outstanding
30-Nov-2009	30-Nov-2014	$0.34	-	350,000
15-Jan-2010	15-Jan-2015	$0.30	-	300,000
9-Dec-2013	9-Dec-2018	$0.10	4,555,000	4,555,000
			4,555,000	5,205,000
Weighted average remaining contractual life of options			3.8 years	4.1 years

Share-based Payments

During the nine months ended January 31, 2015, the Company recognized $Nil (2013 - $995,900) in share-based payments from vesting of the stock options.

The fair value of stock options vested was estimated at the vesting date using the Black-Scholes option pricing model, with the following weighted average assumptions:

	2015	2014
Weighted-average fair value	-	$0.23
Expected annual volatility	-	210%
Risk-free interest rate	-	1.56%
Expected life	-	5 years
Forfeiture rate	-	0.00%

Warrants

The following is a summary of share purchase warrants transactions during the nine month ended January 31, 2015 and the year ended April 30, 2014:

	January 31, 2015		April 30, 2013	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning	15,212,220	$0.19	90,761	$1.38
Issued	2,034,200	$0.065	21,103,005	$0.15
Exercised	(3,021,000)	$0.07	(5,971,546)	$0.06
Expired	(80,761)	$1.50	(10,000)	$0.40
Balance, ending	14,144,659	$0.19	15,212,220	$0.19

(Expressed in Canadian dollars)

5. SHARE CAPITAL (Continued)

The following summarizes information about share purchase warrants outstanding at January 31 and April 30, 2014:

			January 31, 2015	**April 30, 2013**
Issue Date	Expiry Date	Exercise Price	Number of Warrants Outstanding	
30-Dec-2011	30-Dec-2014	$1.50	-	80,761
19-Sep-2013	19-Sep-2015	$0.073	1,737,000	1,737,000
19-Sep-2013	19-Sep-2015	$0.07	75,060	75,060
6-Nov-13	6-Nov-2015	$0.07	4,181,000	7,202,000
27-Jan-14	27-Jan-2017	$0.35	6,117,399	6,117,399
25-Nov-14	25-Nov-16	$0.065	2,034,200	-
			14,144,659	15,212,220
Weighted average remaining contractual life of warrants			1.2 years	2.0 years

6. KEY MANAGEMENT COMPENSATION

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. Key management compensation during the nine months ended January 31, 2015 and 2014 were as follows:

	2015 -$-	**2014** -$-
Short-term benefits	361,000	525,161
Share-based payments	-	879,750
	361,000	1,404,911

7. SUBSEQUENT EVENTS

Share capital:

1) In February and March 2015, the Company issued 3,016,300 common shares to various vendors and contractors at a fair value of $150,815 as the payment for debt owing.

Strategic review to protect shareholder value

On March 16, 2015, the Company announced that it is currently underway on a review of the Company's business and alternatives in order to protect value for its shareholders.

The strategic review will encompass a careful evaluation of the company's existing properties and projects, business plan, development strategy and capital structure and will consider various alternatives for the Company.

7. SUBSEQUENT EVENTS (Continued)

Strategic and financial alternatives may include, but are not limited to:

1. a settlement offer to the option agreement dated May 27, 2013 and the loan agreement dated July 8, 2013 between IMHL and the Company;
2. the addition of further cobalt or strategic metal projects;
3. a separation of certain assets of the Company into two distinct publicly traded companies:

a. maintaining the Company including the Altai Properties;

b. spinning out a new, independent cobalt and other energy related metals focused company with assets including the Werner Lake and Iron Creek projects, and/or;

c. a combination of the above.

The Board of Directors has established an ad hoc committee to oversee the strategic review and will then recommend options to shareholders. It is the Management's current intention not to disclose developments with respect to the strategic review process until the Board of Directors approve a specific action or it otherwise concludes pursuant to legal counsel's written opinions its review of strategic alternatives and determines that disclosure is necessary or appropriate. The Company cautions that there are no assurances or guarantees that the process will result in a transaction or, if a transaction is undertaken, as to the terms or timing of such a transaction.

The Company also announces discussions remain ongoing with IMHL regarding the Option Agreement and the Loan Agreement between IMHL and the Company with respect to the Karakul project. The Company cautions that there are no assurances or guarantees that discussions will result in any agreement.