



COBALT POWER GROUP INC.

**MANAGEMENT'S DISCUSSION AND
ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

**FOR THE THREE MONTHS ENDED
APRIL 30, 2017**

(Expressed in Canadian Dollars)

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1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Cobalt Power Group Inc. (referred to as "Cobalt", "Cobalt Power" the "Company", "us" or "our") provides analysis of the Company's financial results for the three months ended April 30, 2017. The following information should be read in conjunction with the accompanying annual financial statements for the year ended January 31, 2017, and the notes to those financial statements, prepared in accordance with IAS 34 under International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. Please also refer to the tables starting on page 8 of this MD&A which compare certain financial results for the three months ended April 30, 2017 and 2016. Financial information contained herein is expressed in Canadian dollars, unless stated otherwise. All information in this MD&A is current as of June 29, 2017 unless otherwise indicated. This MD&A is intended to supplement and complement Cobalt's financial statements for the year ended January 31, 2017 and the notes thereto. Readers are cautioned that this MD&A contains "forward-looking statements" and that actual events may vary from management's expectations. Readers are encouraged to read the cautionary note contained herein regarding such forward-looking statements. This MD&A was reviewed, approved and authorized for issue by the Company's Audit Committee, on behalf of our Board of Directors, on June 29, 2017.

Description of Business

Cobalt Power Group Inc. is a public company incorporated in British Columbia, under the "Canadian Business Corporation Act" on December 14, 2009 and its common shares are listed on the TSX Venture Exchange (the "TSX:V"), trading under the symbol ("CPO"). The Company maintains its head office at #217-179 Davie Street, Vancouver, British Columbia, Canada, V6Z 2Y1.

On April 30, 2017 and June 29, 2017, the Company had (i) 53,795,255 and 54,995,255 common shares issued and outstanding; (ii) 15,214,593 common share purchase warrants to acquire common shares outstanding and (iii) 4,570,000 options to acquire common shares outstanding.

Head Office

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Share Information

Our common shares are listed for trading on the TSX:V under the symbol "CPO".

Investor Information

Financial reports, news releases and corporate information can be accessed on our website at www.cobaltpowergroup.com and on SEDAR at www.sedar.com

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As at the date of this MD&A, Cobalt Mining's directors and officers are as follows:

Directors

Jevin Werbes (Chairman)
Jeff Poloni
Chris Healey
Edmund J. Elbert
Andreas Rompel
Daniel Camaano

Officers and Position

Dr. Andreas Rompel, President and Chief Executive Officer
Braden Jensen, Chief Financial Officer
Judy A. McCall, Corporate Secretary
Daniel Caamano, Vice President of Corporate Communications
Chris Healey, Vice President of Exploration

Audit Committee

Jevin Werbes
Jeff Poloni
Chris Healey

Compensation Committee

Dr. Andreas Rompel
Jevin Werbes
Edmund J. Elbert

Qualified Person

Mr. Chris Healey, P.Geo., Director of the Company, is the qualified person as defined under NI 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") who has reviewed and approved all technical and scientific disclosure contained in this MD&A regarding the Company's mineral properties.

2. FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "*forward-looking statements*" within the meaning of Canadian securities legislation. These forward-looking statements are made as of the date of this MD&A and the Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable laws.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral resource and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. **Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability.**

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. The words "may", "will", "continue", "could", "should", "would", "suspect", "outlook", "believes", "plan", "anticipates", "estimate", "expects", "intends" and words and expressions of similar import are intended to identify forward-looking statements.

Forward-looking statements include, without limitation, information concerning possible or assumed future results of the Company's operations. These statements are not historical facts and only represent the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments and future opportunities. Although management considers those assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

By their very nature, forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, and readers are advised to consider such forward-looking statements in light of the risk factors set forth below and as further detailed in the "*Risks and Uncertainties*" section of this MD&A.

These risk factors include, but are not limited to, fluctuation in metal prices which are affected by numerous factors such as global supply and demand, inflation or deflation, global political and economic conditions; the Company's need for access to additional capital to explore and develop its projects, the risks inherent in the exploration for and development of minerals including the risks of estimating the quantities and qualities of minerals, operating parameters and costs, receiving project permits and approvals, successful construction of mining and processing facilities, and uncertainty of ultimate profitability of mining operations, risks of litigation and other risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on any forward-looking statements in this MD&A to make decisions with respect to the Company, investors and others should carefully consider the risk factors set out in this MD&A and other uncertainties and potential events.

3. THREE MONTHS ENDED APRIL 30, 2017 HIGHLIGHTS AND SIGNIFICANT EVENTS

- On March 1, 2017 the Company closed the first non-brokered private placement for gross proceeds of \$1,040,000. The non-brokered private placement consisted of 13,000,000 units at a price of \$0.08 per unit. Each unit consisted of one common share of the Company and one-half transferable share purchase warrant with one full warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.16 for a period of eighteen months following the date of closing.

As compensation for the placement of the units, the Company paid cash finder's fees of \$29,496 calculated at 6% of the amount placed by four finders. In addition, the Company issued 399,000 broker warrants.

Each broker's warrant is exercisable at price of \$0.16 to purchase one additional common share of the Company for a period of eighteen months from the date of closing.

- On March 10, 2017, the Company closed the second non-brokered private placement for gross flow-through proceeds of \$480,000. The non-brokered flow-through placement consisted of 4,000,000 flow-through shares at a price of \$0.12 per flow-through share.

As compensation for the placement of the units, the Company paid cash finder's fees of \$20,599 calculated at 6% of the amount placed by three finders. In addition, the Company issued 171,660 broker warrants.

Each broker's warrant is exercisable at price of \$0.16 to purchase one additional common share of the Company for a period of eighteen months from the date of closing.

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- On March 14, 2017, the Company appointed Scott Koyich to its Advisory Board.
- On March 21, 2017, the Board of Directors approved a resolution to grant incentive stock options to purchase 1,600,000 shares of the Company at \$0.13 per share. All options vested immediately and will be exercisable for a period of 5 years.
- On March 23, 2017, the Company signed an offer to purchase a patented land claim in the Lorrain Township of Ontario, Canada. The land claim is contiguous to the Company's Smith Cobalt Project. The offer requires payment of 300,000 common shares (**issued**) for a 100% interest in the patented land claim.
- On March 29, 2017, the Company signed an option to purchase a 100% interest in the Bende and Kingston patented mining claims in the Coleman and Bucke Townships of Ontario. The option requires a payment of \$20,000 (**paid**) and an allotment of 400,000 (**issued**) of the Company's common shares on the date the agreement is accepted for filing by the TSX:V, followed by an additional payment of \$20,000 and allotment of 400,000 shares six months following the acceptance date of the TSX:V.
- On April 24, 2017, the Company announced its plans for the Phase 1 drill program on the Smith Cobalt project have been finalized. Ground and airborne geophysics, along with historical mapping data and 3D modeling, were used to delineate the targets that will be tested during the 4 to 6 week program. The approximately 1800 meter (5900 ft.) campaign, focusing on the northwestern section of the property, will be carried out by G4 Drilling, based out of Val-d'Or, Quebec. The objectives of the drill program are to expand the Company's knowledge of the geological setting of the known veins that extend from the nearby Deer Horn Mine onto the Smith Cobalt property, to extend the strike length of those veins from the historic Smith Cobalt underground workings toward the southeast, and to confirm the values deduced from the muck pile sampling and make initial determinations of grade and thickness. This phase of drilling will be carried out entirely on patented land. The Company is also initiating the permitting process for exploration work on its unpatented claims.

Subsequent to Period End:

- On May 1, 2017 the Company issued 3,877,500 shares on the exercise of 3,877,500 warrants, for total proceeds of \$291,938.
- On May 3, 2017 the Company signed an option to purchase a mining claim, located in the Larder Lake mining division in the Lorrain Township, Ontario. The property is contiguous with the southwest section of the Company's Smith Cobalt project. The option requires a payment of \$1,000 (**paid**) and an allotment of 200,000 fully paid, non-assessable common shares of Cobalt (**issued**), to be issued at a deemed price of \$0.12 per common share.
- On May 23, 2017, 700,000 shares were issued to Perry Werner Wuest and Polymet in order to finalize the earlier Smith-Cobalt land acquisitions.

4. PROPERTY SUMMARY

Brownell Lake

The Brownell Lake Property is located in northeastern Saskatchewan. The property comprises eight contiguous mineral claims totaling 10,850 hectares. All eight claims are currently held 100% by Brownell Lake Holdings Ltd.

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The Company can earn a 100% undivided interest in the property through a three staged process by paying an aggregate sum of \$825,000 and issuing 1,250,000 common shares to the vendors and incurring a total of \$2,250,000 in exploration expenditures over a four and a half year period. The June 2, 2015 and June 2, 2016 deadlines for the second and third options lapsed with no action taken by the Company.

A technical report dated March 7, 2011, amended May 19, 2011, on the Brownell Lake Property can be reviewed on Sedar at www.sedar.com.

The Company currently holds a 30% interest in this mineral tenure.

At the end of fiscal 2016, the Brownell property was impaired down to \$1 to better reflect its true value.

Laurier Graphite Property

The Laurier Graphite property is located in Laurier Township, ON, approximately 40 km SE of North Bay, ON. The property is situated in the highly prospective Central Metasedimentary Belt of the Grenville geological province, which has many active graphite projects. The site has road access from Highway 11, which is 5 km to the west of the property. The host rocks for the target zone are graphitic paragneisses. The property properties covered a total of approximately 2,300 hectares on 46 mining claims.

During the year ended January 31, 2014, the Company allowed 38 of the mineral claims to expire. The remaining 8 claims are within the Company's area of interest and are where the majority of the exploration costs had been incurred.

July 2013, the Company received a permit from the Ontario Ministry of Northern Development and Mines which will allow a drill program on the property. The permit is valid for three years. A new three year permit is currently being applied for by the Company. There is a 2% NSR in favour of the optionor.

Due to the lack of exploration activity on the property, the Company has impaired the property down to \$1 at the end of fiscal 2017.

Smith-Cobalt Property

The Smith-Cobalt properties are located approximately 4km SE of Cobalt, Ontario and is comprised of both patent and staked claims totaling 2,100 acres.

The Smith Cobalt properties are underlain by a sequence of Archaean volcanics which are unconformably overlain by Huronian sediments. These formations have been intruded by the Proterozoic-age Nipissing diabase sill. Faulting, on both a regional and local scale, has been found by surface mapping and in drill cores. Polymetallic veining, and especially pinkish-white carbonate veins, has also been reported. Thus, all the necessary geological components of accepted mineralization models for silver-cobalt have been identified on the properties.

Phase 1 of the planned exploration program has been completed, consisting of muck pile sampling, airborne geophysics, line cutting and ground geophysics.

SMITH COBALT PROJECT – COBALT, ONTARIO				
Sample #	Cobalt (Co) %	Silver (Ag) g/t	Copper (Cu) %	Nickel (Ni) %
289951	0.23	4.91	0.11	0.11
289952	0.68	6.98	0.24	0.28

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289953	0.56	8.29	0.17	0.24
289954	0.09	1.69	0.12	0.04
289955	0.68	5.77	0.22	0.29
289956	0.50	4.39	0.19	0.17
341678	0.62	9.41	0.20	0.31
341679	0.33	3.83	0.18	0.12
341680	0.31	5.52	0.11	0.09
341681	0.99	4.70	0.01	0.34
Muck Average	0.50	5.55	0.16	0.20
289958	7.85	118.00	0.06	5.46
289959	3.77	60.2	0.12	2.18
Rock Average	5.81	89.1	0.09	3.82

Phase 2 of the exploration plan consisting of approximately 1,800 meters of drilling commenced in June 2017.

5. SUMMARY OF QUARTERLY RESULTS

The quarterly results are as follows:

	April 30, 2017	January 31, 2017	October 31, 2016	July 31, 2016
	3 Months Ended	3 Months Ended	3 Months Ended	3 Months Ended
Loss before non-operating expenses	\$ 788,360	\$ 159,002	\$ 347,956	\$ 109,432
Loss before income taxes	788,360	159,002	347,956	109,432
Loss per common share, basic and diluted	0.02	0.01	0.02	0.01
Net and comprehensive loss	789,132	424,203	347,956	108,520
Net and Comprehensive Loss per Common Share, Basic and Diluted	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.01

	April 30, 2016	January 31, 2016	October 31, 2015	July 31, 2015
	3 Months Ended	3 Months Ended	3 Months Ended	3 Months Ended
Loss before non-operating expenses	\$ 84,066	\$ 140,999	\$ 142,439	\$ 103,078
Loss before income taxes	84,066	140,999	142,439	103,078
Loss per common share, basic and diluted	0.01	0.01	0.01	0.01
Net and comprehensive loss	84,066	746,131	142,439	103,078
Net and Comprehensive Loss per Common Share, Basic and Diluted	\$ 0.01	\$ 0.05	\$ 0.01	\$ 0.01

The Company's quarterly operating expenses increased in Q4 2017 compared to Q4 2016 due to increased consulting fees.

6. DISCUSSION OF OPERATIONS

All of the information described below is accounted for in accordance with IFRS, as issued by IASB. The reader is encouraged to refer to Note 3 of the Company's annual financial statements for the year ended January 31, 2017 for the summary of significant accounting policies.

Three Months Ended April 30, 2017 Compared to Three Months Ended April 30, 2016

For the three months ended April 30, 2017, the Company recorded a net and comprehensive loss of \$789,132 or \$0.02 per share compared to a net and comprehensive loss of \$84,066 or \$0.05 per share in the comparable three months ended April 30, 2016 period. The overall increase in comprehensive loss of \$705,066 is due to the increase in consulting fees.

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	Three Months Ended April 30, 2017	Three Months Ended April 30, 2016	Discussion
Consulting	\$466,912	\$53,690	Consulting increased due to more activity at the Cobalt site.
Insurance	\$Nil	\$2,300	Insurance decreased by \$2,300 as a result of prepaid insurance being amortized in the prior comparable period.
Office	\$18,881	\$5,636	Office increased due to Cobalt updating its website after the name change as well as increased business activity overall.
Professional fees	\$138	\$1,912	Professional fees decreased by \$1,774 due to the private placement costs being greater in the prior comparable period.
Promotion and entertainment	\$35,660	\$3,639	Promotion and entertainment increased by \$32,021 due to increased advertising regarding the re-branding of the Company after it's name change.
Rent	\$3,750	\$3,750	Rent was unchanged.
Salaries	\$32,231	\$Nil	Salaries increased by \$32,231 due to Andreas Rompel becoming an employee instead of a consultant on May 2, 2016.
Share-based compensation	\$170,827	\$Nil	Share-based compensation increased by \$170,827 due to the March 21, 2017 option grant.
Shareholder communications	\$34,682	\$147	The increase of \$34,535 in shareholder communications cost is due to the increased news releases disseminated to the shareholders this period compared to the prior comparable period.
Transfer agent and regulatory fees	\$8,208	\$6,739	Transfer agent and regulatory fees remained relatively unchanged.
Travel	\$17,341	\$6,253	Travel increased by \$11,178 as a result of going to the Cobalt site before the acquisition.
<i>Non-Operating Expense (Income)</i>			
Exchange loss	\$502	\$Nil	The \$502 exchange loss in the current

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	Three Months Ended April 30, 2017	Three Months Ended April 30, 2016	Discussion
			period is due to the Company not having any transactions in \$USD in the prior comparable period.

7. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As an exploration company, Cobalt Power Group Inc. has no regular cash in-flow from operations, and the level of operations is principally a function of availability of capital resources. To date, the principal source of funding has been equity financing.

As at April 30, 2017, the Company had \$1,210,091 in cash (January 31, 2017 - \$190,809). For the foreseeable future, as existing properties are explored and developed, the Company will continue to seek capital through the issuance of equity, strategic alliances or joint ventures, and debt, of which the Company currently has none.

Major expenditures are required to establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to exploration and development mineral properties are dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete exploration, development and future profitable production or proceeds from disposition of mineral assets.

Management reviews the carrying value of the Company's interest in each property and where necessary, exploration and evaluation mineral properties are written down to their estimated recoverable amount or written off.

Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as the amount of, provision for impairment in the carrying value of exploration properties and related assets.

Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining adequate financing and at favorable terms for these or other purposes including general working capital purposes. Cobalt Power's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. Realization values may be substantially different from carrying values, as shown, and these financial statements do not give effect to the adjustment that would be necessary to the carrying values and classifications of assets and liabilities should Cobalt be unable to continue as a going concern.

Working Capital

As at April 30, 2017, Cobalt had working capital of \$992,077 (January 31, 2017 – \$188,029). The working capital is greater as of April 30, 2017 compared to January 31, 2017 due to the February and March 2017 financing, offset by the operational costs incurred while pursuing potential projects. The Company has managed its working capital by controlling its spending on its properties and operations. Due to the on-going planned exploration acquisitions over the near term, Cobalt intends to continue to incur expenditures without revenues, and accumulate operating losses. Therefore, our continuance as a going concern is dependent upon our ability to obtain adequate financing to fund future exploration and development, in order to reach profitable levels of

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operation. It is not possible to predict whether future financing efforts will be successful or whether financing on favorable terms will be available.

Cobalt has no long-term debt and no long-term liabilities. The Company has no capital lease obligations, operating or any other long term obligations, other than office rent.

Cash Flow Highlights

	Three Months Ended April 30, 2017	Three Months Ended April 30, 2016
Cash used in operating activities	\$ (723,071)	\$ (70,033)
Cash used in investing activities	(82,270)	-
Cash provided by financing activities	1,824,623	-
Net increase in cash for the period	1,019,282	(70,033)
Cash balance, beginning of year	190,809	140,693
Cash Balance, End of Period	\$ 1,210,091	\$ 70,660

Cash Flows for the Periods Ended April 30, 2017 and 2016*Operating Activities*

Cash used in operating activities was \$723,071 in the current period compared to \$70,033 in the prior comparable period. The increase of \$653,038 in cash used in operating activities was due an increase in overall expenditures as the Company expanded its operations.

Investing Activities

Cash used in investing activities in the current period was \$82,270, compared to \$Nil in the prior comparative period. The increase of \$82,270 in cash used for investing activities was due to the Smith-Cobalt acquisition and exploration expenditures incurred during the current three month period.

Financing Activities

Cash inflow from financing activities was \$1,824,623 in the current period compared to \$Nil in the prior comparable period. The increase is due to there being two equity financings in February and March 2017 compared to no equity raises in Q1 2017.

Capital Resources

As of April 30, 2017, and the date of this MD&A, the Company had \$1,210,091 and \$822,614, respectively, in cash.

Contractual Commitments

Cobalt Power's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and

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regulations. The Company has made, and expects to continue to make in the future, filings and expenditures to comply with such laws and regulations.

Capital Risk Management

Cobalt Power's capital structure consists of common shares, stock options and warrants. The Company manages its capital structure and makes adjustments to it, based on available funds, in order to support the acquisition and exploration of mineral properties. The Board does not establish quantitative returns on capital criteria for management.

The property in which Cobalt currently has an interest in is in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out and pay for planned exploration and development along with operating administrative costs, the Company will fund such costs out of existing working capital and additional amounts raised.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended April 30, 2017. Cobalt is not subject to externally imposed capital requirements. The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments with maturities of year or less from the original date of acquisition, all held with major Canadian financial institutions.

8. TRANSACTIONS WITH RELATED PARTIES

Key management personnel are the persons responsible for the planning, directing and controlling of the Company's activities. The Company considers all directors and officers of the Company to be key management personnel.

At April 30, 2017, included in accounts payable and accrued liabilities is \$13,550 (January 31, 2017 - \$788) owing to directors and officers.

During the three months ended April 30, 2017 and 2016, the Company incurred the following expenses charged by key management personnel and companies directly controlled by key management personnel.

	Three months Ended April 30, 2017	Three months Ended April 30, 2016
<i>Statement of Operations Items:</i>		
Consulting	\$ 41,500	\$ 52,865
Rent	-	3,750
Salaries	32,231	-
Share-based compensation	170,827	-
Total	\$ 244,558	\$ 56,615

9. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Board, through the Audit Committee, is responsible for identifying the principal risks facing the Company and ensuring that risk management systems are implemented. The Company manages its exposure to financial

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risks, including credit risk, liquidity risk, interest rate risk, foreign exchange rate risk and commodity price risk in accordance with its risk management framework. The Board reviews the Company's policies periodically.

The following table sets forth the Company's financial assets and liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at April 30, 2017, those financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement.

The Company's financial assets and financial liabilities are categorized as follows:

	Input Level	As at April 30, 2017		As at January 31, 2017	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Assets:</i>					
Cash	1	\$ 1,210,091	\$ 1,210,091	\$ 190,809	\$ 190,809
		\$ 1,210,091	\$ 1,210,091	\$ 190,809	\$ 190,809

	Input Level	As at April 30, 2017		As at January 31, 2017	
		Carrying Amount	Estimated Fair value	Carrying Amount	Estimated Fair Value
<i>Financial Liabilities:</i>					
A/P and Acc. Liabilities	1	\$ 246,250	\$ 246,250	\$ 26,967	\$ 26,967
		\$ 246,250	\$ 246,250	\$ 26,967	\$ 26,967

Fair Value

The carrying value of accounts payable and accrued liabilities approximate their fair value due to the immediate or short period to maturity. Cash is measured at fair value using level 1 inputs.

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Significant unobservable (no market data available) inputs which are supported by little or no market activity.

Risk Management

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

a) Credit Risk

The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfill a contractual obligation. The Company does not have any asset-backed commercial instruments. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places cash with high credit quality financial institutions. The Company considers its exposure to credit risk to be insignificant.

b) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk and requirements by maintaining sufficient cash balances and or through additional financings to ensure that there is sufficient capital in order to meet short term obligations. As at April 30, 2017, the Company has cash of \$1,210,091 (January 31, 2017 - \$190,809) and financial liabilities of \$246,250 (January 31, 2017 - \$26,967) which have contractual maturities of 30 days or less. The Company will require additional sources of equity, joint venture partnership or debt financing to fund ongoing operations and the exploration and development of its mineral properties.

In the event that the Company is not able to obtain adequate additional funding to continue as a going concern, material adjustments would be required to both the carrying value and classification of assets and liabilities on the statement of financial position. It is not possible to predict, due to many external factors including commodity prices and equity market conditions, as to whether future financing will be successful or available at all.

c) Market Risk

i) *Interest Rate Risk*

The Company manages its interest rate risk by obtaining commercial deposit interest rates available in the market by the major Canadian financial institutions on its cash and short term investments.

ii) *Foreign Exchange Risk*

The Company's functional currency and the reporting currency is the Canadian Dollar. Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

As at April 30, 2017, the Company held US \$8,140 in cash, but had no liabilities which were denominated in currencies other than the Canadian dollar.

iii) *Commodity Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity

price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

10. RISKS AND UNCERTAINTIES

A discussion of the risks and uncertainties that Cobalt faces can be found in the Company's annual financial statements for the year ended January 31, 2017 (available under Cobalt Power's SEDAR profile at www.sedar.com). Furthermore, additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations in the future.

11. PROPOSED TRANSACTIONS

We do not currently have any proposed transactions; however, the Company from time to time does review potential property acquisitions and divestitures, in addition to conducting further exploration work on its property. The Company releases appropriate public disclosure as it conducts exploration work on its existing property and if the Company makes an acquisition or divestiture.

12. DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

a) Authorized

An unlimited number of common shares without par value.

b) Issued and Outstanding

On March 01, 2017 the Company closed the first non-brokered private placement for gross proceeds of \$1,040,000. The non-brokered private placement consisted of the placement of 13,000,000 units at a price of \$0.08 per unit. Each unit consisted of one common share of the Company and one-half transferable share purchase warrant with one full warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.16 for a period of eighteen months following the date of closing.

As compensation for the placement of the units, Cobalt Power paid cash finder's fees of \$29,496 calculated at 6% of the amount placed by four finders. In addition, the Company issued to eligible finders 399,000 Broker Warrants also calculated at 6% of the units placed by the eligible finders.

Each Broker's Warrant is exercisable at price of \$0.16 to purchase one additional common share of the Company for a period of eighteen months from the date of closing of the Private Placement.

All securities issued by Cobalt Power pursuant to the offering have been issued subject to a four month hold period expiring June 29, 2017.

On March 10, 2017 Vancouver, the Company closed the second non-brokered private placement for gross flow-through proceeds of \$480,000. The non-brokered flow-through placement consisted of the placement of 4,000,000 flow-through shares at a price of \$0.12 per flow-through share.

COBALT POWER GROUP INC.

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As compensation for the placement of the units, the Company paid cash finder's fees of \$20,599 calculated at 6% of the amount placed by three finders. In addition, the Company issued to eligible finders 171,660 broker warrants also calculated at 6% of the units placed by the eligible finders.

Each broker's warrant is exercisable at price of \$0.16 to purchase one additional common share of the Company for a period of eighteen months from the date of closing of the private placement.

All securities issued by the Company are pursuant to the offering and have been issued a four month hold period expiring July 9, 2017.

Subsequent to the Period Ended:

On May 1, 2017 the Company issued 3,877,500 shares on the exercise of 3,877,500 warrants, for total net proceeds of \$269,438.

On May 3, 2017 the Company signed an option to purchase a mining claim, located in the Larder Lake mining division in the Lorrain Township, Ontario. The property is contiguous with the southwest section of the Company's Smith Cobalt project. The option requires a payment of \$1,000 (**paid**) and an allotment of 200,000 fully paid (**issued**), non-assessable common shares of Cobalt, to be issued at a deemed price of \$0.12 per common share, upon TSX Venture approval.

On May 23, 2017, 700,000 shares were issued to Perry Werner Wuest and Polymet in order to finalize the earlier Smith-Cobalt land acquisitions.

c) Warrants

As at the date of this MD&A, the summary of changes for the share purchase warrants outstanding of the Company are as follows:

	Period Ended June 29, 2017		Year Ended January 31, 2017	
	Amount	Weighted Average Exercise Price	Amount	Weighted Average Exercise Price
Balance, Beginning of Period:	12,121,433	\$ 0.100	3,852,500	\$ 0.075
Issued	7,070,660	0.16	8,268,933	0.112
Exercised	(3,877,500)	0.075	-	-
Expired	(100,000)	0.075	-	-
Balance, End of Period:	15,214,593	\$ 0.135	12,121,433	\$ 0.100

d) Stock Options

The Company has a fixed stock option plan which follows the policies of the TSX Venture Exchange ("**TSX-V**") regarding stock option awards granted to directors, officers, employees and consultants.

The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

As of the date of this MD&A, the following options were outstanding:

Options Outstanding	Exercise Price	Expiry Date
1,330,000	\$ 0.075	September 9, 2020
1,640,000	0.110	October 27, 2021
1,600,000	0.130	March 21, 2022
4,570,000	\$ 0.107	

13. OFF-BALANCE SHEET ARRANGEMENTS

During the three months ended April 30, 2017, the Company was not a party to any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources of the Company.

14. CHANGES IN ACCOUNTING STANDARDS

There were no changes in the Company's accounting policies during the three months ended April 30, 2017. New and revised accounting standards and interpretations issued but not yet adopted are described in Note 3, "Significant Accounting Policies", of the financial statements for the year ended January 31, 2017.

15. CRITICAL ACCOUNTING ESTIMATES

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. The Company bases its estimates and assumptions on current and various other factors that it believes to be reasonable under the circumstances. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Depreciation

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Impairment of Long-lived Assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the statement of operations for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Decommissioning Provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to the amount of the related asset along with a corresponding increase in the decommissioning provision in the period incurred. Provisions are determined by discounting the risk-adjusted expected future cash flows to take into consideration risks and uncertainties involving the transaction. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The decommissioning cost is depreciated on the same basis as the related asset. The liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognition in the statement of operations.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. Currently, the Company has no decommission provision obligation.

The Company's estimates are reviewed at each reporting date for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the statement of operations for the period.

Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Share-Based Payments

Equity-settled share based payments for directors, officers, employees and consultants are measured at fair value using the Black-Scholes option valuation model at the stock option grant date and recorded as an expense in the financial statements with a corresponding increase in the share-based payment reserve. The fair value determined at the grant date of the equity-settled share based payments is expensed using the graded vesting method over the vesting period based on the Company's estimate of the amount of shares that will eventually vest. Consideration paid by optionees on exercise of stock options together with their fair values is credited to share capital.

Compensation expense on stock options granted to consultants is measured at the earlier of the completion of performance and the date the options are vested at the fair value of the goods and services received and are recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of the Black-Scholes model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

16. APPROVAL

The Audit Committee of Cobalt Power Group Inc. has reviewed and approved the disclosure contained in this April 30, 2017 year end MD&A. A copy of this MD&A will be provided to anyone who requests it and it is also available under our SEDAR profile at www.sedar.com.