COBALT 27 CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

EIGHT MONTHS ENDED DECEMBER 31, 2017
AND YEAR ENDED APRIL 30, 2017

(EXPRESSED IN CANADIAN DOLLARS)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Cobalt 27 Capital Corp.

We have audited the accompanying consolidated financial statements of Cobalt 27 Capital Corp., which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statement of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the eight month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Cobalt 27 Capital Corp. as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the eight month period then ended in accordance with International Financial Reporting Standards.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

Comparative Information

The consolidated financial statements of Cobalt 27 Capital Corp. as at and for the year ended April 30, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 15, 2017.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 28, 2018

Toronto, Canada

COBALT 27 CAPITAL CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2017	As at April 30, 2017
Assets		
Current Assets		
Cash and cash equivalents	**$ 53,506,749**	$ 536,676
Amounts receivable and other assets (Note 5)	**506,579**	83,648
	54,013,328	620,324
Non-Current Assets		
Investments in cobalt (Note 7)	**270,834,028**	-
Royalty contracts (Note 8)	**850,000**	-
Investment (Note 6)	**248,102**	-
Deferred financing cost	**-**	135,916
Total Assets	**$ 325,945,458**	$ 756,240
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities (Note 11)	**$ 2,256,950**	$ 101,154
Non-Current Liabilities		
Deferred tax liabilities (Note 15)	**10,110,482**	-
Total Liabilities	**12,367,432**	101,154
Shareholders' Equity		
Share capital (Note 9)	**293,587,515**	3,288,921
Reserves	**6,443,192**	1,249,420
Retained Earnings (Deficit)	**13,547,319**	(3,883,255)
Total Shareholders' Equity	**313,578,026**	655,086
Total Liabilities and Shareholders' Equity	**$ 325,945,458**	$ 756,240

Subsequent Events (Note 16)

Approved on behalf of the Board:

"Frank Estergaard", Director

"Anthony Milewski", Director

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

COBALT 27 CAPITAL CORP.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

	Eight Months Ended December 31, 2017	Year Ended April 30, 2017
Increase in Market Value of Investments		
Unrealized gain on investments in cobalt (Note 7)	**$ 37,899,377**	$ -
Operating Expenses		
Consulting fees and salaries (Note 11)	**1,983,523**	292,930
Directors fees (Note 11)	**149,383**	-
Foreign exchange loss	**1,456,504**	-
General and administrative	**148,364**	76,572
Marketing and promotion	**362,696**	-
Professional fees	**525,779**	22,315
Regulatory fees	**68,674**	32,497
Share based compensation	**5,210,767**	527,630
Transport and storage	**452,631**	-
Impairment of exploration and evaluation assets	-	6,036
Total Operating Expenses	**10,358,321**	957,980
Income (Loss) before taxes	**27,541,056**	(957,980)
Deferred tax expense (Note 15)	**(10,110,482)**	-
Net and Comprehensive Income (Loss) for the period	**$ 17,430,574**	$ (957,980)
Basic Income (Loss) Per Share (Note 10)	**$ 0.86**	$ (2.93)
Diluted Income (Loss) Per Share (Note 10)	**$ 0.86**	$ (2.93)
Weighted Average Number of Common Shares Outstanding - Basic (Note 10)	**20,181,047**	326,692
Weighted Average Number of Common Shares Outstanding - Diluted (Note 10)	**20,315,736**	326,692

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

COBALT 27 CAPITAL CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Eight Months Ended December 31, 2017	Year Ended April 30, 2017
Operating Activities		
Net income (loss) for the period	**$ 17,430,574**	$ (957,980)
Adjustments for:		
Unrealized gains on investments in cobalt	**(37,899,377)**	-
Share based compensation	**5,210,767**	527,630
Impairment of exploration and evaluation assets	**-**	6,036
Deferred tax expense	**10,110,482**	-
Non-cash working capital items:		
Amounts receivable and other assets	**(422,931)**	(79,939)
Accounts payable and accrued liabilities	**1,920,362**	(314,676)
Net cash used in Operating Activities	**(3,650,123)**	(818,929)
Investing Activities		
Purchase of investments in cobalt	**(128,900,303)**	-
Purchase of investment	**(248,102)**	**-**
Evaluation and exploration expenditures	**-**	(1,536)
Net cash used in Investing Activities	**(129,148,405)**	(1,536)
Financing Activities		
Common shares issued for cash	**202,427,280**	1,531,660
Share issuance costs	**(17,349,308)**	(29,852)
Common shares issued on exercise of warrants	**668,472**	-
Common shares issued on exercise of stock options	**22,157**	-
Deferred financing costs	**-**	(135,916)
Loans received	**-**	68,128
Loans repaid	**-**	(77,628)
Net cash provided by Financing Activities	**185,768,601**	1,356,392
Net increase in Cash and Cash Equivalents	**52,970,073**	535,927
Cash and Cash Equivalents, Beginning of period	**536,676**	749
Cash and Cash Equivalents, End of period	**$ 53,506,749**	$ 536,676
Supplemental Information		
Common shares issued for investments in cobalt	**$ 104,034,348**	$ -
Common shares issued for Royalty Contracts	**$ 850,000**	$ -
Deferred financing costs included in share issuance costs	**$ 135,916**	$ -
Issuance of units for finder's fees	**-**	$ 42,000

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

COBALT 27 CAPITAL CORP.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital				
	Number	**Amount**	**Reserves**	**Deficit**	**Total**
Balance, April 30, 2016	**183,019**	**$ 1,787,113**	**$ 721,790**	**$ (2,925,275)**	**$ (416,372)**
Issuance of common shares (note 9(b)(ii))	696,450	650,020	-	-	650,020
Issuance of common shares for finder fees (note 9(b)(ii))	45,000	42,000	-	-	42,000
Share issue costs	-	(71,852)	-	-	(71,852)
Exercise of warrants (note 9(b)(iii))	734,700	881,640	-	-	881,640
Share-based payments (note 9(e)(i))	-	-	527,630	-	527,630
Net loss for the period	-	-	-	(957,980)	(957,980)
Balance, April 30, 2017	**1,659,169**	**$ 3,288,921**	**$ 1,249,420**	**$ (3,883,255)**	**$ 655,086**
Issuance of common shares for cash (Note 9(b)(iv)(x))	19,024,420	183,369,780	-	-	183,369,780
Issuance of common shares for investments in cobalt (Note 9(b)(iv)(xi))	11,513,185	104,034,348	-	-	104,034,348
Issuance of common shares on exercise of over-allotment (Note 9(b)(v)(xii))	1,915,000	19,057,500	-	-	19,057,500
Share issuance costs, net of tax (Note 9(b))	-	(17,720,658)	-	-	(17,720,658)
Issuance of common shares for Royalty Contracts (Notes 8 and 9(b)(vi))	127,778	1,150,000	-	-	1,150,000
Escrowed shares (Note 8)	(33,333)	(300,000)	-	-	(300,000)
Issuance of common shares on exercise of warrants (Note 9(b)(vii))	102,681	668,472	-	-	668,472
Issuance of common shares on exercise of options (Note 9(b)(viii))	5,117	39,152	(16,995)	-	22,157
Share based compensation (Note 9(e)(ii)and 9(f))	-	-	5,210,767	-	5,210,767
Net income for the period	-	-	-	17,430,574	17,430,574
Balance, December 31, 2017	**34,314,017**	**$ 293,587,515**	**$ 6,443,192**	**$ 13,547,319**	**$ 313,578,026**

See (note 9(b)(i)).

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

1. Nature of Operations

Cobalt 27 Capital Corp. (the "Company" or "Cobalt 27") was incorporated in British Columbia on May 9, 2006. Its shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "KBLT". For the period from incorporation in 2006 to February 2017, the Company was a mineral exploration company but in March 2017, the Company redirected its efforts to be a company focused on the acquisition of cobalt by physical possession, entering into streaming contracts and cobalt net smelter return royalty ("Co NSR") agreements and/or participation in producing cobalt mines or early stage exploration and development of mineral properties containing cobalt.

On April 6, 2017, the Company changed its name to Cobalt 27 Capital Corp. and commenced trading under its new name and stock trading symbol KBLT.

The head office is located at Suite 401, 4 King Street West, Toronto, Ontario, Canada. The registered office is located at Suite 1700 – 666 Burrard Street, Vancouver, British Columbia, Canada.

These consolidated financial statements of the Company for the eight months ended December 31, 2017 were approved and authorized for issue by the Board of Directors on April 28, 2018.

2. Basis of presentation

Statement of compliance

These consolidated financial statements (the "financial statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC").

During the eight months ended December 31, 2017, the Company changed its year-end from April 30th to December 31st to better align its financial reporting with that of comparable companies within the mining and commodities sector. The Company's transition period is the eight months ended December 31, 2017 and the comparative period is the 12 months ended April 30, 2017.

Basis of presentation

These financial statements have been prepared on the historical cost basis, except for investment in cobalt and financial instruments which are recorded at fair value.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries functional currency. Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates prevailing at the reporting date are recognized in profit or loss. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

3. Significant Accounting Policies

(a) Basis of consolidation

These consolidated financial statements include the accounts of Cobalt 27 and its wholly-owned subsidiaries: Cobalt 27 Capital (Europe) Ltd., Cobalt 27 Capital (US) Ltd. and Electric Metal Streaming Corp.

Subsidiaries are entities which the Company controls, either directly or indirectly, where control is defined as the power to govern an entity's financial and operating policies and generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that may arise upon the exercise or conversion of non-voting securities are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and they are de-consolidated from the date on which control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments which have maturity dates of three months or less at the date of purchase and are readily convertible to known amounts of cash. Cash equivalents consist of certificates of deposit or cash deposits at select Canadian chartered banks.

(c) Investments in cobalt

Investments in cobalt are initially recorded at cost, on the date that significant risks and rewards of ownership of the cobalt pass to the Company. Cost is calculated as the purchase price excluding transaction fees, which are expensed as incurred. Subsequent to initial recognition, investments in cobalt are measured at fair value at each reporting period end, based on the average bid and ask prices as quoted from Metal Bulletin and converted to Canadian dollars using the month-end foreign exchange noon rate. Related fair value increment gains and losses are recorded in the consolidated statements of income (loss) and comprehensive income (loss) as "Unrealized gains (losses) on investments in cobalt" in the period in which they arise.

Due to the lack of specific IFRS guidance on accounting for investments in cobalt, the Company considered IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, to develop and apply an accounting policy that would result in information that is most relevant to the economic decision-making needs of users within the overall IFRS accounting framework. Consequently, the cobalt investments are presented at fair value based on the application of IAS 40 *Investment Property*, which allows the use of a fair value model for assets held for long-term capital appreciation.

(d) Royalty contracts

Royalty contracts consist of acquired royalty interests. These interests are recorded at cost and capitalized as tangible assets with finite lives. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses, if any. Project evaluation costs that are not related to a specific agreement are expensed in the period incurred.

Producing royalty and other interests are depleted using the units-of-production method over the life of the property to which the interests relate, which are estimated using available information of proven and probable reserves and the portion of resources expected to be classified as mineral reserves at the mine corresponding to the specific agreement.

3. Significant Accounting Policies (Continued)

(e) Investment

As described in Note 6, Cobalt 27 holds an equity interest in Minerva Intelligence Inc. (“Minerva”), a privately-held company, and accounts for this holding as an available for sale investment.

An available-for-sale investment is measured at fair value, with changes in such fair values being accumulated in other comprehensive income ("OCI") until the asset is realized or impaired, at which time the cumulative gain or loss is recognized in net earnings. Investments in publicly-traded securities are carried at their period end trading price (level one fair value hierarchy estimate).

(f) Financial instruments

Financial assets and financial liabilities are recognized on the Company’s statement of financial position when the Company has become a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The Company’s financial instruments include cash, short-term deposits, amounts receivable and accounts payable and accrued liabilities. Financial instruments are recognized initially at fair value.

- *Cash and cash equivalents*

Cash and cash equivalents are classified as loans and receivables.

- *Amounts receivable*

Amounts receivables are classified as loans and receivables and are initially recorded at fair value of the amount expected to be received. The estimated fair values of these financial instruments approximate their carrying values because of the short-term nature of these instruments.

- *Financial liabilities*

Accounts payable and accrued liabilities are classified as other financial liabilities. The estimated fair values of accounts payable and accrued liabilities approximate their carrying values because of the short-term nature of these instruments.

- *Impairment of financial assets*

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial assets are considered to be impaired if objective evidence indicates that a change in the market, economic or legal environment in which the Company invested has had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are recognized in net income (loss). For financial assets measured at amortized cost, any reversal of the impairment is recognized in net income (loss) in subsequent periods if the fair value of the financial asset increases and such increase can be objectively related to an event occurring after the impairment loss was recognized in net income (loss).

3. Significant Accounting Policies (Continued)

(g) Share based compensation

The Company follows the fair value method of accounting for the issuance of stock options and restricted share unit ("RSU") granted to officers, employees, directors, advisors and consultants. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility of the expected market price of the Company's common shares and the expected life of the options. The number of stock option awards expected to vest are estimated using a forfeiture rate based on historical experience and future expectations. The fair value of RSUs is determined by the quoted market price of the Company's stock at date of grant. Share based compensation is amortized to earnings over the vesting period of the related option or RSU.

The Company uses graded or accelerated amortization which specifies that each vesting tranche must be accounted for as a separate arrangement with a unique fair value measurement. Each vesting tranche is subsequently amortized separately and in parallel from the grant date.

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the estimated fair value.

(h) Earnings per share

Basic earnings per share is computed by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated using the treasury stock method and the "if converted" method, as applicable. The treasury stock method assumes that outstanding share options with an average market price that exceeds the average exercise prices of the options for the period are exercised and the assumed proceeds are used to repurchase shares of the Company at the average market price of the common share for the period. The if converted method assumes that all convertible notes have been converted in determining fully diluted earnings per share if they are in-the-money, except where such conversion would be anti-dilutive.

(i) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years. Deferred taxes provide for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent the reversal of the temporary difference can be controlled and it is probable it will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply in the year of realization or settlement, which has been enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. Significant Accounting Policies (Continued)

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for future accounting periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following recent accounting pronouncements have not yet been adopted.

(a) Financial Instruments ("IFRS 9")

In July 2014, the IASB published the final version of IFRS 9. IFRS 9 introduces a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting.

In addition, IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value, such that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. The Company will adopt IFRS 9 as of January 1, 2018. Management has determined the adoption of IFRS 9 will not have a material impact on the Company's financial statements.

(b) Revenue from Contracts with Customers (“IFRS 15”)

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service. The standard replaces IAS 18 “Revenue” and IAS 11 ”Construction Contracts” and related interpretations. The Company will adopt IFRS 15 as of January 1, 2018. Management has determined the adoption of IFRS 15 will not have a material impact on the Company's financial statements.

(c) Leases (“IFRS 16”)

IFRS 16 was issued by the IASB in January 2016. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. IFRS 16 is effective for periods beginning on or after January 1, 2019. Earlier application is permitted. The Company is in the process of assessing the impact of adopting this standard.

(Expressed in Canadian Dollars)

4. Key Sources of Estimation Uncertainty and Critical Accounting Judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The judgments that management has applied in the application of accounting policies and related estimates that have the most significant effect on the amounts recognized in these consolidated financial statements are discussed below:

- Stock based compensation

  The Company includes an estimate of share price volatility, expected life and risk-free interest rates in the calculation of the fair value for share based payments. These estimates are based on previous experience and may change throughout the life of an incentive plan. Such changes could impact earnings.

- Deferred taxes

  The Company recognizes the deferred tax benefit related to tax assets and tax losses to the extent recovery is probable. Assessing the recoverability of deferred income tax assets requires management to make significant estimates of future taxable profit and expected timing of reversals of existing temporary differences. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the deferred tax assets recorded at the balance sheet date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from tax assets and tax losses.

5. Amounts Receivable and Other Assets

	As at December 31, 2017	As at April 30, 2017
Sales tax receivable - (Canada)	**$ 99,773**	$ 9,973
Prepaid expenses	**399,105**	73,675
Advances	**7,701**	-
	$ 506,579	$ 83,648

6. Investment

During the eight months ended December 31, 2017, the Company purchased 200,000 common shares of Minerva for US $1.00 per common share for total cost of US$200,000 (C$248,102). Minerva is a privately-held company and the Company's investment is initially recorded at cost, being the fair value at the time of acquisition.

(Expressed in Canadian Dollars)

7. Investments in cobalt

During the eight months ended December 31, 2017, the Company acquired 1,969.3 tonnes of premium-grade cobalt and 712.6 tonnes of standard-grade cobalt at a cost of $232,934,651. As of December 31, 2017, details of cobalt holdings are as follows:

Category of cobalt	Quantity of cobalt metric tonne (mt)	Cost	Fair value (1)
Premium grade	1,969.3	$ 175,512,264	$ 199,882,056
Standard grade	712.6	57,422,387	70,951,972
	2,681.9	**$ 232,934,651**	**$ 270,834,028**

Location	Facility	Quantity of cobalt (mt)	Cost	Fair value (1)
Baltimore	Steinweg	1,781.8	$ 155,377,145	$ 180,565,609
Rotterdam	Steinweg	658.1	57,692,860	65,980,299
Rotterdam	Vollers	100.0	8,603,468	10,150,011
Antwerp	Steinweg	142.0	11,261,178	14,138,109
		2,681.9	**$ 232,934,651**	**$ 270,834,028**

(1) Based on the Metal Bulletin average high grade price of US$36.70 per pound and the Metal Bulletin average low grade price of US$36.00 per pound as of December 31, 2017.

During the eight months ended December 31, 2017, the unrealized gain on investments in cobalt of $37,899,377 was mainly attributable to the increase in the price of cobalt but has also been impacted by fluctuations in the value of the Canadian dollar relative to the United States dollar.

(Expressed in Canadian Dollars)

8. Royalty Contracts

Subsequent to the closing of the Company's initial public offering, the Company entered into eight agreements to acquire royalties on exploration-stage mineral properties containing cobalt (the "Royalty Contracts") in consideration for a total of 127,778 common shares at a market value price of $9.00 valued at $1,150,000. On July 4, 2017, the Company completed seven of the eight agreements. As at December 31, 2017, 33,333 of the above issued common shares (valued at $300,000) were held in escrow pending the fulfillment of several obligations by the vendor (the "Vendor") on one of the planned agreements. The value of the common shares held in escrow related th this agreement has been deducted from Share Capital in the Consolidated Statements of Changes in Shareholders' Equity. Subsequent to year end, the Company and the Vendor agreed to mutually terminate the Royalty Contract and the 33,333 shares were returned to treasury and cancelled (note 16(iv)).

The royalties relate to cobalt as a by-product associated with polymetallic and base metals exploration properties.

As of December 31, 2017, the Company's completed Royalty Contracts consisted of the following:

Royalty Name	Owner	Property Location	Stage	Primary Metal(s)	Royalty Type and %	Consideration
Triangle Property	New Found Gold Corp. (formerly Palisade Resources Corp.)	Ontario	Exploration	Co-Ag	2% Co NSR	27,778 shares valued at $250,002
Rusty Lake Property	New Found Gold Corp. (formerly Palisade Resources Corp.)	Ontario	Exploration	Co-Ag	2% Co NSR	27,778 shares valued at $250,002
Professor & Waldman Properties(1)	New Found Gold Corp. (formerly Palisade Resources Corp.)	Ontario	Exploration	Co-Ag	2% Co NSR	27,777 shares valued at $249,996
North Canol Properties(1)	Golden Ridge Resources Ltd.	Yukon	Exploration	Ag-Pb-Zn-Co	2% Co NSR	5,556 shares valued at $50,000
Sunset Mineral Corp.	Three Individuals	British Columbia	Exploration	Cu-Zn-Co	2% Co NSR	5,556 shares valued at $50,000
Total Royalty Contracts						94,445 shares valued at **$850,000**

(1) Two separate mineral properties to which a Co NSR applies.

9. Share Capital

a) Authorized: Unlimited number of common shares without par value.

b) Common shares issued:

(i) Effective November 29, 2016, the Company consolidated its common shares on a 10:1 basis. Effective April 10, 2017, the Company completed a 3:1 forward split of its common shares. In addition, on June 23, 2017, the date of closing of the Offering, the Company consolidated its existing common shares on a 20:1 basis. Prior to and subsequent to the share consolidation on June 23, 2017, the Company had 33,183,280 and 1,659,164 shares outstanding, respectively on a consolidated basis. All references in the financial statements have been adjusted to reflect these share consolidations and forward split.

(ii) On March 21, 2017, the Company completed a private placement of 696,450 units at $0.9333 per unit for gross proceeds of $650,020. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase an additional common share at $1.20 until expiry March 21, 2022. In connection with the private placement, the Company issued 45,000 finder's units with a fair value of $42,000. Each finder's unit consisted of one common share and one share purchase warrant entitling the holder to acquire an additional common share at $1.20 for a period of one year expiring March 21, 2018. In addition, the Company incurred share issue costs of $29,852.

(iii) During the year ended April 30, 2017, 689,700 warrants and 45,000 agent warrants were exercised to purchase an aggregate of 734,700 common shares for gross proceeds of $881,640.

(iv) On June 23, 2017, the Company closed an offering (the "Offering") for 22,222,225 common shares at a price (the "Offering Price") of $9.00 per share for a value of $200,000,025. The Offering was completed as follows: (a) 10,924,420 common shares for aggregate gross cash proceeds of $98,319,780 (the "Cash Offering") and (b) 11,297,805 common shares for cobalt contracts (the "Cobalt Contract Shares") for aggregate value of $101,680,245 (the "Cobalt Shares Offering"). The cobalt contracts were subsequently converted to physical cobalt. The number of Cobalt Contract Shares issued was equal to the agreed fair market value for the cobalt purchased pursuant to the terms of the cobalt contracts divided by the Offering Price of the common shares. The Company granted the underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part at any time until 30 days following the closing of the Offering, to purchase from the Company at the Offering Price up to an additional 15% of the number of common shares distributed under the Offering.

Pursuant to the terms and conditions of an underwriting agreement, the Company agreed to pay a fee to the underwriters in an amount calculated as 6.0% of the gross proceeds realized from the sale of common shares distributed under the Cash Offering and 6.0% of the value of the common shares distributed under the Cobalt Shares Offering, provided that the first $70 million of Cobalt Contract Shares under the Offering and the sale of 2,270,000 Shares to Pala Investments will be subject to a 1.0% fee (the "Commissions"). These Commissions totaled $7,478,502. The Company reimbursed the Underwriters' legal fees and other expenses incurred with respect to the Offering which totalled $350,000. In addition, the Company paid $3,000,000 for financial advisory fees and $527,227 in legal and professional fees.

(v) On June 29, 2017, a portion of the over-allotment option granted by the Company to the underwriters in connection with the Offering was exercised. A total of 700,000 common shares were issued at a price of $9.00 per share, for additional gross proceeds of $6,300,000. The Company paid a 6% cash commission of $378,000.

(vi) The Company issued 127,778 common shares in consideration for Royalty Contracts (see Note 8).

(vii) During the eight months ended December 31, 2017, 102,681 warrants and agent's warrants were exercised for gross proceeds of $668,472.

(viii) During the eight months ended December 31, 2017, 5,117 stock options were exercised for gross proceeds of $22,157. The grant date fair value of $16,995 was transferred from reserves to share capital.

(Expressed in Canadian Dollars)

9. Share Capital (Continued)

b) Common shares issued: (continued)

(ix) On October 17, 2017, the Company filed a short form base shelf prospectus ("Shelf Prospectus") to qualify the distribution of common shares, debt securities, subscription receipts, warrants, share purchase contracts and or units of the Company having aggregate proceeds of up to $300,000,000 during the 25 month period that the Shelf Prospectus remains valid. As of December 31, 2017, the Company issued $97,807,500 of securities pursuant to the Shelf Prospectus.

(x) On December 19, 2017, the Company closed a bought deal offering detailed in the prospectus supplement filed on December 11, 2017 in conjunction with its Shelf Prospectus for 8,100,000 common shares at a price of $10.50 per common share for aggregate gross proceeds of $85,050,000.

Pursuant to the terms and conditions of an underwriting agreement, the Company agreed to pay a commission to the underwriters in an amount equal to 5.0% of the gross proceeds, $4,252,500. In addition, the Company paid $850,000 for financial advisory fees and $246,423 in legal and professional fees.

Cobalt 27 granted the underwriters an over-allotment option, exercisable in whole or in part at any time up to 30 days following December 19, 2017, to purchase up to an additional 1,215,000 Common Shares at the issue price.

Directors and officers of the Company are subject to a 90 day lock-up agreement following December 19, 2017.

(xi) On December 19, 2017, the Company issued 215,380 common shares at a price of $10.93 to acquired 22 metric tonnes of physical cobalt valued at $2,354,103.

(xii) On December 21, 2017, the over-allotment option granted by the Company to the underwriters in connection with the bought deal offering was exercised. A total of 1,215,000 common shares were issued at a price of $10.50 per share, for gross proceeds of $12,757,500. The Company paid a 5% commission of $637,875.

c) Warrants

The following table reflects the continuity of warrants for the periods ended December 31, 2017 and April 30, 2017:

	Number of warrants	**Weighted average exercise price ($)**
Balance, April 30, 2016	**94,950**	**6.67**
Granted (note 9(b)(i))	696,450	1.20
Exercised (note 9(b)(ii))	(689,700)	1.20
Balance, April 30, 2017	**101,700**	**6.30**
Exercised	(96,974)	6.67
Expired	(976)	6.67
Balance, December 31, 2017	**3,750**	**1.20**

(Expressed in Canadian Dollars)

9. Share Capital (Continued)

c) Warrants (continued)

The following table reflects the actual warrants issued and outstanding as of December 31, 2017:

Number of warrants outstanding	Exercise price ($)	Expiry date
3,750	1.20	March 21, 2022

d) Agent's Warrants

The following table reflects the continuity of agent's warrants for the periods ended December 31, 2017 and April 30, 2017:

	Number of warrants	Weighted average exercise price ($)
Balance, April 30, 2016 and April 30, 2017	**5,707**	**6.67**
Exercised	(5,707)	6.67
Balance, December 31, 2017	**-**	**-**

e) Stock options

The Company has a stock option plan in place under which it is authorized to grant options of up to 10% of its outstanding shares to officers, employees, directors, advisors and consultants. The exercise price is determined by the Board of Directors provided the minimum exercise price is set at the Company's closing share price on the day before the grant date. The options can be granted for a maximum term of ten years and vesting terms are determined by the Board of Directors at the date of grant.

The following table reflects the continuity of stock options for the periods ended December 31, 2017 and April 30, 2017:

	Number of stock options	Weighted average exercise price ($)
Balance, April 30,2016	**16,500**	**10.00**
Granted (i)	158,867	4.33
Expired/Forfeited	(16,500)	(10.00)
Balance, April 30, 2017	**158,867**	**4.33**
Granted (ii)	510,000	9.00
Exercised	(5,117)	4.33
Balance, December 31, 2017	**663,750**	**7.92**

(Expressed in Canadian Dollars)

9. Share Capital (Continued)

e) Stock options (continued)

(i) On March 31, 2017, the Company granted a total of 158,867 stock options to certain directors, officers and consultants of the Company pursuant to the Company's stock option plan. The stock options are exercisable at a price of $4.33 per share, expire on March 31, 2022 and vested immediately. The fair value of the stock options was estimated to be $527,630 using the Black-Scholes option pricing model on the following assumptions: exercise price of $4.33, risk free interest rate of 0.87%, an expected life of 3 years inclusive of an assumed forfeiture rate and an expected volatility of 133%. During the year ended April 30, 2017, share based compensation of $527,630 was recorded in the consolidated statements of income (loss) and comprehensive income (loss).

(ii) On August 7, 2017, the Company granted a total of 510,000 stock options to certain directors, officers, advisors and consultants of the Company pursuant to the Company's stock option plan. The stock options are exercisable at a price of $9.00 per share, expire on August 7, 2022 and vested immediately. The fair value of the stock options was estimated to be $1,427,490 using the Black-Scholes option pricing model on the following assumptions: exercise price of $9.00, risk free interest rate of 1.53%, an expected life of 2.5 years inclusive of an assumed forfeiture rate and an expected volatility of 50%. During the eight months ended December 31, 2017, share based compensation of $1,427,490 was recorded in the consolidated statements of income (loss) and comprehensive income (loss).

The following table reflects the Company's stock options outstanding and exercisable as at December 31, 2017:

Options outstanding and exercisable	Grant date fair value ($)	Exercise price ($)	Weighted average remaining contractual life (years)	Expiry date
153,750	510,635	4.33	4.25	March 31, 2022
510,000	1,427,490	9.00	4.60	August 7, 2022
663,750	**1,938,125**	**7.92**	**4.69**	

(f) Restricted share units ("RSU")

On August 6, 2017, the Company adopted a Restricted Share Unit Plan (the “RSU Plan”), subject to TSX-V and disinterested shareholder approval. The maximum aggregate number of shares reserved for issuance under the RSU Plan, together with the Company’s existing Stock Option Plan (as approved by its shareholders on May 18, 2017), shall not exceed a combined total of 10% of the Company’s issued and outstanding shares. In addition, the RSU Plan sets out certain other restrictions in respect of grants to certain participants under the RSU Plan in accordance with the rules of the TSX-V. No Shares shall be issued until the Company has received TSX-V and disinterested shareholder approval of the RSU Plan. As a result, the Company revalues the RSUs at each period end reporting date using the market value of common shares. Once the date of grant under IFRS has been established, the Company will revise the earlier estimate so that the amounts recognized for services received in respect of the grant are based on the grant date fair value of the RSUs.

The grant date fair value of the RSUs equals the fair market value of the corresponding shares at the grant date. The fair value of these equity-settled awards is recognized as compensation expense over the period that related services are rendered with a corresponding increase in equity. The total amount expensed is recognized over the vesting period, which is the period over which all the specified vesting conditions should be satisfied.

During the eight months ended December 31, 2017, the Company granted 700,000 RSUs to certain officers under its RSU Plan. These RSUs were valued using the December 31, 2017 market value of common shares of $12.30. These RSUs vest over three years on a monthly basis from the grant date. Compensation for the eight months ended December 31, 2017 was $3,783,277.

As at December 31, 2017, there were 700,000 RSUs outstanding. The weighted average fair value of RSU's granted during the eight months ended December 31, 2017 was $12.30 per share.

(Expressed in Canadian Dollars)

10. Net Income (Loss) per Common Share

Basic and diluted income (loss) per share are as follows for the periods presented:

	Eight Months Ended December 31, 2017	Year Ended April 30, 2017
Numerator:		
Net income (loss)	**$ 17,430,574**	$ (957,980)
Denominator		
Weighted average number of common shares - basic	**20,181,047**	326,692
Effect of dilutive securities	**134,689**	-
Weighted average number of common shares - diluted	**20,315,736**	326,692
Net income (loss) per share - basic	**$ 0.86**	$ (2.93)
Net income (loss) per share - diluted	**$ 0.86**	$ (2.93)

11. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions are recorded at the exchange amount, being the amount agreed to between the related parties.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors.

Remuneration of key management personnel of the Company was as follows:

	Eight Months Ended December 31, 2017	Year Ended April 30, 2017
Consulting fees and salaries [(1)(2)]	**$ 1,949,418**	$ 130,023
Directors fees[(2)]	**149,383**	-
Share based compensation	**4,776,922**	258,612
	$ 6,875,723	$ 388,635

[(1)] Consulting fees and salaries paid to the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer for their services.

[(2)] Included in accounts payable and accrued liabilities are fees owing to officers and directors of $1,602,975 as at December 31, 2017 (April 30, 2017 - $nil).

12. Financial Instruments

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;

Level 2: Valuations based on directly or indirectly observable inputs for the asset or liability, other than quoted Level 1 prices, such as quoted interest rates or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not observable, such as discounted cash flow methodologies based on internal cash flow forecasts.

As of December 31, 2017, the Company's financial instruments consist of cash and cash equivalents, investment, investments in cobalt and accounts payable and accrued liabilities. Cash and cash equivalents are stated at fair value and classified within Level 1. Investment is stated at fair value and classified within Level 3. Investments in cobalt are classified within Level 2. The fair values of accounts payable and accrued liabilities approximate their carrying values because of the short term nature of these instruments.

13. Financial Risks

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss due to a counter-party's inability to meet its obligations under a financial instrument or contractual agreement that will result in a financial loss to the Company. The Company's credit risk exposure includes the carrying amounts of cash, cash equivalents and investments in cobalt. To limit the credit risk exposure on its cash and cash equivalents, the Company holds all of its cash and cash equivalents in credit worthy financial institutions, while investments in cobalt are held with storage facilities owned by organizations that are credible and financially stable.

Liquidity risk

Financial liquidity represents the Company's ability to fund future operating activities. The Company may generate cash from the lending, relocation, or sale of cobalt, or the sale of additional equity securities, as well as through debt financing. The Company will fund its ongoing operations with its existing cash balance and has the ability to sell some of its inventory of cobalt to generate additional cash if required. Although the Company may enter into commitments to purchase additional cobalt or acquire cobalt streams, royalties, and direct interests in mineral properties containing cobalt, those commitments are normally funded by use of the Company's available cash or are contingent on its ability to raise funds through the sale of additional equity securities or debt financing.

13. Financial Risks (Continued)

Market risk

(i) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is considered minimal.

(ii) Foreign currency risk
Foreign currency risk arises from transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's functional currency is Canadian dollars. In calculating the value of investments in cobalt, the Company uses average bid and ask cobalt prices published by Metal Bulletin which are denominated in United States dollars. The Company expects to incur some expenses in United States dollars, British Pound Sterling and European Euro.

As at December 31, 2017, the Company has estimated that a 5% increase or decrease in the value of United States dollars, all other variables remaining constant, would result in a corresponding decrease or increase in net loss and comprehensive loss of $15,097,548.

(iii) Price risk
The Company is exposed to price risk with respect to commodity prices. The value of the Company’s physical holdings of cobalt may be adversely affected by a decline in the price of cobalt. The price of cobalt fluctuates widely and is affected by numerous factors beyond the Company’s control, including but not limited to global and regional supply and demand, and the political and economic conditions of major cobalt producing countries throughout the world, including the Democratic Republic of the Congo (“DRC”).

As at December 31, 2017, the Company has estimated that a 5% increase or decrease in the price of cobalt, all other variables remaining constant, would result in a corresponding decrease or increase in net loss and comprehensive loss of $13,539,025.

14. Segmented Information

The Company operates in a single reportable operating segment, being the acquisition of cobalt. The Company has an administrative office in Canada and stores its cobalt inventories in two geographical locations, the United States and Europe. Geographical information is as follows:

As at December 31, 2017	**Canada**	**United States**	**Europe**	**Total**
Current assets	$ 54,013,328	$ -	$ -	$ 54,013,328
Non-current assets	1,098,102	180,565,609	90,268,419	271,932,130
Total assets	**$ 55,111,430**	**$180,565,609**	**$ 90,268,419**	**$325,945,458**

As at April 30, 2017	**Canada**	**United States**	**Europe**	**Total**
Current assets	$ 620,324	$ -	$ -	$ 620,324
Non-current assets	135,916	-	-	135,916
Total assets	**$ 756,240**	**$ -**	**$ -**	**$ 756,240**

(Expressed in Canadian Dollars)

15. Income Taxes

The income tax expense differs from the amount resulting from the application of the combined Canadian statutory income tax rate as follows:

	Eight Months Ended December 31, 2017	Year Ended April 30, 2017
Income (loss) before income taxes	**$ 27,541,056**	$ (957,980)
Statutory tax rate	**26.00 %**	26.00 %
Expected income tax expense (recovery) based on statutory rate	**7,160,676**	(249,075)
Adjustment to expected income tax benefit:		
Non-deductible (taxable) expenses	**1,354,799**	-
Share issuance cost through equity	**(695,291)**	-
Impact of change in future tax rate	**374,462**	-
Current items not benefitted	**1,915,836**	-
Permanent and other differences	**-**	137,184
Change in deferred tax assets not recognized	**-**	111,891
Total income tax expense (recovery)	**$ 10,110,482**	**$ -**
Current tax expense	**$ -**	$ -
Deferred tax expense	**10,110,482**	-
Total income tax expense (recovery)	**$ 10,110,482**	**$ -**

Deferred tax assets and liabilities

(a) Deferred tax assets and liabilities

The significant components of the deferred tax asset (liability) as at December 31, 2017 and April 30, 2017 are as follows:

	As at December 31, 2017	As at April 30, 2017
Non-capital loss carry-forwards	**$ 122,210**	$ 802,533
Unrealized foreign exchange loss (gain)	**3,677,351**	-
Investments in cobalt	**(13,910,043)**	-
Share issuance costs	**-**	15,339
Exploration and evaluation costs	**-**	77,609
	(10,110,482)	895,481
Deferred tax benefits not recognized	-	(895,481)
Deferred tax assets (liabilities)	**$ (10,110,482)**	**$ -**

(Expressed in Canadian Dollars)

15. Income Taxes (Continued)

(b) Unrecognized temporary differences

The significant components of the temporary differences not recognized as at December 31, 2017 are as follows:

	As at December 31, 2017	As at April 30, 2017
Deductible (taxable) temporary differences not recognized:		
Non-capital losses	**$ 10,455,264**	$ -
Financing fees recorded through share capital	**15,111,036**	-
	$ 25,566,300	$ -

The Company has $10,455,264 non-capital losses available for future periods with expiry dates ranging from 2027 to 2038.

16. Subsequent Events

(i) On January 10, 2018, the Company granted 485,000 incentive stock options and 175,000 RSUs to certain of its directors, officers, advisors and consultants. The incentive stock options granted are exercisable at $11.80 for a period of 5 years expiring January 10, 2023.

(ii) On February 22, 2018, the Company announced its acquisition of a 1.75% Net Smelter Return (“NSR”) royalty on all future production over all metals from the Dumont Nickel-Cobalt Project (the “Dumont Project”), which contains the world's largest undeveloped, permitted, and construction-ready reserves of nickel and cobalt, located in the geopolitically secure and mining-friendly Abitibi region of the Canadian province of Québec.

The Company paid $10 million cash and issued 537,057 common shares as consideration for the 1.75% NSR. The 1.75% NSR royalty contains a US$15 million buyback right to the Dumont joint venture to repurchase 0.375% of the 1.75% NSR (“Repurchase Option”), which if exercised would result in a 1.375% remaining NSR. The one-time Repurchase Option is only exercisable on the third, fourth or fifth anniversary of the original royalty agreement dated July 8, 2015.

(iii) On March 9, 2018, the Company closed a private placement for 17,556,828 common shares at a price of $11.40 per common share for aggregate gross proceeds of $200,147,839. The Company paid a cash commission equal to 5% of the gross proceeds. The net proceeds of the private placement will be used by the Company to fund the acquisition of cobalt-related investments and general corporate purposes.

(iv) In March 2018, the Company and the Vendor on one of its Royalty Contracts mutually agreed to terminate the Royalty Contract and the 33,333 shares were returned to treasury and cancelled.