COBALT 27 CAPITAL CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND THREE AND SIX MONTHS ENDED JULY 31, 2017

(EXPRESSED IN UNITED STATES DOLLARS)
(UNAUDITED)

COBALT 27 CAPITAL CORP.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in United States Dollars, unless otherwise indicated)
(Unaudited)

	As at June 30, 2018	As at December 31, 2017 Restated (Note 3)
Assets		
Current Assets		
Cash and cash equivalents	**$ 52,987,170**	$ 40,742,214
Amounts receivable and other assets	**1,246,958**	385,730
	54,234,128	41,127,944
Non-Current Assets		
Investments (Note 4)	**13,920,900**	188,915
Investments in cobalt (Note 5)	**265,239,293**	206,224,037
Royalty contracts (Note 6)	**15,910,311**	647,225
Streaming interests (Note 7)	**303,892,638**	-
Total Assets	**$ 653,197,270**	$ 248,188,121
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	**$ 7,903,341**	$ 1,718,535
Non-Current Liabilities		
Deferred tax liabilities	**17,306,637**	7,698,532
Total Liabilities	**25,209,978**	9,417,067
Shareholders' Equity		
Share capital (Note 8)	**584,391,914**	223,549,467
Reserves	**7,813,064**	4,906,108
Accumulated other comprehensive income	**2,496,028**	-
Retained Earnings	**33,286,286**	10,315,479
Total Shareholders' Equity	**627,987,292**	238,771,054
Total Liabilities and Shareholders' Equity	**$ 653,197,270**	$ 248,188,121

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

COBALT 27 CAPITAL CORP.

Condensed Interim Consolidated Statements of Net and Comprehensive Income (Loss)
(Expressed in United States Dollars, unless otherwise indicated)
(Unaudited)

	Three Months Ended June 30, 2018	Three Months Ended July 31, 2017 Restated (Note 3)	Six Months Ended June 30, 2018	Six Months Ended July 31, 2017 Restated (Note 3)
Increase in Market Value of Investments				
Mark to market component of unrealized gain (loss) on investments in cobalt (Note 5)	**$ (20,446,966)**	$ 3,335,528	**$ 24,723,587**	$ 3,335,528
Foreign exchange component of unrealized gain (loss) on investments in cobalt	**5,006,574**	(8,358,480)	**11,206,006**	(8,358,480)
	(15,440,392)	(5,022,952)	**35,929,593**	(5,022,952)
Operating Expenses				
Consulting fees and salaries (Note 10)	**104,697**	103,419	**209,395**	291,822
Directors fees (Note 10)	**41,864**	44,148	**88,185**	44,148
General and administrative	**138,703**	32,978	**276,580**	86,496
Marketing and promotion	**150,994**	96,567	**242,773**	96,567
Professional fees	**536,571**	12,794	**821,443**	29,234
Project evaluation costs	**601,799**	-	**601,799**	-
Regulatory fees	**43,727**	23,238	**86,462**	40,696
Share based compensation (Notes 8(e)(f))	**(1,449,784)**	-	**2,906,956**	401,759
Transport and storage	**98,031**	32,923	**344,019**	32,923
Impairment of exploration and evaluation assets	**-**	**-**	-	4,596
	266,602	346,067	**5,577,612**	1,028,241
(Loss)/Income before financing costs, foreign exchange and taxes	**(15,706,994)**	(5,369,019)	**30,351,981**	(6,051,193)
Financing costs	**(628,984)**	-	**(628,984)**	-
Foreign exchange gain (loss)	**3,021,541**	(91,658)	**2,855,915**	(91,658)
(Loss)/Income before taxes	**(13,314,437)**	(5,460,677)	**32,578,912**	(6,142,851)
Deferred tax recovery (expense)	**4,195,374**	-	**(9,608,105)**	-
Net (Loss)/Income for the period	**(9,119,063)**	(5,460,677)	**22,970,807**	(6,142,851)
Other Comprehensive Income				
Items that will not be reclassified subsequently:				
Unrealized gain on equity investment	**2,496,028**	-	**2,496,028**	-
Comprehensive (Loss)/Income for the period	**$ (6,623,035)**	$ (5,460,677)	**$ 25,466,835**	$ (6,142,851)
Basic (Loss)/Income Per Share (Note 9)	**$ (0.17)**	$ (0.49)	**$ 0.50**	$ (1.02)
Diluted (Loss)/Income Per Share (Note 9)	**$ (0.17)**	$ (0.49)	**$ 0.50**	$ (1.02)
Weighted Average Number of Common Shares Outstanding - Basic (Note 9)	**53,434,564**	11,132,418	**46,126,611**	6,042,205
Weighted Average Number of Common Shares Outstanding - Diluted (Note 9)	**53,434,564**	11,132,418	**46,362,295**	6,042,205

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

COBALT 27 CAPITAL CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in United States Dollars, unless otherwise indicated)
(Unaudited)

	Six Months Ended June 30, 2018	Six Months Ended July 31, 2017 Restated (Note 3)
Operating Activities		
Net income (loss) for the period	$ 22,970,807	$ (6,142,851)
Adjustments for:		
Mark to market component of unrealized (gain) on investments in cobalt	(24,723,587)	(3,335,528)
Foreign exchange component of unrealized (gain) loss on investments in cobalt	(11,206,006)	8,358,480
Foreign exchange (gain) loss	(2,855,915)	91,658
Share based compensation	2,906,956	401,759
Impairment of exploration and evaluation assets	-	4,596
Deferred tax expense	9,608,105	-
Non-cash working capital items:		
Amounts receivable and other assets	(861,228)	(66,651)
Accounts payable and accrued liabilities	(1,191,869)	(164,917)
Net cash provided by (used in) Operating Activities	(5,352,737)	(853,454)
Investing Activities		
Purchase of investments in cobalt	(23,085,663)	(59,890,405)
Purchase of royalty contract	(9,844,671)	-
Purchase of investments	(11,235,957)	-
Purchase of streaming interests (Note 7)	(300,096,961)	-
Evaluation and exploration expenditures	-	(75)
Net cash used in Investing Activities	(344,263,252)	(59,890,480)
Financing Activities		
Common shares issued for cash (Note 8(b)(vii)(viii))	377,230,518	80,156,704
Share issuance costs	(18,582,855)	(8,853,776)
Common shares issued on exercise of warrants	-	1,177,577
Common shares issued on exercise of stock options	-	16,871
Deferred financing costs	-	(103,492)
Loans repaid	-	(55,302)
Net cash provided by Financing Activities	358,647,663	72,338,582
Net increase in Cash and Cash Equivalents	9,031,674	11,594,648
Impact of foreign exchange on Cash and Cash Equivalents	3,213,282	(118,194)
Cash and Cash Equivalents, Beginning of period	40,742,214	2,402
Cash and Cash Equivalents, End of period	$ 52,987,170	$ 11,478,856

Supplemental Information

Common shares issued for Royalty Contracts	$ 5,418,415	$ -
Issuance of units for finder's fees	$ -	$ 31,981

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

COBALT 27 CAPITAL CORP.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in United States Dollars, unless otherwise indicated)
(Unaudited)

Restated (Note 3)	Share Capital Number	Share Capital Amount	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance, January 31, 2017	**183,014**	**$ 1,360,780**	**$ 549,600**	**$ -**	**$ (2,274,695)**	**$ (364,315)**
Issuance of common shares for cash (Note 8(b)(i)(ii))	11,620,870	75,359,629	-	-	-	75,359,629
Issuance of common shares for investments in cobalt (Note 8(b)(ii))	11,297,805	77,423,471	-	-	-	77,423,471
Issuance of common shares for finder fees (Note 8(b)(i))	45,000	31,981	-	-	-	31,981
Issuance of common shares on exercise of over-allotment (Note 8(b)(iii))	700,000	4,797,076	-	-	-	4,797,076
Issuance of common shares for Royalty Contracts (Notes 6 and 8(b)(iv))	127,778	875,657	-	-	-	875,657
Share issue costs	-	(8,989,249)	-	-	-	(8,989,249)
Escrowed shares (Note 6)	(33,333)	(228,432)	-	-	-	(228,432)
Issuance of common shares on exercise of warrants (Note 8(b)(v))	834,381	1,177,577	-	-	-	1,177,577
Issuance of common shares on exercise of options (Note 8(b)(vi))	5,117	29,812	(12,941)	-	-	16,871
Share-based payments (Note 8(e)(i))	-	-	401,759	-	-	401,759
Net loss for the period	-	-	-	-	(6,142,851)	(6,142,851)
Balance, July 31, 2017	**24,780,632**	**$ 151,838,302**	**$ 938,418**	**$ -**	**$ (8,417,546)**	**$ 144,359,174**
Balance, December 31, 2017	**34,314,017**	**$ 223,549,467**	**$ 4,906,108**	**$ -**	**$ 10,315,479**	**$ 238,771,054**
Issuance of common shares for cash (Note 8(b)(vii)(viii))	48,356,828	377,230,518	-	-	-	377,230,518
Share issue costs	-	(21,806,486)	-	-	-	(21,806,486)
Issuance of common shares for Royalty Contracts (Notes 6 and 8(b)(ix)	537,057	5,418,415	-	-	-	5,418,415
Share-based payments (Notes 8(e)(ii) and 8(f))	-	-	2,906,956	-	-	2,906,956
Unrealized gain on equity investments	-	-	-	2,496,028	-	2,496,028
Net income for the period	-	-	-	-	22,970,807	22,970,807
Balance, June 30, 2018	**83,207,902**	**$ 584,391,914**	**$ 7,813,064**	**$ 2,496,028**	**$ 33,286,286**	**$ 627,987,292**

The accompanying notes are an integral part of these unaudited condensed interim 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.

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 comparative period for these condensed interim consolidated financial statements is the three and six months ended July 31, 2017.

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.

2. Significant Accounting Policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's most recent annual consolidated financial statement as at and for the eight months ended December 31, 2017.

The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the eight months ended December 31, 2017 except as noted below.

Change in functional and presentation currency

On June 28, 2018 the Company closed the Voisey's Bay Cobalt Stream (described in note 7) and made an upfront payment of US$300 million to Vale. The Company will generate United States dollar ("USD") denominated revenue from the cobalt they purchase under the Voisey's Bay Cobalt Stream commencing January 1, 2021. Considering the significance of the Voisey's Bay Cobalt Stream to the Company's operations and that sales prices of cobalt are mainly influenced by the USD, the Company determined that the currency of the primary economic environment in which the Company operates changed from the Canadian dollar ("Cdn") to the USD on June 28, 2018.

The Company operates in a mixture of currencies and therefore the determination of functional currency involves certain judgments to determine the primary economic environment in which the Company operates. The Company also reconsiders the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment.

Concurrent with the change in functional currency, the Company also changed its presentation currency from Cdn to USD.

The change in functional currency from Cdn to USD is accounted for prospectively from June 28, 2018. The exchange rate used to translate the statement of financial position to reflect the change in functional currency on adoption is USD $1 equals to Cdn $1.3133, the exchange rate on June 28, 2018. Prior period comparable information is restated to reflect the change in presentation currency. The Company elected to translate all prior period comparable information prospectively using the exchange rate on June 28, 2018.

2. Significant Accounting Policies (Continued)

Change in functional and presentation currency (continued)

Foreign currency transactions are translated into the functional currency using exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate in effect at the measurement date. Nonmonetary assets and liabilities denominated in foreign currencies are translated using the historical exchange rate or the exchange rate in effect at the measurement date for items recognized at FVTPL. Gains and losses arising from foreign exchange are included in the statement of net and comprehensive income (loss).

Changes in accounting policies

(i) IFRS 9, Financial Instruments

Effective January 1, 2018, the Company adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: recognition and measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact on the Company's financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing the classification and measurement bases of our financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

Classification	IAS 39	IFRS 9
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Amounts receivable	Loans and receivables (amortized cost)	Amortized cost
Investment	Available-for-sale	FVTOCI
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's December 31, 2017 consolidated financial statements has been updated as follows:

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

- Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

2. Significant Accounting Policies (Continued)

Changes in accounting policies (continued)

(i) IFRS 9, Financial Instruments (continued)

- Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's cash, cash equivalents and receivables are classified as financial assets and measured at amortized cost.

- Financial assets recorded at FVTOCI

Financial assets previously classified as available-for-sale satisfied the conditions for classification as financial assets at FVTOCI and the Company elected to irrevocably designate them at FVTOCI. This cost exemption is not available under IFRS 9. At the date of adoption, the Company held one equity investment at cost, which had a fair value of $188,915 as at January 1, 2018.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified at FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified at amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

When an instrument at FVTOCI is sold, the accumulated gains or losses are reclassified from accumulated other comprehensive income (loss) directly to deficit.

2. Significant Accounting Policies (Continued)

Changes in accounting policies (continued)

(i) IFRS 9, Financial Instruments (continued)

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected Credit Loss Impairment Model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(ii) Revenue from Contracts with Customers ("IFRS 15")

Effective January 1, 2018, the Company has adopted IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). This new standard was applied using a modified retrospective approach whereby the effects of the change in accounting policies for revenue as at January 1, 2018 are presented together as a single adjustment to the opening balance of deficit. As such, upon adoption, this requirement under IFRS 15 resulted in no impact to the consolidated financial statements as currently no sales have taken place and revenue has not been recognized to date.

The Company may generate revenue from contracts with customers under each of its royalty and stream interests. The Company has determined that each unit of a commodity that is delivered to a customer under a royalty or stream interest arrangement is a performance obligation for the delivery of a good that is separate from each other unit of the commodity to be delivered under the same arrangement.

- Royalty and Streaming Arrangements

  The Company has several exploration stage royalty arrangements and development stage streaming arrangements.

  Revenue will generally be recorded when the commodities received under such arrangements are sold and control over those commodities transfers to the ultimate customer. Control will generally transfer on the date the commodity under the agreement is credited to the customer account. Revenue from Royalty and Steaming arrangements will be measured at the transaction price agreed with the ultimate customer.

2. Significant Accounting Policies (Continued)

Changes in accounting policies (continued)

(iii) Streaming interests

The classification of streaming interests under IFRS is complex and subject to significant judgement due to the lack of specific guidance and the number of factors that must be considered. Streaming interests may be accounted for by the investor in a number of ways based on an analysis of all of the relevant facts and circumstances as well as the substance of the agreement. The Company generally classifies streaming interests as either i) a financial asset where the Company has a right to enforce the receipt of cash or ii) as a tangible asset when the agreement is settled by the receipt of the underlying commodity.

Tangible streaming interests are initially recorded at their cost based on consideration paid to acquire the asset. These tangible assets have finite lives and are amortized and depleted over their useful economic lives on a units of production basis. The amortization and depletion expense will be included in the consolidated statement of net and comprehensive income and loss. The Company does not have any streams classified as financial assets.

All tangible assets are reviewed for impairment indicators at each reporting period. If an impairment exists then the Company must determine its recoverable amount. The recoverable amount is the higher of fair value less cost of disposal and value in use, which is the present value of future cash flows expected to be derived from the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional amortization. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the amortization charge for the period.

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 pronouncement has not yet been adopted.

Leases ("IFRS 16")

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

(Expressed in United States Dollars, unless otherwise indicated)

3. Restatement

Prior period comparable information is restated to reflect the change in presentation currency. The company elected to apply the exchange rate at June 28, 2018 of 1.3133 to translate all prior period comparable information to reflect the change in presentation currency as at December 31, 2017 and for the periods ended July 31, 2017.

4. Investments

In September 2017, the Company purchased 200,000 common shares of Minerva Intelligence Inc. ("Minerva") for $1.00 per common share for a total cost of $200,000. As at June 30, 2018, with the change in the functional currency, the Company's investment was valued at $188,915 (December 31, 2017 - $188,915). Minerva is a privately-held company and the Company's investment was initially recorded at cost, being the fair value at the time of acquisition which was determined from Minerva's recent equity financing.

In June 2018, the Company purchased 142,530,500 common shares of Highlands Pacific Limited for AUD$0.105 per common share for a total cost of $11,235,957 (AUD$14,965,703). As at June 30, 2018, the Company's investment in Highlands Pacific Limited was valued at $13,731,985 (AUD $18,528,939) based on the applicable closing share price. During the six months ended June 30, 2018, the Company recorded an unrealized gain on investment in Highlands Pacific Limited of $2,496,028 which was recorded in accumulated other comprehensive income.

5. Investments in cobalt

As of June 30, 2018, details of cobalt holdings are as follows:

Category of cobalt	Quantity of cobalt metric tonne (mt)	Cost	Fair value [1]
Premium grade	2,269.1	$ 156,727,834	$ 201,847,663
Standard grade	712.6	43,723,739	63,391,630
	2,981.7	**$ 200,451,573**	**$ 265,239,293**

Location	Facility	Quantity of cobalt (mt)	Cost	Fair value [1]
Baltimore	Steinweg	180.0	$ 13,827,305	$ 16,012,009
Rotterdam	Steinweg	2,559.7	171,498,519	227,700,027
Rotterdam	Vollers	100.0	6,551,030	8,895,561
Antwerp	Steinweg	142.0	8,574,719	12,631,696
		2,981.7	**$ 200,451,573**	**$ 265,239,293**

[1] Based on the Metal Bulletin average high grade price of $40.35 per pound and the Metal Bulletin average low grade price of $40.35 per pound as of June 30, 2018.

During the three and six months ended June 30, 2018, the unrealized (loss) gain on investments in cobalt of $(15,440,392) and $35,929,593, respectively was mainly attributable to the (decrease) 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.

Subsequent to June 30, 2018, 76 mt of cobalt was stolen from the Vollers Rotterdam warehouse facility. All cobalt was fully insured for fair market value at the time of theft.

(Expressed in United States Dollars, unless otherwise indicated)

6. Royalty Contracts

In June 2017, 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 price of $6.85 valued at $875,657. On July 4, 2017, the Company completed seven of the eight agreements. During the six months ended June 30, 2018, the Company and the Vendor of one of the Royalty Contracts mutually agreed to terminate the Royalty Contract and the 33,333 shares (valued at $228,432) were returned to treasury and cancelled. The royalties relate to cobalt as a by-product associated with polymetallic and base metals exploration properties.

On March 29, 2018, the Company completed the 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”).

The Company paid $9,819,843 cash and issued 537,057 common shares (valued at $5,418,415, using the market value of the shares on March 29, 2018, the closing date of the transaction) as consideration for the 1.75% NSR. The 1.75% NSR royalty contains a $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.

As of June 30, 2018, the Company's Royalty Contracts consisted of the following:

Royalty Name	Owner	Property Location	Stage	Primary Metal(s)	Royalty Type and %	Carrying value	
Triangle Property	New Found Gold Corp. (formerly Palisade Resources Corp.)	Ontario	Exploration	Co-Ag	2% Co NSR	27,778 shares valued at	$190,362
Rusty Lake Property	New Found Gold Corp. (formerly Palisade Resources Corp.)	Ontario	Exploration	Co-Ag	2% Co NSR	27,778 shares valued at	$190,362
Professor & Waldman Properties(1)	New Found Gold Corp. (formerly Palisade Resources Corp.)	Ontario	Exploration	Co-Ag	2% Co NSR	27,777 shares valued at	$190,357
North Canol Properties(1)	Golden Ridge Resources Ltd.	Yukon	Exploration	Ag-Pb-Zn-Co	2% Co NSR	5,556 shares valued at	$38,072
Sunset Mineral Corp.	Three Individuals	British Columbia	Exploration	Cu-Zn-Co	2% Co NSR	5,556 shares valued at	$38,072
						94,445 shares valued at	$647,225
Dumont Project	8248567 Canada Limited	Québec	Exploration	Ni-Co	1.75% Co NSR		$15,263,086
Total Royalty Contracts							**$15,910,311**

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

7. Streaming Interests

Voisey's Bay Cobalt Stream

On June 28, 2018, the Company closed the acquisition from a subsidiary of Vale S.A. ("Vale") of a cobalt stream, being an amount of finished cobalt equal to 32.6% of the cobalt production from Vale's Voisey's Bay Mine, including from the proposed Voisey's Bay Mine Expansion (the "VBME", and collectively, "Voisey's Bay"), commencing January 1, 2021, (the "Cobalt Stream"). Once the Company has purchased 23.8 million pounds of cobalt from Voisey's Bay, the Cobalt Stream will be reduced to 16.3% of the cobalt production from Voisey's Bay. The Company paid to Vale total upfront cash consideration of $300 million, which represents a prepayment of a portion of the purchase price for the sale of cobalt to Cobalt 27 (the "Advance Amount"). Cobalt 27 will also make ongoing payments (the "Ongoing Payments") equal to 18% of the Cobalt Reference Price for each pound of cobalt delivered under the Cobalt Stream, until Cobalt 27 has recovered the full value of the Advance Amount through Vale's deliveries of finished cobalt under the Cobalt Stream. After this time, the Ongoing Payments will increase to 22% of the Cobalt Reference Price.

Ramu Cobalt Nickel Stream

On May 22, 2018, the Company's wholly-owned subsidiary Electric Metals Streaming Corp. ("Electric Metals Streaming") entered into a Metal Purchase and Sale Agreement ("MPA") with Ramu Nickel Limited ("RNL"), a wholly owned subsidiary of Highlands Pacific Limited ("Highlands"), for a cobalt-nickel stream on its attributable interest in the producing Ramu mine, located in Papua New Guinea ("PNG") (the "Ramu Cobalt Nickel Stream") and operated by MCC Ramu NiCo Limited. The Ramu Cobalt Nickel Stream is governed by the MPA, pursuant to which Cobalt 27 has agreed to acquire the right to purchase 55.0% of RNL's attributable share of the payable cobalt metal and 27.5% of RNL's attributable share of the payable nickel metal produced at Ramu, for the life of mine, in exchange for consideration including a $113 million upfront cash deposit payable to Highlands. Cobalt 27 will also make ongoing payments equal to $4.00 for each pound of cobalt delivered and $1.00 for each pound of nickel delivered under the Ramu Cobalt Nickel Stream, each subject to inflation beginning July 1, 2023. As at June 30, 2018, the Company has not finalized the MPA, which is subject to certain closing conditions.

In connection with the Ramu Cobalt Nickel Stream, Cobalt 27 acquired a strategic equity investment in Highlands which resulted in Cobalt 27 owning an approximate 13.0% interest in Highlands (the "Equity Investment")(Note 4). Cobalt 27 has been provided with anti-dilution rights with respect to the Equity Investment. In connection with the Equity Investment, Cobalt 27 earned the right to appoint a member to Highlands' board of directors, and accordingly, concurrent with the close of the Equity Investment, Anthony Milewski, Chairman and CEO of Cobalt 27, was appointed to the board of directors of Highlands.

As at June 30, 2018, the Ramu Cobalt Nickel Stream has not been completed as there were certain approvals outstanding on the agreement.

8. Share Capital

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

b) Common shares issued:

(i) On March 21, 2017, the Company completed a private placement of 696,450 units at Cdn$0.9333 per unit for gross proceeds of $494,952 (Cdn$650,020). Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase an additional common share at Cdn$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 $31,981. Each finder's unit consisted of one common share and one share purchase warrant entitling the holder to acquire an additional common share at Cdn$1.20 for a period of one year expiring March 21, 2018. In addition, the Company incurred share issue costs of $22,731.

8. Share Capital (Continued)

b) Common shares issued: (continued)

(ii) On June 23, 2017, the Company closed an offering (the "Offering") for 22,222,225 common shares at a price (the "Offering Price") of Cdn$9.00 per share for a value of $152,288,148 (Cdn$200,000,025). The Offering was completed as follows: (a) 10,924,420 common shares for aggregate gross cash proceeds of $74,864,677 (the "Cash Offering") and (b) 11,297,805 common shares for cobalt contracts (the "Cobalt Contract Shares") for aggregate value of $77,423,471 (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 $53.3 million of Cobalt Contract Shares under the Offering and the sale of 2,270,000 Shares to Pala Investments was subject to a 1.0% fee (the "Commissions"). These Commissions totaled $5,694,435. The Company reimbursed the Underwriters' legal fees and other expenses incurred with respect to the Offering which totalled $266,504. In addition, the Company paid $2,284,322 for financial advisory fees and $401,452 in legal and professional fees.

(iii) 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 Cdn$9.00 per share, for additional gross proceeds of $4,797,076 (Cdn$6,300,000). The Company paid a 6% cash commission of $287,825.

(iv) The Company issued 127,778 common shares in consideration for Royalty Contracts (see Note 6).

(v) During the six months ended July 31, 2017, 783,674 warrants and 50,707 agent warrants were exercised to purchase an aggregate of 834,381 common shares for gross proceeds of $1,177,577.

(vi) During the six months ended July 31, 2017, 5,117 stock options were exercised to purchase an aggregate of 5,117 common shares for gross proceeds of $16,871. The grant date fair value of $12,941 was transferred from reserves to share capital.

(vii) On March 9, 2018, the Company closed a private placement for 17,556,828 common shares at a price of Cdn$11.40 per common share for aggregate gross proceeds of $152,400,700 (Cdn$200,147,839). Pursuant to the terms and conditions of an agency agreement, the Company paid a commission to the agents in an amount equal to 5.0% of the gross proceeds, $7,620,035. In addition, the Company paid $1,522,881 for financial advisory fees and $131,825 in legal and professional fees.

(viii) On June 27, 2018, the Company closed a bought deal offering for 30,800,000 common shares at a price of Cdn$9.75 per common share for aggregate gross proceeds of $224,829,818 (Cdn$300,300,000).

Pursuant to the terms and conditions of an underwriting agreement, the Company paid a commission to the underwriters in an amount equal to 4.0% of the gross proceeds, $9,146,425. In addition, the Company paid $3,000,000 for financial advisory fees and $385,320 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 June 27, 2018, to purchase up to an additional 4,620,000 Common Shares at the issue price. This over-allotment option expired unexercised.

(Expressed in United States Dollars, unless otherwise indicated)

8. Share Capital (Continued)

b) Common shares issued: (continued)

(ix) The Company issued 537,057 common shares in consideration for the Dumont Project royalty contract (see Note 6).

c) Warrants

The following table reflects the continuity of warrants for the six month periods ended June 30, 2018 and July 31, 2017:

	Number of warrants	Weighted average exercise price (Cdn$)
Balance, January 31, 2017	**94,950**	**6.67**
Granted (Note 8(b)(i))	696,450	1.20
Exercised (Note 8(b)(v))	(783,674)	1.86
Expired	(976)	6.67
Balance, July 31, 2017	**6,750**	**1.20**
Balance, December 31, 2017 and June 30, 2018	**3,750**	**1.20**

The following table reflects the warrants issued and outstanding as of June 30, 2018:

Number of warrants outstanding	Exercise price (Cdn$)	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 six month periods ended June 30, 2018 and July 31, 2017:

	Number of warrants	Weighted average exercise price (Cdn$)
Balance, January 31, 2017	**5,707**	**6.67**
Issued (Note 8(b)(i))	45,000	1.20
Exercised (Note 8(b)(v))	(50,707)	1.82
Balance, July 31, 2017	**-**	**-**

As at June 30, 2018 and December 31, 2017, there were no agent's warrants outstanding.

(Expressed in United States Dollars, unless otherwise indicated)

8. Share Capital (Continued)

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 six month periods ended June 30, 2018 and July 31, 2017:

	Number of stock options	Weighted average exercise price (Cdn$)
Balance, January 31, 2017	**16,500**	**10.00**
Granted (i)	158,867	4.33
Exercised (Note 8(b)(vi))	(5,117)	4.33
Expired/Forfeited	(16,500)	(10.00)
Balance, July 31, 2017	**153,750**	**4.33**
Balance, December 31, 2017	**663,750**	**7.92**
Granted (ii)	485,000	11.80
Balance, June 30, 2018	**1,148,750**	**9.56**

(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 Cdn$4.33 per share, expire on March 31, 2022 and vested immediately. The fair value of the stock options was estimated to be $401,759 using the Black-Scholes option pricing model on the following assumptions: exercise price of Cdn$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 three and six months ended July 31, 2017, share based compensation of $nil and $401,759, respectively, was recorded in the condensed interim consolidated statements of net and comprehensive income (loss).

(ii) On January 10, 2018, the Company granted a total of 485,000 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 Cdn$11.80 per share, expire on January 10, 2023 and vested immediately. The fair value of the stock options was estimated to be $1,413,306 using the Black-Scholes option pricing model on the following assumptions: exercise price of Cdn$11.80, risk free interest rate of 1.95%, an expected life of 2.5 years inclusive of an assumed forfeiture rate and an expected volatility of 50%. During the three and six months ended June 30, 2018, share based compensation of $nil and $1,413,306, respectively was recorded in the condensed interim consolidated statements of net and comprehensive income (loss).

(Expressed in United States Dollars, unless otherwise indicated)

8. Share Capital (Continued)

e) Stock options (continued)

The following table reflects the Company's stock options outstanding and exercisable as at June 30, 2018:

Options outstanding and exercisable	Grant date fair value ($)	Weighted average Exercise price (Cdn$)	Weighted average remaining contractual life (years)	Expiry date
153,750	388,818	4.33	3.75	March 31, 2022
510,000	1,086,949	9.00	4.11	August 7, 2022
485,000	1,413,306	11.80	4.53	January 10, 2023
1,148,750	**2,889,073**	**9.56**	**4.24**	

(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 six months ended June 30, 2018, the Company granted 175,000 RSUs to certain officers and a director, which vest immediately. On August 7, 2017, the Company granted 700,000 RSUs to certain officers which vest over three years on a monthly basis from the grant date. These RSUs were valued using the June 30, 2018 market value of common shares of Cdn$8.83. For the three and six months ended June 30, 2018, the Company recorded compensation expense (recovery) of $(1,449,784) and $1,493,650, respectively.

As at June 30, 2018, there were 875,000 RSUs outstanding. The weighted average fair value of RSU's granted during the six months ended June 30, 2018 was Cdn$8.83 per share.

Subsequent to June 30, 2018, the RSU Plan received shareholders and TSX-V approval.

(Expressed in United States Dollars, unless otherwise indicated)

9. Net Loss/(Income) per Common Share

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

	Three Months Ended June 30, 2018	Three Months Ended July 31, 2017 Restated (Note 3)	Six Months Ended June 30, 2018	Six Months Ended July 31, 2017 Restated (Note 3)
Numerator:				
Net (loss)/income	**$ (9,119,063)**	$ (5,460,677)	**$ 22,970,807**	$ (6,142,851)
Denominator				
Weighted average number of common shares - basic	**53,434,564**	11,132,418	**46,126,611**	6,042,205
Effect of dilutive securities	**-**	-	**235,684**	-
Weighted average number of common shares - diluted	**53,434,564**	11,132,418	**46,362,295**	6,042,205
Net (loss)/income per share - basic	**$ (0.17)**	$ (0.49)	**$ 0.50**	$ (1.02)
Net (loss)/income per share - diluted	**$ (0.17)**	$ (0.49)	**$ 0.50**	$ (1.02)

RSUs have not been included in this calculation as they are contingently issuable upon TSX-V and disinterested shareholder approval.

10. 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:

	Three Months Ended June 30, 2018	Three Months Ended July 31, 2017 Restated (Note 3)	Six Months Ended June 30, 2018	Six Months Ended July 31, 2017 Restated (Note 3)
Consulting fees and salaries [1][2]	**$ 104,697**	$ 92,317	**$ 209,395**	$ 173,047
Directors fees[2]	**41,864**	44,148	**88,185**	44,148
Share based compensation	**(1,449,784)**	-	**2,528,132**	196,918
	$ (1,303,223)	$ 136,465	**$ 2,825,712**	$ 414,113

(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 $4,419 as at June 30, 2018 (December 31, 2017 - $1,220,570).

11. Financial Instruments and Cobalt Investments

Fair value of financial instruments and cobalt investments

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 June 30, 2018, the Company's financial instruments consist of cash and cash equivalents, investments and accounts payable and accrued liabilities. Cash and cash equivalents are stated at fair value and classified within Level 1. Investments are stated at fair value and classified within Level 1 and 3. The fair values of accounts payable and accrued liabilities approximate their carrying values because of the short term nature of these instruments.

Investments in cobalt are categorized in Level 2. Investments in cobalt are measured at fair value at each reporting period based on the most recent month end spot prices for cobalt published by Metal Bulletin. The Company may also adjust the fair value of the investments in cobalt based on its assessment of the valuation impact of risks associated with the third party storage facilities at which the Company's cobalt is held.

12. 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.

12. 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 United States dollars. The Company expects to incur some expenses in Canadian dollars, Australian dollars and European Euro.

(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 June 30, 2018, 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 income (loss) before taxes of $13,261,965.

13. Segmented Information

The Company operates in three reportable operating segments, being the cobalt investments, streaming and royalty interests and corporate activities. Operating segment information is as follows:

Three Months Ended June 30, 2018	**Cobalt Investments**	**Streaming and Royalties**	**Corporate**	**Total**
Mark to market component of unrealized (loss) on investments in cobalt	$ (20,446,966)	$ -	$ -	$ (20,446,966)
Foreign exchange component of unrealized gain on investments in cobalt	5,006,574	-	-	5,006,574
Operating expenses	(98,031)	-	(168,571)	(266,602)
Financing costs	-	-	(628,984)	(628,984)
Foreign exchange gain	-	-	3,021,541	3,021,541 .
Deferred tax recovery	-	-	4,195,374	4,195,374
Net (loss) income	**$ (15,538,423)**	**$ -**	**$ 6,419,360**	**$ (9,119,063)**

Six Months Ended June 30, 2018	**Cobalt Investments**	**Streaming and Royalties**	**Corporate**	**Total**
Mark to market component of unrealized gain on investments in cobalt	$ 24,723,587	$ -	$ -	$ 24,723,587
Foreign exchange component of unrealized gain on investments in cobalt	11,206,006	-	-	11,206,006
Operating expenses	(344,019)	-	(5,233,593)	(5,577,612)
Financing costs	-	-	(628,984)	(628,984)
Foreign exchange gain	-	-	2,855,915	2,855,915 .
Deferred tax expense	-	-	(9,608,105)	(9,608,105)
Net (loss) income	**$ 35,585,574**	**$ -**	**$ (12,614,767)**	**$ 22,970,807**
Assets	**$265,239,293**	**$319,802,949**	**$ 68,155,028**	**$653,197,270**

(Expressed in United States Dollars, unless otherwise indicated)

13. Segmented Information (Continued)

Three Months Ended July 31, 2017	Cobalt Investments	Streaming and Royalties	Corporate	Total
Mark to market component of unrealized gain on investments in cobalt	$ 3,335,528	$ -	$ -	$ 3,335,528
Foreign exchange component of unrealized (loss) on investments in cobalt	(8,358,480)	-	-	(8,358,480)
Operating expenses	(32,923)	-	(313,144)	(346,067)
Foreign exchange loss	-	-	(91,658)	(91,658).
Net loss	**$ (5,055,875)**	**$ -**	**$ (404,802)**	**$ (5,460,677)**

Six Months Ended July 31, 2017	Cobalt Investments	Streaming and Royalties	Corporate	Total
Mark to market component of unrealized gain on investments in cobalt	$ 3,335,528	$ -	$ -	$ 3,335,528
Foreign exchange component of unrealized (loss) on investments in cobalt	(8,358,480)	-	-	(8,358,480)
Operating expenses	(32,923)	-	(995,318)	(1,028,241)
Foreign exchange loss	-	-	(91,658)	(91,658).
Net loss	**$ (5,055,875)**	**$ -**	**$ (1,086,976)**	**$ (6,142,851)**
Assets	**$206,224,037**	**$ 647,225**	**$ 41,316,859**	**$248,188,121**

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 June 30, 2018	Canada	United States	Europe	Australia	Total
Current assets	$ 54,234,128	$ -	$ -	$ -	$ 54,234,128
Non-current assets	319,991,864	16,012,009	249,227,284	13,731,985	598,963,142
Total assets	**$374,225,992**	**$ 16,012,009**	**$249,227,284**	**$ 13,731,985**	**$653,197,270**

As at December 31, 2017	Canada	United States	Europe	Australia	Total
Current assets	$ 41,127,944	$ -	$ -	$ -	$ 41,127,944
Non-current assets	836,140	137,489,994	68,734,043	-	207,060,177
Total assets	**$ 41,964,084**	**$137,489,994**	**$ 68,734,043**	**$ -**	**$248,188,121**

14. Other Events

(i) On May 7, 2018, the Company announced that it had agreed to acquire a 1.5% Gross Revenue Royalty ("GRR") on the Flemington Cobalt-Scandium-Nickel project ("Flemington Royalty") located west of Sydney, in New South Wales, Australia held under option by Australian Mines Ltd. and a 1.7% GRR on the Nyngan Scandium project ("Nyngan Royalty") located in Sydney and owned by Scandium International Mining Corp.

Cobalt 27 agreed to acquire the Flemington Royalty and Nyngan Royalty from Jervois Mining Limited for total consideration of US$4.5 million, to be comprised of US$1.5 million in cash and US$3 million in common shares of the Company payable on completion of the acquisition, with such shares to be subject to a four month hold period from the date of issuance in accordance with applicable Canadian securities laws. Completion of the acquisition of the Flemington Royalty and Nyngan Royalty is subject to certain customary conditions of closing, including approval of the TSX-V.

(ii) On May 17, 2018, the Company entered into a US$80 million revolving term credit facility (the “Credit Facility”) led by National Bank of Canada with a syndicate of financial institutions including Bank of Montreal and The Bank of Nova Scotia (the “Lenders”). The Credit Facility is to be used for general corporate purposes and investments in the mineral industry, including the acquisition of streams, royalties, and other interests.

The Credit Facility is secured by the Company’s assets and has an initial term of two years, which is extendable by mutual consent of all Lenders and Cobalt 27. The initial drawdown under the Credit Facility is subject to the satisfaction or waiver of certain conditions precedent customary for a financing of this type.