

NOTICE TO READER

The unaudited condensed interim consolidated financial statements for the three months ended March 31, 2020 and 2019, have been refiled to remove reference to the Company's auditor not performing a review. Subsequent to the original filing date, a review by the Company's auditor has since been performed.

First Cobalt Corp. is hereby filing these amended and restated condensed interim consolidated financial statements for the three months ended March 31, 2020 and 2019 as the Company has determined that the impairment charge taken relating to the Cobalt Camp mineral assets at December 31, 2019 was understated. Refer to Note 2 for details of the restatement and Note 27 which includes additional subsequent events from the date of original filing through to November 20, 2020.

In connection with the filing of these amended and restated condensed interim consolidated financial statements for the three months ended March 31, 2020 and 2019, and the adjustment noted above, the Company is also filing (i) amended and restated management discussion and analysis in compliance with the requirements of National Instrument 51-102 *Continuous Disclosure Obligations*, and (ii) CEO and CFO certifications in compliance with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

Toronto, Canada
November 20, 2020



FIRST COBALT CORP.

**AMENDED AND RESTATED CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**

**(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

FIRST COBALT CORP.**AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)**

(expressed in Canadian dollars)

**AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2020 AND DECEMBER 31, 2019 (UNAUDITED)**

(expressed in Canadian Dollars)

	March 31, 2020 Restated - Note 2	December 31, 2019 Restated - Note 2
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,636,641	\$ 4,419,642
Restricted cash (Note 5)	-	11,500
Prepaid expenses and deposits (Note 7)	583,712	432,419
Receivables (Note 6)	398,922	263,114
	5,619,275	5,126,675
Non-Current Assets		
Exploration and evaluation assets (Note 9)	87,420,122	87,420,122
Plant and equipment (Note 8)	4,876,364	4,876,364
Long-term restricted cash (Note 5)	918,732	918,732
Total Assets	\$ 98,834,493	\$ 98,341,893
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 11)	\$ 99,243	\$ 286,589
	99,243	286,589
Non-Current Liabilities		
Long-term loan payable (Note 13)	7,001,397	6,318,026
Financial derivative liability (Note 14)	275,347	413,193
Asset retirement obligations (Note 12)	2,737,321	2,737,321
Total Liabilities	\$ 10,113,308	\$ 9,755,129
Shareholders' Equity		
Common shares (Note 15)	231,851,739	230,374,837
Reserve (Note 16 and 17)	14,487,949	13,714,970
Accumulated other comprehensive income	518,944	523,085
Deficit	(158,137,447)	(156,026,128)
Total Shareholders' Equity	\$ 88,721,185	\$ 88,586,764
Total Liabilities and Shareholders' Equity	\$ 98,834,493	\$ 98,341,893
Nature of operations (Note 1)		
Going Concern (Note 3)		
Commitments and Contingencies (Note 23)		
Subsequent events (Note 27)		

**Approved on behalf of the Board of Directors and
authorized for issue on November 20, 2020**

/s/ Susan Uthayakumar
 Susan Uthayakumar, Director

/s/ Trent Mell
 Trent Mell, Director

FIRST COBALT CORP.**AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)**

(expressed in Canadian dollars)

**AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)**

(expressed in Canadian Dollars)	Three months ended March 31, 2020	Three months ended March 31, 2019
Operating expenses		
Consulting fees	\$ 159,997	\$ 178,890
Exploration and evaluation expenditures (Note 18)	18,719	925,556
General and administrative	105,838	92,632
Investor relations and marketing	105,850	147,753
Refinery and associated studies	728,708	60,491
Environmental expenses	171,570	67,689
Professional fees	39,799	332,120
Salary and benefits	304,634	413,599
Share-based payments (Note 17)	133,941	555,554
Travel	2,826	37,646
Operating loss	(1,771,882)	(2,811,930)
Other		
Foreign exchange gain (loss)	(298,663)	(25,185)
Interest income (expense)	(178,620)	4,844
Gain (loss) on sale of equipment	-	49,550
Gain (loss) on financial derivatives revaluation	137,846	-
Other non-operating income (expense)	-	(1,428)
Loss before taxes	(2,111,319)	(2,784,149)
Income tax expense	-	-
Net loss	(2,111,319)	(2,784,149)
Other comprehensive income		
Foreign currency translation income (expense)	(4,141)	55,244
Net loss and other comprehensive loss	\$ (2,115,460)	\$ (2,728,905)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding (basic and diluted) (Note 19)	381,374,504	339,566,302

FIRST COBALT CORP.**AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)***(expressed in Canadian dollars)***AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)**

<i>(expressed in Canadian Dollars)</i>	Three months ended March 31, 2020	Three months ended March 31, 2019
Operating activities		
Net loss	\$ (2,111,319)	\$ (2,784,149)
Adjustments for items not affecting cash:		
Share-based payments	133,941	555,554
Directors fees paid in DSUs	47,367	-
(Gain) Loss on financial derivatives revaluation	(137,846)	-
Unrealized (gain) loss on foreign exchange	504,373	-
Interest expense on long-term debt	178,998	-
	(1,384,486)	(2,228,595)
Changes in non-cash working capital:		
Decrease (Increase) in receivables	(135,808)	1,501,796
Decrease (Increase) in prepaid and other current assets	(187,346)	(236,523)
Increase (Decrease) in accounts payable and accrued liabilities	(151,293)	(1,602,808)
Increase (Decrease) in restricted cash	11,500	-
Cash Flows used in operating activities	(1,847,433)	(2,566,130)
Investing activities		
Acquisition of exploration and evaluation assets, net of cash (Note 9)	-	(307,256)
Cash Flows provided by (used in) investing activities	-	(307,256)
Financing activities		
Proceeds from issuance of common shares	2,068,573	1,288,840
Cash Flows provided by financing activities	2,068,573	1,288,840
Changes in cash during the period	221,140	(1,584,546)
Effect of exchange rates on cash	(4,141)	55,244
Cash – Beginning of the period	4,419,642	3,262,121
Cash – End of the period	\$ 4,636,641	\$ 1,732,819
Supplemental information (Note 24)		

FIRST COBALT CORP.**AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)***(expressed in Canadian dollars)***AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)***(Expressed in Canadian Dollars, except per share amounts)*

	Common Shares			Accumulated Other			
	Number of	Amount	Reserves	Comprehensive	Deficit	Total	
	Shares			Income			
Restated Balance – December 31, 2019	372,249,684	\$230,374,837	\$13,714,970	\$ 523,085	\$(156,026,128)	\$	88,586,764
Net loss for the year	-	-	-	-	(2,111,319)	\$	(2,111,319)
Other comprehensive loss for the period	-	-	-	(4,141)	-	\$	(4,141)
Share based payment expense	-	-	133,941	-	-	\$	133,941
Directors fees paid in DSUs	-	-	47,366	-	-	\$	47,366
Shares and units issued for:							
Cash (Note 15)	15,097,430	1,476,902	591,672	-	-	\$	2,068,574
Balance – March 31, 2020	387,347,114	\$231,851,739	\$14,487,949	\$ 518,944	\$(158,137,447)	\$	88,721,185
Balance – December 31, 2018	339,321,829	\$225,477,272	\$11,834,934	\$ 648,825	\$(39,583,605)	\$	198,377,426
Net loss for the year					(2,784,149)	\$	(2,784,149)
Other comprehensive loss for the period				55,244		\$	55,244
Share based payment expense	-	-	555,554	-	-	\$	555,554
Shares and units issued for:							
Exercise of DSU/PSU/RSU	321,265	148,605	(148,605)	-	-	\$	-
Cash	8,913,251	1,155,438	448,518	-	-	\$	1,603,956
Balance – March 31, 2019	348,556,345	\$226,781,315	\$12,690,401	\$ 704,069	\$(42,367,754)	\$	197,808,031

FIRST COBALT CORP.**NOTES TO AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)**

(expressed in Canadian dollars)

1. General Information and Nature of Operations**General Information**

First Cobalt Corp. (the "Company", "First Cobalt" or "FCC") was incorporated on July 13, 2011 under the Business Corporations Act of British Columbia (the "Act"). On September 4, 2018, the Company filed a Certificate of Continuance into Canada and adopted Articles of Continuance as a Federal Company under the Canada Business Corporations Act (the "CBCA"). The Company is in the business of acquisition and exploration of resource properties and on cobalt refining. The Company is focused on building an ethical North American supply of cobalt.

First Cobalt is a public company which is listed on the Toronto Venture Stock Exchange (TSX-V) (under the symbol FCC) and the OTCQX (under the symbol FTSSF). The Company's registered office is Suite 2400, Bay-Adelaide Centre, 333 Bay Street, Toronto, Ontario, M5H 2T6 and the corporate head office is located at 401 Bay Street, 6th Floor, Toronto, Ontario, M5H 2Y4.

Nature of Operations

The Company is in the process of advancing its refinery to a restart decision and exploring and developing its mineral properties. The Company is focused on building a diversified portfolio of assets that are highly leveraged to the cobalt market with assets located primarily in North America with the intent of providing a North American supply of cobalt. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, successful permitting, the ability of the Company to obtain necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of each mineral property. Furthermore, the acquisition of title to mineral properties is a complicated and uncertain process, and while the Company has taken steps in accordance with normal industry standards to verify its title to the mineral properties in which it has an interest, there can be no assurance that such title will ultimately be secured. The carrying amounts of exploration and evaluation assets are based on their acquisition costs, and do not necessarily represent present or future values.

2. Restatement of Previously issued Condensed Interim Consolidated Financial Statements

First Cobalt has restated its condensed interim consolidated statement of financial position as at March 31, 2020 and its consolidated statement of changes in equity for the three months ended March 31, 2020.

As part of a review of its consolidated financial statements, the Company determined that the impairment charge taken relating to the Cobalt Camp mineral assets at December 31, 2019 was understated. The Company had previously carried the value of the Cobalt Camp at its estimated recoverable value, which was determined with respect to consideration in comparable market transactions and historical exploration costs incurred. The Company has re-evaluated this position and has determined that the Cobalt Camp should be further impaired to \$1. Specifically, the Company is focused on cobalt, a specialty metal without the same market comparables as precious metals or other base metals (copper or zinc) and the properties do not yet have a mineral resource estimate associated with them. Therefore, given an impairment trigger was noted under *IFRS 6 – Exploration for and Evaluation of Mineral Resources* for the year-ended December 31, 2019 and there is a lack of cobalt-specific data to support a recoverable value for these properties, the Cobalt Camp has been written down to a value of \$1 as at December 31, 2019.

The previously filed consolidated financial statements for the three months ended March 31, 2020 and 2019 have been restated to adjust the December 2019 write down of the Cobalt Camp by an additional \$11,945,624, resulting in a decrease in the carrying value of the property at both March 31, 2020 and December 31, 2019.

FIRST COBALT CORP.**NOTES TO AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)***(expressed in Canadian dollars)*

As a result, the following adjustments were made to the consolidated financial statements as at and for the three months ended March 31, 2020.

March 31, 2020:

	As Previously Reported	Adjustment	As Restated
Consolidated Statement of financial position			
Exploration and evaluation assets	\$ 99,365,746	(\$ 11,945,624)	\$ 87,420,122
Total Assets	110,780,117	(11,945,624)	98,834,493
Deficit	(146,191,823)	(11,945,624)	(158,137,447)
Total Shareholders' Equity	100,666,809	(11,945,624)	88,721,185
Total Liabilities and Shareholders' Equity	110,780,117	(11,945,624)	98,834,493
Consolidated Statement of changes in shareholders' equity			
Deficit at the beginning of the period	(\$ 144,080,504)	(\$ 11,945,624)	(\$ 156,026,128)
Deficit at the end of the period	(\$ 146,191,823)	(11,945,624)	(158,137,447)
Total Shareholders' Equity	100,666,809	(11,945,624)	88,721,185

December 31, 2019:

	As Previously Reported	Adjustment	As Restated
Consolidated Statement of financial position			
Exploration and evaluation assets	\$ 99,365,746	(\$ 11,945,624)	\$ 87,420,122
Total Assets	110,287,517	(11,945,624)	98,341,893
Deficit	(144,080,504)	(11,945,624)	(156,026,128)
Total Shareholders' Equity	100,532,388	(11,945,624)	88,586,764
Total Liabilities and Shareholders' Equity	110,287,517	(11,945,624)	98,341,893

3. Significant Accounting Policies and Basis of Preparation

Basis of Presentation and Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, these condensed interim consolidated financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting process.

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company's audited financial statements for the year ended December 31, 2019. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued as of May 28, 2020, the date the Board of Directors approved the financial statements. These condensed interim

FIRST COBALT CORP.**NOTES TO AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)**

(expressed in Canadian dollars)

consolidated financial statements should be read in conjunction with the Company's amended and restated consolidated financial statements for the year ended December 31, 2019.

All amounts on the condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise stated.

Going Concern

The Company incurred a net loss of \$2.1 million for the three months ended March 31, 2020, had a deficit of \$158.1 million as at March 31, 2020 and had a net working capital position of \$5.5 million at March 31, 2020.

On August 26, 2019, the Company completed a US\$5 million loan arrangement with Glencore AG ("Glencore") to fund the advancement of the First Cobalt Refinery. At March 31, 2020, C\$2.6 million of these funds remained on hand. With the feasibility study now completed, the remaining cash will be utilized to complete further project optimization work and to advance permit amendment applications as the Company moves towards a formal re-start decision. Capital costs to re-start the refinery are expected to be funded primarily through new debt arrangements.

On February 5, 2020, the Company completed a private placement for \$2.1 million to improve its liquidity position. On August 28, 2020 the Company completed another private placement which included \$1.3 million of proceeds on a flow-through basis and \$1.2 million of proceeds on a non-flow-through basis. With the proceeds from this financing the Company has sufficient funds on hand to continue operations for the next 12 months. However, the Company would require additional funding in Q4 2021 to continue its operations and conduct any other exploration activities. The Company has historically been successful in financing activities; however, there can be no assurances that the Company will be able to obtain financing. This represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not include the adjustments to the amounts and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

Functional Currency

The functional currency of the Company and its controlled entities are measured using the principal currency of the primary economic environment in which each entity operates. The functional currency of the Company and its subsidiaries is Canadian dollars, except for Cobalt One Limited which has a functional currency of Australian Dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are retranslated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the costs of assets when they are regarded as an adjustment to interest costs on those currency borrowings
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks and

FIRST COBALT CORP.**NOTES TO AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)**

(expressed in Canadian dollars)

- Exchange differences on monetary items receivable from or payable to a foreign operation which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income/ (loss) and reclassified from equity to profit or loss on repayment of the monetary items.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its controlled entities. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The following subsidiaries has been consolidated for all dates presented within these financial statements (from the date at which control achieved):

Subsidiary	Ownership	Location
Cobalt Projects International Corp.	100%	Canada
Cobalt Industries of Canada Corp.	100%	Canada
Cobalt One Limited	100%	Australia
CobalTech Mining Inc.	100%	Canada
US Cobalt Inc. ("USCO")	100%	Canada

All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

4. Recently Adopted Accounting Standards

The Company has reviewed amendments to accounting pronouncements that have recently been issued and there were no new standards that had an impact on the Company's financial statements.

5. Restricted Cash

	March 31, 2020	December 31, 2019
Current	\$ -	\$ 11,500
Long-term	918,732	918,732
	\$ 918,732	\$ 930,232

Long-term restricted cash relates to amounts on deposit with the Ministry of Energy, Northern Development and Mines as financial assurance for the refinery closure plan. An additional deposit of \$216,179 was made in November 2019 to the Ministry to bring the total financial assurance deposits in line with the estimated closure plan liability.

FIRST COBALT CORP.**NOTES TO AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)***(expressed in Canadian dollars)***6. Receivables**

	March 31, 2020	December 31, 2019
GST Receivable	\$ 398,922	\$ 263,114
	\$ 398,922	\$ 263,114

All GST receivable amounts currently outstanding are expected to be collected within the next twelve months.

7. Prepaid Expenses and Deposits

	March 31, 2020	December 31, 2019
Prepaid expenses	\$ 557,252	\$ 405,959
Deposits	26,460	26,460
	\$ 583,712	\$ 432,419

Prepaid expenses predominantly relate to prepayments made for engineering studies and metallurgical test work relating to the Refinery. These are expected to be drawn down over the next few months.

8. Plant and Equipment

The carrying value of Plant and Equipment is \$4,876,364 (December 31, 2019 - \$4,876,364), which solely relates to the Refinery. As at March 31, 2020, the Company's closure costs for the Refinery are estimated to be \$926,321 (December 31, 2019: \$926,321) and are recorded as asset retirement obligations. No depreciation has been recorded for the Refinery in the current year (December 31, 2019 - \$Nil).

FIRST COBALT CORP.**NOTES TO AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)**

(expressed in Canadian dollars)

9. Restated Exploration and Evaluation Assets

	Balance December 31, 2019	Acquisition Costs	Writedown	ARO Adjustment	Other Adjustments	Balance March 31, 2020
Iron Creek	\$ 87,420,121	\$ -	\$ -	\$ -	\$ -	\$ 87,420,121
Cobalt Camp, Ontario	1	-	-	-	-	1
Other Properties	-	-	-	-	-	-
Total	\$ 87,420,122	\$ -	\$ -	\$ -	\$ -	\$ 87,420,122

	Balance December 31, 2018	Acquisition Costs	Writedown	ARO Adjustment	Other Adjustments	Balance December 31, 2019
Iron Creek	\$ 87,312,865	\$ 107,256	\$ -	\$ -	\$ -	\$ 87,420,121
Cobalt Camp, Ontario	106,372,001	200,000	(106,843,000)	271,000	-	1
Other Properties	213,779	-	(213,779)	-	-	-
Total	\$ 193,898,645	\$ 307,256	\$ (107,056,779)	\$ 271,000	\$ -	\$ 87,420,122

In 2019, the Company acquired additional surface rights on certain Iron Creek land packages for a payment of \$107,256. Additionally, the Company earned a 50% joint venture interest with Canadian Silver Hunter in the Keeley-Frontier properties in the Canadian Cobalt Camp after making the final required anniversary payment of \$200,000 in January 2019.

10. Impairment Charges

The Company reviews for indicators of impairment at each period end. As at March 31, 2020, no indicators of impairment are present. In 2019, the Company recorded a non-cash impairment charge of \$106.8 million relating to the Cobalt Camp.

11. Accounts Payable and Accrued Liabilities

	March 31, 2020	December 31, 2019
Accounts Payable	\$ 99,243	\$ 151,628
Accrued Liabilities	-	134,961
	\$ 99,243	\$ 286,589

Accounts payable and accrued liabilities comprise primarily of trade payables incurred in the normal course of business. Included in accounts payable and accrued liabilities are amounts totalling \$Nil (December 31, 2019 - \$61,468) due to related parties (see note 25).

FIRST COBALT CORP.**NOTES TO AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)***(expressed in Canadian dollars)***12. Asset Retirement Obligations**

	March 31, 2020	December 31, 2019
Current	\$ -	\$ -
Long-term	2,737,321	2,737,321
	\$ 2,737,321	\$ 2,737,321

As at March 31, 2020, the Company has recorded its best estimate of the asset retirement obligations relating to its properties and assets. The Refinery has a formal closure plan filed with the Ministry of Energy, Northern Development, and Mines (ENDM). The cost estimates for this filed closure plan were updated for inflation during 2019 and the current expected closure cost are \$926,321, which has been recorded as an asset retirement obligation liability.

First Cobalt controls properties under both patents and mineral claims. For features on patented land, the Company is liable for any rehabilitation required. The majority of properties controlled by First Cobalt are under mineral claims. Claims are leased property and thus the liability remains with the owner – the Government.

The Company has recorded its best estimate of the cost to rehabilitate the known features on patented lands as an asset retirement obligation. This amounted to \$1,811,000 at December 2019. The Company plans to progressively reduce this obligation over time. The future cash flows required to settle this obligation involve a degree of uncertainty, as they are estimates at this time. The company determined both the risk-free interest rate and the estimated impact of inflation to be within similar ranges therefore, any discounting impact is insignificant.

At present the company expects the cash outflows to occur evenly over the next ten years, however, actual annual spending will be revised based on market conditions. There is no mandated level of annual activity. The future cash flows required to settle this obligation involve a degree of uncertainty, as they are estimates at this time.

13. Restated Long-term Loan Payable

The Company completed a US\$5 million loan arrangement with Glencore on August 26, 2019. As this loan included a conversion feature, its value was split between Financial Derivative Liability and Long-term Loan.

FIRST COBALT CORP.**NOTES TO AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)***(expressed in Canadian dollars)*

The following table sets out the details of the Company's long-term debt as of March 31, 2020 and December 31, 2019.

Long-term Loan Payable – Initial recognition (August 26, 2019)	\$ 6,157,674
Accretion and capitalized interest	160,352
Long-term Loan Payable – December 31, 2019	\$ 6,318,026
Accretion and capitalized interest	683,371
Long-term Loan Payable – March 31, 2020	\$ 7,001,397
Less: current portion	-
Non-current portion	\$7,001,397

The US\$5 million loan arrangement bears interest at quarterly (Mar. 31, Jun. 30, Sep. 30, Dec. 31) US dollar LIBOR + 5%. The Company holds the option to pay the interest on the loan in-kind, by accruing it to the principal and paying it upon maturity. The Company also has the right to extend the maturity date by one year as long as not in default. Additionally, Glencore has the option to convert the full balance owing at the maturity date of August 23, 2021 to common shares of the Company at a 15% discount to the Company's 10-day volume weighted average trading price on TSVX prior to maturity subject to a floor price of \$0.13 per share. The Company may prepay all or any part of the principal amount owing at any time, subject to a minimum amount of US\$1,000,000.

The host debt is classified as a liability, measured at fair value at initial recognition and subsequently measured at amortized cost using the effective interest rate method. Under the Company's debt agreement with Glencore, there are basic covenants related to the use of funds and ensuring the refinery studies remain on schedule, though there are no financial metric-related covenants. The proceeds from the debt agreement are permitted to be used for the advancement of the refinery with work programs mutually agreed between the Company and Glencore.

The Company is in compliance with all elements of the Glencore loan arrangement as at March 31, 2020. The loan arrangement is secured by a pledge of shares of First Cobalt subsidiaries that own the refinery asset.

On November 10, 2020, the Company announced an extension to the maturity date by one year to August 23, 2022.

14. Financial Derivative Liability

As at March 31, 2020, the company had an outstanding financial derivative liability of \$275,347 (December 31, 2019 – \$413,193). Derivatives are initially recognized at their fair value on the date the derivative contract is entered into and transaction costs are expensed. The fair value of the derivative at initial recognition was measured using Monte Carlo Simulation, assuming a risk-free rate of 1.39% per year, term of 2.0 years, and a share floor price of \$0.13 per share. The Company's derivatives are subsequently re-measured at their fair value at each reporting date with changes in fair value recognized in the consolidated statement of loss and other comprehensive loss. The financial derivative arises from a conversion feature in the Glencore loan arrangement (Note 12) which is an embedded derivative that is fair valued each reporting period. The fair value of the derivative as at March 31, 2020 was measured using a conversion option value simulation model, assuming a risk-free rate of 0.46% per year, term of 1.40 years, and a share floor price of \$0.13 per share.

FIRST COBALT CORP.**NOTES TO AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)**

(expressed in Canadian dollars)

The following table sets out the details of the Company's financial derivative liability as of March 31, 2020 and December 31, 2019.

Financial Derivative Liability – Initial recognition (August 26, 2019)	\$346,528
Loss (gain) on fair value derivative revaluation	66,665
Financial Derivative Liability – December 31, 2019	\$413,193
Loss (gain) on fair value derivative revaluation	(137,846)
Financial Derivative Liability – March 31, 2020	\$275,347

15. Share Capital**(a) Authorized Share Capital**

The Company is authorized to issue an unlimited number of common shares without par value. As at March 31, 2020, the Company had 387,347,114 (December 31, 2019 – 372,249,684) common shares outstanding.

(b) Issued Share Capital

During the three months ended March 31, 2020, the Company issued common shares as follows:

- On February 5, 2020, the Company completed a non-brokered private placement by issuing 15,097,430 Units at a Unit price of \$0.14 for gross proceeds of \$2.1 million. Each Unit consists of one common share in the share capital of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share at a price of \$0.21 for a period of two years. The Warrants are subject to an acceleration clause such that, if the closing price of the common shares of the Company is equal to or greater than \$0.37 per share for a period of ten consecutive trading days, the Company shall have the option, but not the obligation, to effect an accelerated expiration date that shall be 20 calendar days from the issuance of a notice of acceleration.

During the year ended December 31, 2019, the Company issued common shares as follows:

- On March 18, 2019, the Company issued 321,265 common shares on the vesting and entitlement of certain DSUs, PSUs, and RSUs. The common shares were valued at \$148,605 based on a share price of \$0.493 on the date of issue.
- On March 29, 2019, the Company completed a non-brokered private placement by issuing 8,913,251 Units for gross proceeds of \$1.6 million. Each Unit consists of one common share in the share capital of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share at a price of \$0.27 for a period of two years. The Warrants are subject to an acceleration clause such that, if the closing price of the common shares of the Company is equal to or greater than \$0.37 per share for a period of ten consecutive trading days, the Company shall have the option, but not the obligation, to effect an accelerated expiration date that shall be 20 calendar days from the issuance of a notice of acceleration.

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- On May 2, 2019, the Company issued 21,265,809 common shares in a private share purchase agreement to acquire 9,640,500 common shares of eCobalt Solutions Inc. for investment purposes, recorded as \$3,229,567 and valued using the quoted public market of the shares received.
- On May 13, 2019, the Company issued 2,427,530 common shares to settle \$363,954 of indebtedness owed to a creditor.

16. Warrants

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted average exercise price	Number of shares issued or issuable on exercise
Balance – December 31, 2018	\$1.48	13,217,682
Issuance of warrants	\$0.27	9,104,466
Balance – December 31, 2019	\$0.99	22,322,148
Issuance of warrants	\$0.21	15,256,476
Warrant expiries	\$1.50	(13,017,682)
Balance – March 31, 2020	\$0.23	24,560,942

The expiry of warrants are as follows:

Grant Date	Expiry Date	Number of warrants outstanding	Weighted Average Exercise Price
May 31, 2016	May 31, 2021	200,000	\$0.06
March 15, 2018	March 15, 2020	-	\$1.50
March 29, 2019	March 29, 2021	9,104,466	\$0.27
February 5, 2020	February 5, 2022	15,256,476	\$0.21
		24,560,942	\$0.23

During the three months ended March 31, 2020, the Company issued 15,256,476 share purchase warrants. A total of 15,097,430 warrants were issued to subscribers in the Company's private placement which closed on February 5, 2020 (Note 14). A further 159,046 warrants were issued as finders' fees associated with the private placement. The total fair value of \$591,673 was recorded in reserves. The fair value of the warrants was estimated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 1.54%, an expected life of 2 years, an expected volatility of 71.57%, no expected dividends, and a share price of \$0.14.

During the year ended December 31, 2019, the Company issued 9,104,466 share purchase warrants. A total of 8,913,251 warrants were issued to subscribers in the Company's private placement which closed on March 29, 2019 (Note 15). A further 191,215 warrants were issued as finders' fees associated with the private placement. The total fair value of \$448,518 was recorded in reserves. The fair value of the warrants was estimated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 1.79%, an expected life of 2 years, an expected volatility of 92.70%, no expected dividends, and a share price of \$0.15.

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The Company adopted a new long-term incentive plan on October 1, 2019 (the "Plan") whereby it can grant stock options, restricted share units ("RSUs"), Deferred Share Units ("DSUs"), and Performance Share Units ("PSUs") to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 28,000,000 shares.

(a) Stock Options

The changes in incentive share options outstanding are summarized as follows:

	Weighted average exercise price	Number of shares issued or issuable on exercise
Balance – December 31, 2018	\$0.57	14,531,815
Grant	\$0.18	1,000,000
USCO expiries	\$0.30	(2,275,000)
Former FCC Personnel Expiries	\$0.62	(575,000)
FCC Personnel Options Cancelled	\$1.43	(1,433,482)
Grant	\$0.14	3,830,000
Grant	\$0.16	350,000
Former FCC Personnel Expiries	\$1.43	(175,000)
Balance December 31, 2019	\$0.38	15,253,333
Grant		-
Expiries		-
Balance March 31, 2020	\$0.38	15,253,333

In February 2019, the Company granted 1,000,000 stock options to a new director. The options may be exercised within 5 years from the date of grant at a price of \$0.18 per share, and vest over a one-year period. The fair value of the options at the date of grant was estimated to be \$98,593 using the Black-Scholes Option Pricing Model, assuming a risk-free rate of 1.79% per year, an expected life of 2.5 years, an expected volatility of 92.93%, no expected dividends, and share price of \$0.18.

Additionally, in September 2019 company granted 3,830,000 stock options to Officers, Directors, and Employees as an annual grant under its long-term incentive plan. The options may be exercised within 5 years from the date of grant at a price of \$0.14 per share, and vest over a three-year period. The fair value of the options at the date of grant was estimated to be \$286,607 using the Black-Scholes Option Pricing Model, assuming a risk-free rate of 1.35% per year, an expected life of 2.5 years, an expected volatility of 90.68%, no expected dividends, and share price of \$0.14.

In October 2019, the Company issued 350,000 incentive stock options to a new Director, and a consultant of the Company. The options may be exercised within 5 years from the date of grant at a price of \$0.16 per share, and vest over a three-year period. The fair value of the options at the date of grant was estimated to be \$30,109 using the Black-Scholes Option Pricing Model, assuming a risk-free rate of 1.54% per year, an expected life of 2.5 years, an expected volatility of 91.11%, no expected dividends, and share price of \$0.16.

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Incentive share options outstanding and exercisable March 31, 2020 are summarized as follows:

Options Outstanding				Options Exercisable		
Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price	
\$ 1.43	75,000	3.24	\$ 1.43	75,000	\$ 1.43	
0.69	1,290,000	2.17	\$ 0.69	1,290,000	0.69	
0.66	1,500,000	1.92	\$ 0.66	1,500,000	0.66	
0.52	450,000	2.84	\$ 0.52	450,000	0.52	
0.51	810,000	2.80	\$ 0.51	810,000	0.51	
0.49	2,273,333	3.24	\$ 0.49	757,778	0.49	
0.42	225,000	2.34	\$ 0.42	225,000	0.42	
0.36	1,300,000	3.49	\$ 0.36	433,333	0.36	
0.36	1,000,000	5.50	\$ 0.36	1,000,000	0.36	
0.36	562,500	1.13	\$ 0.36	562,500	0.36	
0.29	187,500	1.86	\$ 0.29	187,500	0.29	
0.27	400,000	3.57	\$ 0.27	133,333	0.27	
0.18	1,000,000	3.90	\$ 0.18	1,000,000	0.18	
0.14	3,830,000	4.43	\$ 0.14	-	0.14	
0.16	350,000	4.51	\$ 0.16	-	0.16	
	15,253,333	3.43	\$ 0.38	8,424,444	\$ 0.49	

(b) DSUs, RSUs and PSUs

During the three months ended March 31, 2020, the Company issued 326,657 DSUs. DSUs vest immediately and may not be exercised until a director ceases to serve on the board. The DSUs were issued to Directors in lieu of cash directors fees for the fourth quarter of 2019. The company expensed \$47,365 related to these Director DSUs.

During the three months ended March 31, 2020, the Company has expensed \$60,124 (2019 - \$171,581) for DSUs valued at share prices \$0.15 to \$0.49, number of units 326,657 to 425,000, and expense period of immediate to 2 years, \$Nil (2019 - \$11,859) for PSUs, and \$Nil (2019 - \$Nil) for RSUs as shared-based payment expense.

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18. Exploration and Evaluation Expenses

Exploration and evaluation expenditures incurred for the three months ended March 31, 2020 and 2019:

	March 31, 2020			March 31, 2019		
	Iron Creek, USA	Cobalt Camp, Canada	Total	Iron Creek, USA	Cobalt Camp, Canada	Total
Drilling	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Exploration support and administration	-	-	-	-	963	963
Field Operations and consumables	-	-	-	-	3,787	3,787
Geochemistry	-	-	-	14,505	17,893	32,398
Geological consulting	1,296	-	1,296	158,365	-	158,365
Geologist salaries	-	-	-	-	131,924	131,924
Property taxes	-	-	-	-	15,160	15,160
Sampling and geological costs	17,423	-	17,423	390,277	192,682	582,959
Total	\$ 18,719	\$ -	\$ 18,719	\$ 563,147	\$ 362,409	\$ 925,556

19. Loss Per Share

The following table sets forth the computation of basic and diluted loss per share for the three months ended March 31, 2020 and 2019:

	March 31, 2020	March 31, 2019
Numerator		
Net loss for the year / period	\$ (2,111,319)	\$ (2,784,149)
Denominator		
Basic – weighted average number of shares outstanding	381,374,504	339,566,302
Effect of dilutive securities	-	-
Diluted – adjusted weighted average number of shares outstanding	381,374,504	339,556,302
Loss Per Share – Basic and Diluted	\$ (0.01)	\$ (0.01)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year.

The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive.

Share purchase warrants and stock options were excluded from the calculation of diluted weighted average number of common shares outstanding during the three months ended March 31, 2020 and 2019 as the warrants and stock options were anti-dilutive since the Company was in a loss position.

FIRST COBALT CORP.**NOTES TO AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet ongoing business requirements, taking into account its current cash position and potential funding sources. In the future the company may need to issue additional equity or attain additional debt to repay debt obligations as they come due (see Note 3 for Going Concern disclosure). The following are the contractual maturities of financial liabilities as at March 31, 2020, and December 31, 2019:

	As at March 31, 2020		
	< 1 Year	Between 1 – 2 Years	>2 Years
Accounts payable and accrued liabilities	\$ 99,243	\$ -	\$ -
Long-term loan payable	-	7,001,397	-
Total	\$99,243	\$ 7,001,397	\$ -

	As at December 31, 2019		
	< 1 Year	Between 1 – 2 Years	>2 Years
Accounts payable and accrued liabilities	\$ 286,589	\$ -	\$ -
Long-term loan payable	-	6,318,026	-
Total	\$286,589	\$ 6,318,026	\$ -

Fair Value

The Company's financial instruments consisted of cash and cash equivalents, restricted cash, long-term loan payable, financial derivative liability, and accounts payable and accrued liabilities. The fair values of cash and cash equivalents, restricted cash, and accounts payable and accrued liability approximate their carrying values because of their current nature. The fair value of long-term loan payable, and financial derivative liability are estimated using risk-free rate, LIBOR, share price volatility, and foreign exchange fluctuations, and are estimated to approximate carrying value.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents and restricted cash which are being held in bank accounts. The cash and cash equivalents and restricted cash are deposited in bank accounts held with major Canadian banks so there is a concentration of credit risk. This risk is managed by using major Canadian banks that are high credit quality financial institutions as determined by rating agencies.

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Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, prepayments, accounts payable and accrued liabilities, and its long-term debts that are denominated in US Dollars. The Company also holds minor cash in Australian Dollars though exposure to fluctuations in the Australian dollar exchange rate are negligible. The Company has not used derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations. The following table indicates the foreign currency exchange risk on monetary financial instruments as at March 31, 2020:

	As at March 31, 2020	
	USD	AUD
Cash and cash equivalents	\$1,849,485	\$ 9,195
Restricted Cash	-	-
Prepaid and deposits	-	-
Receivables	-	-
Accounts payable and accrued liabilities	(22,287)	-
Accrued interest	(87,322)	-
Long-term loan payable	(5,125,477)	-
Total	(\$3,385,601)	\$ 9,195

During the three months ended March 31, 2020, the Company recognized a loss of \$0.3 million on foreign exchange (2019 – loss of \$0.03 million). Based on the above working capital exposures, and the exposure of the US Dollar long-term loan payable as at March 31, 2020, a 10% depreciation or appreciation of the US Dollar against the Canadian dollar would result in a \$0.5 million increase or decrease in the Company's before-tax net loss (2019 - \$0.17 million); the Australian Dollar exposure against the Canadian dollar is minimal as the company holds a very small working capital balance, therefore, a 10% depreciation or appreciation is negligible.

	As at December 31, 2019	
	USD	AUD
Cash and cash equivalents	\$2,950,253	\$1,500
Restricted Cash	-	-
Prepaid and deposits	-	-
Receivables	-	-
Accounts payable and accrued liabilities	(76,969)	-
Long-term loan payable	(5,125,477)	-
Total	(\$2,252,193)	\$1,500

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's debt with Glencore bears interest at a rate of LIBOR + 5%

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and thus is a floating rate instrument. Therefore, changes in the market LIBOR interest rate will impact the cash flows ultimately required to settle interest payment obligations under the debt agreement. An increase or decrease of 100 basis points in the annual interest rate would result in an increase or decrease loss before tax of \$0.07 million.

21. Management of Capital

The Company manages its capital structure, consisting of share capital and debt (loan payable), and will make adjustments to it depending on the funds available to the Company for its future refinery and exploration activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its activities. In order to carry out its planned refinery advancement work, exploration activities and pay for future general and administrative expenses, the Company expects to issue new shares, issue debt, or acquire or dispose of assets. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements, other than restrictions on how the proceeds from the Glencore loan can be spent. In 2019, the addition of the Glencore loan has added a debt component to the Company's capital structure, and the Company will continue to adjust its capital structure based on Management's assessment of the best capital mix to effectively advance its assets.

22. Fair Value Measurements

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. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

Level 1 — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 — Quoted prices in markets that are not active or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 — Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

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Assets and Liabilities Measured at Fair Value of a Basis

The Company's fair values of financial assets and liabilities were as follows:

	Carrying Value		Level 1	March 31, 2020		
	Fair value through profit or loss	Amortized cost		Level 2	Level 3	Total Fair Value
Assets:						
Cash and Cash Equivalents	\$4,636,641	\$ -	\$4,636,641	\$ -	\$ -	\$4,636,641
Restricted cash	-	918,732	918,732	-	-	918,732
	\$4,636,641	\$918,732	\$5,555,373	\$ -	\$ -	\$5,555,373
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$99,243	\$99,243	\$ -	\$ -	\$99,243
Long-term loan payable	-	7,001,397	-	7,001,397	-	7,001,397
Financial Derivative Liability	275,347	-	-	275,347	-	275,347
	\$275,347	\$7,100,640	\$99,243	\$7,276,744	\$ -	\$7,375,987

Valuation techniques

A) Cash and cash equivalents

Cash, cash equivalents are included in Level 1 due to the short-term maturity of these financial assets.

B) Restricted cash

Restricted cash are included in Level 1 as they are known deposits held in cash by government agencies, and major banking institutions.

C) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are recorded at amortized cost and included in Level 1 due to the short-term maturity of these financial liabilities.

D) Long-term loan payable

Long-term loan payable is recorded at amortized cost and included in Level 1. The carrying amount is adjusted for the effective interest accretion on a quarterly basis.

E) Financial Derivative Liability

The fair value of the embedded derivative as at December 31, 2019 was \$275,347 and is accounted for at FVTPL. The valuation is based on the discounted cash flows at the risk-free rate to determine the present value of the conversion benefit. The conversion benefit is equal to 15% of the balance owing on the date of maturity, due to Glencore's option to elect to receive shares of the Company at a 15% discount to market instead of a cash repayment of the debt. The conversion feature contains a floor price limitation such that the share price

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used to convert the balance owing cannot be below \$0.13. The Company may prepay all or any part of the principal amount owing at any time, subject to a minimum amount of \$1,000,000.

23. Commitments and Contingencies

As at March 31, 2020, the Company was not committed to any material exploration contracts that require significant future outflow of resources.

On August 26, 2019 The Company completed a US\$5 million loan arrangement with Glencore which has now committed the Company to future repayment. The interest rate is variable at LIBOR + 5%. The table below reflects the current estimate of cash outflows for interest and principal payments under the loan in Canadian dollars.

The Company holds the option to pay the interest on the loan in-kind, by accruing it to the principal and paying it upon maturity. The Company also has the right to extend the maturity date by one year. Additionally, Glencore has the option to convert the full balance owing at maturity to common shares of the Company at a 15% discount to the Company's 10-day volume weighted average trading price. The conversion feature contains a floor price limitation such that the share price used to convert the balance owing cannot be below \$0.13. The Company may prepay all or any part of the principal amount owing at any time, subject to a minimum amount of \$1,000,000. As each of these items is dependent on the exercise of a future right or option, they have not been reflected in the commitments table below.

	Interest	Principal	Total Debt Commitments
2020	\$466,138	\$-	\$466,138
2021	298,022	7,222,310	7,520,332
Thereafter	-	-	-
Total	\$ 764,160	\$ 7,222,310	\$ 7,986,470

The Company now must comply with a mutually agreed work and spending schedule relating to the advancement of the refinery. This can be amended from time to time between the Company and Glencore. In connection with the current refinery work plan, the Company has signed contracts with numerous vendors, including Ausenco Engineering Canada, SGS Canada, and Story Environmental, though if work is halted for any reason there are no locked in contractual minimums that would be required to be paid. All contracts are on a time and materials basis.

24. Supplemental Cash Flow Information

The Company did not make any cash payments and had no cash receipts for interest or income taxes during the three months ended March 31, 2020 and 2019, other than minor interest on cash balances.

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The Company's exploration and evaluation activities are located in the province of Ontario, Canada and Idaho, USA, with its head office function in Canada. All of the Company's capital assets, including property and equipment, and exploration and evaluation assets are located in Canada and USA. Refer to notes 8 and 17 for segmented information by geographic locations.

26. Related Party Transactions

The Company's related parties include key management personnel and companies related by way of directors or shareholders in common.

(a) Key Management Personnel Compensation

During the three months ended March 31, 2020 and 2019, the Company paid and/or accrued the following fees to management personnel and directors:

	March 31, 2020	March 31, 2019
Management	\$ 295,867	\$262,027
Directors	48,744	94,109
	<u>\$ 344,611</u>	<u>\$ 356,136</u>

During the three months March 31, 2020 the Company had share-based payments made to management and directors of \$114,829 (December 31, 2019 - \$511,819).

(b) Due to Related Parties

As at March 31, 2020 and December 31, 2019, the Company had the following amounts due to related parties:

	March 31, 2020	December 31, 2019
Accounts payable and accrued liabilities	\$ -	\$ 61,468
	<u>\$ -</u>	<u>\$ 61,468</u>

27. Restated Subsequent Events

Subsequent to March 31, 2020:

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- (a) On July 10, 2020, the Company issued 1,114,643 DSUs, 1,050,000 RSUs, and 2,200,000 options to Directors and employees of the Company under its 2019 Long-Term Incentive Plan. The options are exercisable at a price of \$0.14 per share for a period of five years.
- (b) On August 26, 2020, the Company issued 250,000 RSUs and 500,000 options under its 2019 Long-Term Incentive Plan in connection with the appointment of a new Vice President, Project Development. The options are exercisable at a price of \$0.145 per share for a period of five years and vest over a two-year period.
- (c) On August 28, 2020, the Company completed a non-brokered private placement for total proceeds of \$2.5 million. The offering consists of (i) an aggregate of 8,225,000 units of the Company ("Flow-Through Units") at a price of \$0.16 per Flow-Through Unit for gross proceeds of approximately \$1.3 million (the "FT Offering") and (ii) an aggregate of 8,528,643 units (the "Units") of the Company at a price of \$0.14 per Unit for gross proceeds of approximately \$1.2 million. Each Flow-Through Unit consists of one common share of the Company qualifying as a 'flow-through share' (a "Flow-Through Share") and one-half of one common share purchase warrant (each whole common share purchase warrant a "Warrant"). Each Unit consists of one common share of the Company (a "Common Share") and one Warrant. Each full Warrant will entitle the holder thereof to purchase one Common Share of the Company at a price of \$0.21 per Common Share, for a period of 24 months following the Closing Date. All proceeds from the sale of the Flow-Through Units will be used to incur eligible Canadian Exploration Expenses as defined in the *Income Tax Act* (Canada) related to the Company's projects in Ontario, Canada. A further 852,750 warrants were issued as finders' fees associated with the private placement.
- (d) On November 10, 2020, the Company announced an extension in the maturity date on the US\$5 million loan with Glencore by one year to August 2022 to better align with expected refinery commissioning timelines.

NOTICE TO READER

Subsequent to the three months ended March 31, 2020, the Company determined that the impairment charge taken relating to the Cobalt Camp mineral assets at December 31, 2019 was understated. Details of the changes are fully described in Note 2 to the Company's Amended and Restated Condensed Interim Consolidated Financial Statements as filed on SEDAR on November 20, 2020.

In connection with the filing of the amended and restated condensed interim consolidated financial statements for the three months ended March 31, 2020 and 2019, and the adjustment noted above, the Company is also filing (i) amended and restated management discussion and analysis in compliance with the requirements of National Instrument 51-102 *Continuous Disclosure Obligations*, and (ii) CEO and CFO certifications in compliance with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

The adjustments in the amended and restated condensed interim consolidated financial statements for the three months ended March 31, 2020 and 2019 are detailed below.

March 31, 2020:

	As Previously Reported	Adjustment	As Restated
Consolidated Statement of financial position			
Exploration and evaluation assets	\$ 99,365,746	(\$ 11,945,624)	\$ 87,420,122
Total Assets	110,780,117	(11,945,624)	98,834,493
Deficit	(146,191,823)	(11,945,624)	(158,137,447)
Total Shareholders' Equity	100,666,809	(11,945,624)	88,721,185
Total Liabilities and Shareholders' Equity	110,780,117	(11,945,624)	98,834,493
Consolidated Statement of changes in shareholders' equity			
Deficit at the beginning of the period	(\$ 144,080,504)	(\$ 11,945,624)	(\$ 156,026,128)
Deficit at the end of the period	(\$ 146,191,823)	(11,945,624)	(158,137,447)

December 31, 2019:

	As Previously Reported	Adjustment	As Restated
Consolidated Statement of financial position			
Exploration and evaluation assets	\$ 99,365,746	(\$ 11,945,624)	\$ 87,420,122
Total Assets	110,287,517	(11,945,624)	98,341,893
Deficit	(144,080,504)	(11,945,624)	(156,026,128)
Total Shareholders' Equity	100,532,388	(11,945,624)	88,586,764
Total Liabilities and Shareholders' Equity	110,287,517	(11,945,624)	98,341,893



FIRST COBALT CORP

AMENDED AND RESTATED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

(EXPRESSED IN CANADIAN DOLLARS)

FIRST COBALT CORP.

AMENDED AND RESTATED MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2020

GENERAL

This Amended and Restated Management's Discussion and Analysis of First Cobalt Corp. ("First Cobalt" or the "Company") ("MD&A") was prepared on November 20, 2020 and provides analysis of the Company's financial results for the three months ended March 31, 2020 and 2019. The following information should be read in conjunction with the accompanying amended and restated condensed consolidated interim financial statements for the three months ended March 31, 2020 and 2019 with accompanying notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures are expressed in Canadian dollars unless otherwise stated. Financial Statements are available at www.sedar.com and the Company's website www.firstcobalt.com.

COMPANY OVERVIEW

First Cobalt Corp. was incorporated on July 13, 2011 under the Business Corporations Act of British Columbia and on September 4, 2018, the Company filed a Certificate of Continuance into Canada and adopted Articles of Continuance as a Federal Company under the Canada Business Corporations Act (the "CBCA"). The Company is in the business of cobalt refining and the acquisition and exploration of resource properties. The Company is focused on building a diversified portfolio of assets that are highly leveraged to the cobalt market with assets located primarily in North America with the intent of providing a North American supply of cobalt.

First Cobalt is a public company listed on the Toronto Venture Stock Exchange (TSX-V) (under the symbol FCC) and the OTCQX (under the symbol FTSSF). The Company's registered and records office is Suite 2400, Bay-Adelaide Centre, 333 Bay Street, Toronto, Ontario, M5H 2T6. The Company's head office is located at 401 Bay Street, 6th Floor, Toronto, Ontario, M5H 2Y4.

Q1 2020 HIGHLIGHTS AND RECENT EVENTS

Refinery Advancement

On May 4, 2020, the Company announced positive engineering study results for the First Cobalt Refinery (the "Refinery") expansion. The engineering study demonstrated that the Refinery could become a viable, globally competitive player in the North American and European electric vehicle (EV) supply chain. The study outlined the Refinery's ability to reach annual production of 25,000 tonnes of battery grade cobalt sulfate from third party feed, representing 5% of the total global refined cobalt market and 100% of North American cobalt supply with strong operating cash flows and a globally competitive cost structure.

On September 24, 2020, the Company provided an engineering update which reduced the operating costs estimate by 13%, which further improves margins and enhances project economics. The updated capital estimate was US\$60 million to construct the expanded facility (compared to \$56 million in the May 4 engineering study) and the updated operating cost estimate was \$2.36 per pound of cobalt produced (compared to \$2.72/lb in the May 4 engineering study).

On November 10, 2020, the Company announced that bench scale testing of cobalt hydroxide feedstock from Glencore's Katanga Operation yielded recoveries in excess of 97%, significantly higher than the 93% recovery rate utilized in the May 4 engineering study.

First Cobalt and Glencore have agreed to discuss a long-term feed purchase contract rather the tolling arrangement originally contemplated, providing First Cobalt with greater leverage to the cobalt market by entering into offtake contracts with end users directly. In order to secure a diversity of supply, First Cobalt will supplement any feed provided by Glencore with other sources of ethically produced, high-quality cobalt hydroxide. The Company does

FIRST COBALT CORP.**AMENDED AND RESTATED MANAGEMENT'S DISCUSSION AND ANALYSIS
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not anticipate any difficulties securing sufficient feedstock for the Refinery's nameplate capacity of 5,000 tonnes per annum of contained cobalt. Moreover, diversification of feedstock supply will help offset the risk of supply interruptions from any single mining operation.

The Company notes that the engineering study and the associated update were prepared by Ausenco Engineering under the definitions of an Association for the Advancement of Cost Engineering (AACE) Class 3 Feasibility Study. The report does not constitute a feasibility study within the definition employed by the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"), as it relates to a standalone industrial project and does not concern a mineral project of First Cobalt. As a result, disclosure standards prescribed by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") are not applicable to the scientific and technical disclosure in the report. Any references to scoping study, prefeasibility study or feasibility study by the Company, in relation to the Refinery, are not the same as terms defined by the CIM Definition Standards and used in NI 43-101.

Private Placement Financings

On February 5, 2020, the Company completed a non-brokered private placement by issuing 15,097,430 Units at a unit price of \$0.14 for gross proceeds of \$2.1 million. Each Unit consists of one common share in the share capital of the Company and one common share purchase warrant (a "Warrant"). Each warrant entitles the holder thereof to purchase one additional common share at a price of \$0.21 for a period of two years. The Warrants are subject to an acceleration clause such that, if the closing price of the common shares of the Company is equal to or greater than \$0.37 per share for a period of 10 consecutive trading days, the Company shall have the option, but not the obligation, to effect an accelerate expiration date that shall be 20 calendar days from the issuance of a notice of acceleration.

On August 28, 2020, the Company completed a non-brokered private placement for total proceeds of \$2.5 million. The offering consists of (i) an aggregate of 8,225,000 units of the Company ("Flow-Through Units") at a price of \$0.16 per Flow-Through Unit for gross proceeds of approximately \$1.3 million (the "FT Offering") and (ii) an aggregate of 8,528,643 units (the "Units") of the Company at a price of \$0.14 per Unit for gross proceeds of approximately \$1.2 million. Each Flow-Through Unit consists of one common share of the Company qualifying as a 'flow-through share' (a "Flow-Through Share") and one-half of one common share purchase warrant (each whole common share purchase warrant a "Warrant"). Each Unit consists of one common share of the Company (a "Common Share") and one Warrant. Each full Warrant will entitle the holder thereof to purchase one Common Share of the Company at a price of \$0.21 per Common Share, for a period of 24 months following the Closing Date. All proceeds from the sale of the Flow-Through Units will be used to incur eligible Canadian Exploration Expenses as defined in the *Income Tax Act* (Canada) related to the Company's projects in Ontario, Canada. A further 852,750 warrants were issued as finders' fees associated with the private placement.

COVID-19 Impacts

Market volatility and economic uncertainty due to the COVID-19 pandemic have cast uncertainty over global economic activity levels. Despite the current market instability, First Cobalt remains confident in the EV revolution and has a strong business plan with an experienced team that continues to execute on corporate objectives. The Company has sufficient cash on hand to cover general operations into late 2021 as well as additional dedicated funds remaining from the Glencore loan to advance work at the refinery and flow-through funding to conduct exploration in Ontario. First Cobalt expects to fund future refinery expansion capital costs via one or more corporate, private equity, debt and government counterparties and does not expect to be overly dependent on equity markets for advancement of the refinery.

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Notwithstanding the forgoing, global uncertainty related to the pandemic may present other challenges that are not known at the current time - such as supply chain interruptions or alteration of business plans by the Company's strategic partners.

Iron Creek Resource Update

On January 15, 2020, the Company announced a new mineral resource estimate for the Iron Creek Project in Idaho, USA. Infill drilling and limited step-out drilling has upgraded 49% of the tonnes from the 2018 inferred resource estimate to indicated resources while tonnage has increased by 10%. Upgrading the resource to a higher confidence level did not result in a decrease in the resource grade, highlighting the strong continuity of mineralization. Mineralization remains open along strike and down-dip, suggesting strong potential for significant future resource growth.

During the first quarter of 2020, the Company also increased the size of its Idaho cobalt land position by 50%, from 1,700 acres to over 2,600 acres by staking claims to the west of the Iron Creek Project.

Loan Maturity Extension

On November 10, 2020, the Company announced that the maturity date on its US\$5 million loan with Glencore had been extended by one year to August 23, 2022. All other terms remain unchanged, including Glencore's right to convert all or a portion of the balance owing to common shares of First Cobalt at a discount to market of up to 15%.

RESTATED OUTLOOK AND OVERVIEW OF CURRENT PROGRAMS

The Company's vision is to provide a North American supply of cobalt. In support of this vision, in 2017 First Cobalt completed a three-way merger with Cobalt One and CobaltTech to consolidate the Canadian Cobalt Camp and take ownership of the First Cobalt Refinery. In 2018, First Cobalt acquired US Cobalt to secure ownership of the Iron Creek cobalt-copper project, located on patented land in the prospective Idaho Cobalt Belt in Idaho, USA, which is known to host primary cobalt deposits. In 2019, the Company partnered with Glencore to recommission the First Cobalt Refinery with a view to becoming the only refinery of battery grade cobalt sulfate in North America. These transactions strategically position First Cobalt as a leading primary cobalt company with a permitted refinery, a strong partner and North American projects in close proximity to infrastructure as well as the U.S. electric vehicle supply chain.

First Cobalt's primary focus for 2020 is advancing the First Cobalt Refinery as it is the Company's quickest path to cash flow.

The outlook for First Cobalt's North American assets is discussed below:

1. The First Cobalt Refinery (Canada)

In 2020, the Company has continued to work towards restarting its wholly owned cobalt refinery in Ontario, Canada. On May 4, 2020, the Company announced the results of an engineering study on the expansion of the refinery that demonstrated that the facility could become a significant, globally competitive producer of cobalt sulfate for the electric vehicle market. On September 24, 2020, the Company provided an engineering update which reduced the operating costs estimate by 13%, which further improves margins and enhances project economics.

Most of the cobalt consumed today is mined in the Democratic Republic of Congo and then shipped to China for refining. There are no primary cobalt refining facilities operating in North America, which gives the First Cobalt Refinery a strategic advantage in the electric vehicle supply chain. As a permitted facility with an operating history from 1996

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to 2015, Management believes that the refinery could play an important role in North America as a source of refined cobalt for the manufacturing of lithium-ion batteries. At a high-level, the Company's refinery plan is as follows:

1. Divert ethically sourced African mine production from China to North America
2. Recommission an existing, permitted Canadian cobalt refinery
3. Produce cobalt sulfate in Canada for use in the North American EV market
4. Continue to expand capacity of the refinery to meet demand from a growing North American electric vehicle market by treating additional mine supply and/or recycled battery material

The engineering study determined the refinery could produce 25,000 tonnes of battery grade cobalt sulfate annually (equating to 5,000 tonnes of contained cobalt), which would represent 5% of the total refined cobalt market and 100% of North American cobalt sulfate supply. The study indicated strong operating margins at the asset level. Subsequent to the original study, additional engineering work and market analysis has taken place. The table below compares the key assumptions and economic outputs in the original study to management's current estimates on the outlook for this asset:

		May 4 Engineering Study	Current Estimate
		LOM Total / Average	LOM Total / Average
Cobalt Price	US\$/lb	25	25
Life of Refinery (*)	years	11	13
Cobalt Hydroxide Payability	%	70%	75%
Production			
Mill Head Grade	%Co	30.0%	30.0%
Mill Recovery Rate	%	93.0%	97.0%
Total Cobalt Recovered	klb	123,576	146,182
Total Average Annual Production	klb	11,234	11,245
Operating Costs			
Total Operating Costs	US\$/lb Co	\$2.72	\$2.36
Transportation Cost	US\$/lb Co	\$0.17	\$0.17
Capital Costs			
Initial Capital	US\$M	\$56.0	\$60.0
Life-of-Refinery Sustaining Capital	US\$M	\$0.6	\$0.6
Financials Pre-Tax			
NPV (8%)	US\$M	\$192	\$202
IRR	%	64%	57%
Payback	years	1.6	1.8
NPV (8%) / Initial Capital	:	3.4	3.4
Financials Post-Tax			
NPV (8%)	US\$M	\$139	\$147

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		May 4 Engineering Study	Current Estimate
		LOM Total / Average	LOM Total / Average
IRR (%)	%	53%	48%
Payback (years)	years	1.8	2.0
NPV (8%) / Initial Capital	:	2.5	2.4

(*) Only tailings area one was used as the life-of-mine for financial calculation purposes. As there are two tailings areas of equal size on the wholly-owned refinery property, the actual estimated capacity is 26 years of tailings.

The current estimated timeline to bring the refinery into production is outlined below:

- Q4 2020 – Submit permits for a 55 tpd facility and complete Refinery pilot plant
- Q1 2021 – Finalize commercial arrangements with Glencore and other parties
- Q2 2021 – Receive final permits necessary to commence Refinery construction and secure project financing
- Q3 2021 – Complete detailed engineering and commence construction activities
- Q4 2022 – Commence production

The Company continues to make progress towards achieving its objective of providing ethically sourced battery grade cobalt for the North American electric vehicle market. The Company continues to work with Glencore, engineering firms, process experts and financial advisers to finalize and execute on the plans to recommission and expand the Refinery.

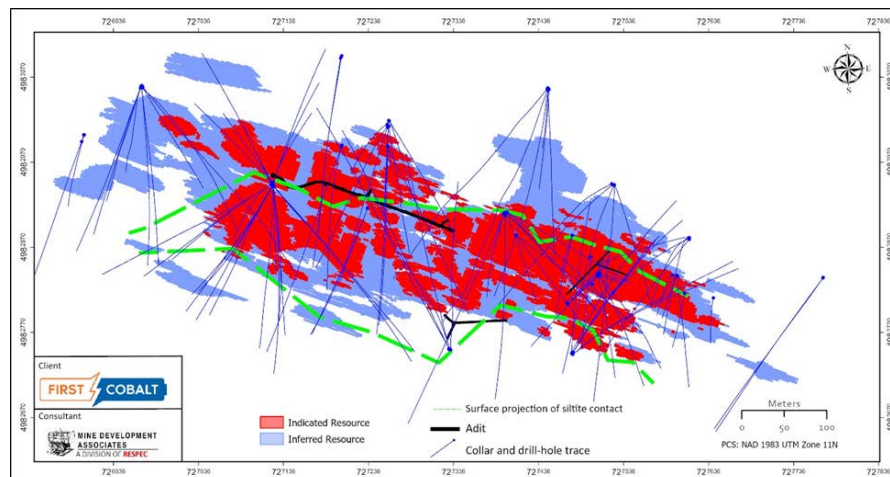
2. The Iron Creek Project (USA)

Following the acquisition of US Cobalt in 2018, the Company commenced an extensive drill program at Iron Creek. The objectives were to define a maiden inferred resource estimate within a historically drilled area and to expand the resource along strike of the known mineralization and at depth. In October 2018, the Company filed a technical report supporting the maiden resource estimate for the Iron Creek Project in Idaho.

A second phase drill campaign was initiated to increase the resource along strike and at depth in addition to conducting infill drilling to upgrade a portion of the inferred resources to the indicated category for mine planning and to improve the confidence for future engineering studies. However, as the cobalt price declined in 2018, the Company elected to suspend step-out drilling until market conditions improved. During 2019, the Company completed assaying work and further geological modeling to support a resource update, with a new technical report filed in early 2020.

The 2020 technical report includes a new mineral resource estimate based on infill drilling and limited step-out drilling which includes the conversion of 49% of resources from the Inferred category to the Indicated category while also increasing the overall tonnage. The indicated resource is 2.2 million tonnes grading 0.32% cobalt equivalent (0.26% cobalt and 0.61% copper) containing 12.3 million pounds of cobalt and 29.1 million pounds of copper. The inferred mineral resource is 2.7 million tonnes grading 0.28% cobalt equivalent (0.22% cobalt and 0.68% copper) for an additional 12.7 million pounds of cobalt and 39.9 million pounds of copper.

Figure 1. Distribution of Indicated and Inferred cobalt-copper resources at Iron Creek (view from above)



Extensional drilling has extended the strike length of Iron Creek mineralization to nearly 900 metres and mineralization has also been extended to depth over 650 metres below surface. The mineralization remains open along strike and downdip. Management believes that there is potential to continue to expand the size of the Iron Creek resource and commenced a new geophysics program at the property in October 2020.

The current program will trace extensions of mineralization and follow-up on geophysical anomalies detected by previous work. The objective is to refine follow-up drill targets further east along strike of the cobalt-rich zone as well as the western extension of the copper-rich zone. Interpretation of the geophysical results is expected later this year and will support planned resource drilling at Iron Creek in 2021 as well as further testing of nearby cobalt-copper mineralized targets, including the Ruby zone.

3. The Cobalt Camp (Canada)

First Cobalt controls almost half of the historic Canadian Cobalt Camp, with more than 50 past producing mines over 100km². The focus for exploration has been to identify near-surface cobalt-silver mineralization amenable to open pit mining.

During 2018, 30,280 metres were drilled in the Cobalt Camp across 192 drill holes. Continuity of mineralization has yet to be determined, but intersection widths and grades show the potential for open pit resources remains.

The Company's data compilation, field work, drilling and structural modeling has made a significant contribution to advancing the industry's understanding of this historic mining camp. The application of First Cobalt's structural model to the central area of the Cobalt Camp has generated several new, untested targets. The Company raised approximately \$1.3 million in flow-through funding in August 2020 and is currently developing the associated exploration program in Ontario. The Company expects to incur the majority of these exploration costs during 2021.

RESTATED MINERAL PROPERTIES

The Company is focused on building a North American cobalt supply chain. The Company's Iron Creek Project in Idaho, U.S. is its flagship mineral property and a new, upgraded resource estimate was published in January 2020. The Iron Creek property includes patented and unpatented claims totalling 2,600 acres as well as 600 metres of underground drifting from three adits. Other cobalt-copper targets exist on the Company's property away from the Iron Creek

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resource. In Canada, the Company also controls over 10,000 hectares of prospective land and 50 historic mining operations in the Cobalt Camp as well as what is believed to be the only permitted primary cobalt refinery in North America able to produce battery grade cobalt sulfate.

	Balance December 31, 2019	Acquisition Costs	Writedown	ARO Adjustment	Other Adjustments	Balance March 31, 2020
Iron Creek	\$ 87,420,121	\$ -	\$ -	\$ -	\$ -	\$ 87,420,121
Cobalt Camp, Ontario	1	-	-	-	-	1
Other Properties	-	-	-	-	-	-
Total	\$ 87,420,122	\$ -	\$ -	\$ -	\$ -	\$ 87,420,122

	Balance December 31, 2018	Acquisition Costs	Writedown	ARO Adjustment	Other Adjustments	Balance December 31, 2019
Iron Creek	\$ 87,312,865	\$ 107,256	\$ -	\$ -	\$ -	\$ 87,420,121
Cobalt Camp, Ontario	106,372,001	200,000	(106,843,000)	271,000	-	1
Other Properties	213,779	-	(213,779)	-	-	-
Total	\$ 193,898,645	\$ 307,256	\$ (107,056,779)	\$ 271,000	\$ -	\$ 87,420,122

There were no new mineral property additions during the first quarter of 2020. Minor costs incurred to stake additional land adjacent to the Iron Creek property were expensed. This staking work increased the Company's land position in Idaho by 50% to approximately 2,600 acres of mineral patents and claims.

During 2019, the Company acquired additional surface rights on certain Iron Creek land packages for a payment of \$107,256. The Company also earned a 50% interest in the past producing Keeley and Frontier mine properties after making the final required anniversary payment of \$200,000 in January 2019. The mines are located within the historic Silver Centre camp in Cobalt South.

FIRST COBALT CORP.**AMENDED AND RESTATED MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2020****EXPLORATION AND EVALUATION EXPENDITURES**

The exploration and evaluation expenditures incurred by the Company for the years ended March 31, 2020 and 2019 are outlined below:

	March 31, 2020			March 31, 2019		
	Iron Creek, USA	Cobalt Camp, Canada	Total	Iron Creek, USA	Cobalt Camp, Canada	Total
Drilling	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Exploration support and administration	-	-	-	-	963	963
Field Operations and consumables	-	-	-	-	3,787	3,787
Geochemistry	-	-	-	14,505	17,893	32,398
Geological consulting	1,296	-	1,296	158,365	-	158,365
Geologist salaries	-	-	-	-	131,924	131,924
Property taxes	-	-	-	-	15,160	15,160
Sampling and geological costs	17,423	-	17,423	390,277	192,682	582,959
Total	\$ 18,719	\$ -	\$18,719	\$ 563,147	\$ 362,409	\$925,556

Exploration and evaluation expenditures during the three months ended March 31, 2020 were lower than the comparative 2019 period, primarily driven by minimal activity at both the Cobalt Camp and Iron Creek.

The Company announced an upgraded mineral resource estimate for Iron Creek in January 2020 and also acquired additional mineral claims on surrounding land. The majority of the costs associated with the resource update were incurred in 2019. Expenditures for Iron Creek during the three months ended March 31, 2019 mainly related to assaying, geological consulting, and resource estimation costs. Iron Creek geophysics and site work is expected to take place in the summer months, when weather conditions at site are best.

Expenditures for the Cobalt Camp during the three months ended March 31, 2019 relating to minor geological costs associated with 2018 drilling activity and salaries for geologist personnel. The Company has no significant planned exploration programs for Cobalt Camp in 2020.

FIRST COBALT CORP.**AMENDED AND RESTATED MANAGEMENT'S DISCUSSION AND ANALYSIS****FOR THE THREE MONTHS ENDED MARCH 31, 2020****RESTATED SUMMARY OF QUARTERLY RESULTS**

Key financial information for the three months ended March 31, 2020, as well as the quarters spanning the most recently preceding fiscal years, are summarized as follows, reported in Canadian dollars except for per share amounts.

	March 31, 2020 (\$)	December 31, 2019 (\$)	September 30, 2019 (\$)	June 30, 2019 (\$)
Financial Position				
Current Assets	5,619,275	5,126,675	7,449,576	2,846,574
Current Liabilities	99,243	286,589	215,145	1,236,551
Exploration and Evaluation Assets	87,420,122	87,420,122	194,263,122	194,476,901
Total Assets	98,834,493	98,341,893	207,296,788	202,781,244
Operations				
Exploration and evaluation expenditures	(18,719)	(130,035)	(80,995)	(163,808)
Salary and benefits	(304,634)	(328,729)	(377,577)	(368,324)
Consulting fees	(159,997)	(60,000)	(194,692)	(35,473)
Professional fees	(39,799)	(121,643)	(150,358)	(319,910)
Investor relations, marketing, and travel	(108,676)	(198,253)	(242,715)	(239,323)
Refinery and Associated Studies	(728,708)	(964,874)	(112,989)	(52,711)
Environmental Expenses	(171,570)	(151,790)	(59,264)	(85,819)
General and administrative	(105,838)	(137,028)	(125,407)	(92,523)
Share-based payments	(133,941)	(181,798)	(284,176)	(363,376)
Total Operating Expenses	(1,771,882)	(2,274,150)	(1,628,173)	(1,721,267)
Net Loss	(2,111,319)	(109,383,604)	(1,469,012)	(2,794,498)
Loss per Share	(0.01)	(0.30)	(0.00)	(0.01)

	March 31, 2019 (\$)	December 31, 2018 (\$)	September 30, 2018 (\$)	June 30, 2018 (\$)
Financial Position				
Current Assets	2,749,427	5,228,886	13,611,745	21,800,761
Current Liabilities	2,183,896	3,883,203	3,514,090	3,535,066
Exploration and Evaluation Assets	194,476,901	193,898,645	201,551,155	200,072,379
Total Assets	202,699,426	204,600,629	219,684,773	226,612,485
Operations				
Exploration and evaluation expenditures	(925,556)	(7,304,472)	(5,618,381)	(2,620,591)
Salary and benefits	(413,599)	(664,125)	(310,080)	(848,528)
Consulting fees	(178,890)	(117,388)	(175,885)	(223,161)
Professional fees	(332,120)	648,171	(489,148)	(971,215)
Investor relations, marketing, and travel	(185,399)	(333,338)	(470,615)	(403,844)
Refinery and Associated Studies	(60,491)	(55,217)	(45,939)	(125,140)
Environmental Expenses	(67,689)	(66,359)	(39,588)	(17,850)
General and administrative	(92,632)	(335,194)	(201,416)	(323,041)
Share-based payments	(555,554)	(1,068,089)	(1,570,336)	(220,114)
Total Operating Expenses	(2,811,930)	(9,296,011)	(8,921,388)	(5,753,484)
Net Loss	(2,795,409)	(9,559,510)	(8,289,731)	(5,717,868)
Loss per Share	(0.01)	(0.03)	(0.02)	(0.02)

(*) Note: the March 31, 2020 and December 31, 2019 information has been restated

AMENDED AND RESTATED MANAGEMENT'S DISCUSSION AND ANALYSIS
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The following are highlights from the Company's results of operations for the three months ended March 31, 2020 and 2019:

- Exploration and evaluation expenditures were \$18,719 for the three months ended March 31, 2020, compared to \$925,556 for the three months ended March 31, 2019. The decrease is driven by reduced activity at both the Cobalt Camp and Iron Creek. Iron Creek activity in 2020 is planned for the summer months.
- Refinery and associated studies costs were \$728,708 for the three months ended March 31, 2020, compared to \$60,491 for the three months ended March 31, 2019. The costs incurred for the three months ended March 31, 2020 mainly relate to engineering costs for Ausenco in support of the feasibility study.
- Salary and benefits were \$304,634 for the three months ended March 31, 2020, compared to \$413,599 for the three months ended March 31, 2019. The Company continues to operate with a streamlined workforce to keep cash expenditures low.
- Professional fees were \$39,799 for the three months ended March 31, 2020, compared to \$332,120 incurred during the three months ended March 31, 2019. During 2020, overall professional fees decreased as result of lower legal costs incurred during 2020 due to less Corporate development activity.
- Investor relations, marketing, and travel expenses were \$108,676 for the three months ended March 31, 2020 which was a decrease from the \$185,399 incurred in the three months ended March 31, 2019 due to an overall planned reduction in marketing activities and reduced travel due to the impacts of COVID-19.
- Environmental expenses were \$171,570 for the three months ended March 31, 2020, compared to \$67,689 for the three months ended March 31, 2019. These costs have increased due to additional environmental work at the refinery to support the feasibility study, a future restart decision and associated permitting.
- Share-based payment expenses were \$133,941 for the three months ended March 31, 2020 compared to \$555,554 for the three months ended March 31, 2019, due to timing of vesting, and a reduction in the value of stock-based compensation grants in both 2019 and 2020.

As of the date of this MD&A, the Company has 404,100,757 common shares issued and outstanding. In addition, there are outstanding share purchase warrants and stock options for a further 38,054,835 and 17,878,333 common shares, respectively. The Company currently has 3,890,522 Deferred Share Units (DSUs) and 1,300,000 Restricted Share Units (RSUs) issued under its Long-Term Incentive Plan.

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
May 31, 2016	May 31, 2021	200,000	\$0.06
March 29, 2019	March 29, 2021	9,104,466	\$0.27
February 5, 2020	February 5, 2022	15,256,476	\$0.21
August 27, 2020	August 27, 2022	13,493,893	\$0.21
		38,054,835	\$0.22

During the three months ended March 31, 2019, the Company issued 15,256,476 share purchase warrants. A total of 15,097,430 warrants were issued to subscribers in the Company's private placement which closed on February 5, 2020. A further 159,046 warrants were issued as finders' fees associated with the private placement.

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Subsequent to March 31, 2020, the Company issued 13,493,893 share purchase warrants as part of a private placement financing in August 2020.

The following incentive stock options were outstanding and exercisable at the date of this report:

Options Outstanding				Options Exercisable		
Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
\$ 0.69	1,290,000	1.53	\$ 0.69	\$ 0.69	1,290,000	\$ 0.69
0.66	1,500,000	1.28	\$ 0.66	\$ 0.66	1,500,000	0.66
0.52	450,000	2.20	\$ 0.52	\$ 0.52	450,000	0.52
0.51	810,000	2.16	\$ 0.51	\$ 0.51	810,000	0.51
0.49	2,273,333	2.60	\$ 0.49	\$ 0.49	1,515,555	0.49
0.42	225,000	1.70	\$ 0.42	\$ 0.42	225,000	0.42
0.36	1,300,000	2.86	\$ 0.36	\$ 0.36	866,667	0.36
0.36	1,000,000	4.86	\$ 0.36	\$ 0.36	-	0.36
0.36	562,500	0.49	\$ 0.36	\$ 0.36	562,500	0.36
0.29	187,500	1.23	\$ 0.29	\$ 0.29	187,500	0.29
0.27	400,000	2.93	\$ 0.27	\$ 0.27	133,333	0.27
0.18	1,000,000	3.26	\$ 0.18	\$ 0.18	1,000,000	0.18
0.16	350,000	3.87	\$ 0.16	\$ 0.16	-	0.16
0.145	500,000	4.78	\$ 0.145	\$ 0.145	-	0.145
0.14	3,830,000	3.80	\$ 0.14	\$ 0.14	1,276,667	0.14
0.14	2,200,000	4.64	\$ 0.14	\$ 0.14	1,000,000	0.14
	17,878,333	3.07	\$ 0.34	\$ 0.34	10,817,222	\$ 0.41

During the three months ended March 31, 2020, the Company issued 326,657 DSUs. DSUs vest immediately and may not be exercised until a director ceases to serve on the board. The DSUs were issued to Directors in lieu of cash directors fees for the fourth quarter of 2019.

Subsequent to March 31, 2020, the Company issued a total of 1,144,643 DSUs to directors and management and 1,300,000 RSUs to directors, management and consultants under the Company's 2019 Long-Term Incentive Plan.

CAPITAL RESOURCES

The Company manages its capital structure to maximize its financial flexibility, making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this, given the relative size of the Company, is appropriate.

As at March 31, 2020 the Company is not subject to any externally imposed capital requirements. Under the Company's debt agreement with Glencore, there are a number of basic covenants related to the use of funds and ensuring the refinery activities remain on schedule, though there are no financial metric-related covenants. The proceeds from the debt agreement are permitted to be used for refinery advancement items approved by Glencore.

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The current post-feasibility study work plan the Company is progressing utilizes funds remaining from the initial Glencore loan advance.

The addition of the Glencore loan added a debt component to the Company's capital structure in 2019. The Company will continue to adjust its capital structure based on Management's assessment of the best capital mix to effectively advance its assets.

RESTATED LIQUIDITY

The Company's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements. The Company has historically financed its operations primarily through the sale of share capital by way of private placements; however, in August 2019, the Company agreed to a debt arrangement with Glencore to help fund the advancement of its refinery and continue to move it towards first cash flow. The current and future activities required to advance the refinery are expected to be funded primarily through debt arrangements.

On February 5, 2020, the Company completed a private placement for \$2.1 million to improve its liquidity position and on August 28, 2020 the Company completed another private placement which included \$1.3 million of proceeds on a flow-through basis and \$1.2 million of proceeds on a non-flow-through basis. With the proceeds from these financings the Company has sufficient funds on hand to continue operations for the next 12 months. However, in Q4 2021 the Company would require additional funding to continue its operations and conduct any other exploration activities. The Company has historically been successful in financing activities; however, there can be no assurances that the Company will be able to obtain financing. This represents a material uncertainty that casts doubt on the Company's ability to continue as a going concern.

At March 31, 2020, the Company had cash of \$4,636,641 (December 31, 2019 - \$4,419,642) and working capital of \$5,520,032 (December 31, 2019 – \$4,840,086).

To maintain liquidity, the Company issued common shares for cash proceeds during the three months ended March 31, 2020 as follows:

- On February 5, 2020, the Company completed a non-brokered private placement by issuing 15,097,430 Units for gross proceeds of \$2.1 million. Each Unit consists of one common share in the share capital of the Company and one common share purchase warrant (a "Warrant"). Each warrant entitles the holder thereof to purchase one additional common share at a price of \$0.21 for a period of two years. The Warrants are subject to an acceleration clause such that, if the closing price of the common shares of the Company is equal to or greater than \$0.37 per share for a period of 10 consecutive trading days, the Company shall have the option, but not the obligation, to effect an accelerate expiration date that shall be 20 calendar days from the issuance of a notice of acceleration.

The Company took significant steps in 2019 to reduce its ongoing expenditure burn rate. While discretionary spending is minimal, the Company expects the impact of COVID-19 to result in further reductions in investor relations and travel expenditures.

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(expressed in Canadian Dollars)	Three months ended		Three months ended	
	March 31, 2020		March 31, 2019	
Cash Flows used in operating activities	\$	(1,847,433)	\$	(2,566,130)
Cash Flows provided by (used in) investing activities		-		(307,256)
Cash Flows provided by financing activities		2,068,573		1,288,840
Effect of exchange rates on cash		(4,141)		55,244
Changes in cash during the period		216,999		(1,529,302)
Cash – Beginning of the period		4,419,642		3,262,121
Cash – End of the period	\$	4,636,641	\$	1,732,819

Cash used in operating activities was \$1,847,433 during the three months ended March 31, 2020, compared to \$2,566,130 used in operating activities during the three months ended March 31, 2019. The decrease in cash used in operating activities was driven primarily by the reduction in exploration activities, investor relations, legal fees, and personnel costs. The majority of the operating cash outflow related to advancing the refinery feasibility studies.

Cash used in investing activities was \$Nil during the three months ended March 31, 2020 compared to \$307,256 used in investing activities during the three months ended March 31, 2019. The 2019 outflow was related to an option payment on Keeley-Frontier and the purchase of additional surface rights at Iron Creek.

Cash flows from financing activities were \$2,068,573 during the three months ended March 31, 2020 relating to the proceeds from the Company's February 2020 private placement. Compared to \$1,288,840 for the three months ended March 31, 2019 relating to proceeds from the Company's March 2019 private placement.

The development of the Company in the future will depend on the Company's ability to complete additional financings. In the past, the Company has relied on the issuance of equity securities to meet its cash requirements and has now completed a debt arrangement to fund refinery activities. Assuming that the Company's refinery work is successful, there is also near term cash flow potential from recommissioning the First Cobalt Refinery, otherwise, funding for potential future obligations, in excess of funds on hand, will depend on the Company's ability to obtain financing through debt and equity financing, joint venture transactions for the Company's extensive land holdings, or other means. There can be no assurances that the Company will be successful with its refinery strategy or in completing any such financing or in joint venturing its property; failure to obtain additional capital could result in the delay or indefinite postponement of further advancement of the Company's assets.

COMMITMENTS

The ongoing expenditure required to maintain the Company's key assets is minimal and summarized below:

- For the First Cobalt Refinery, on an annual basis there are activities required for the proper maintenance of the tailings management facility – including two discharges, an inspection of the tailings dam and an annual report. There are also property taxes paid for the property. The total cost for these activities is approximately \$50,000-\$75,000 on an annual basis.
- At Iron Creek, current annual requirements are limited to tax payments and are less than \$50,000 per year.

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- For the Cobalt Camp, there is no exploration spending requirement in 2020 given the large expenditure in the 2018 year. Taxes on the various properties are less than \$10,000 annually and this is the only cash requirement in 2020 and the following few years.

There are minimum spend requirements to maintain the rights to various mineral claims in Ontario; however, spending above these levels in any given year can be "banked" and used in future years and it can be spread across various commonly controlled properties. First Cobalt has determined the annual cost to be between \$300,000 and \$400,000 across all properties in the Cobalt Camp. Given spending of \$7.6 million in 2018, the Company has banked significant assessment credits and no exploration activity is required in 2020 to maintain its claims.

Outside of the routine asset maintenance noted above, the Company now must comply with a mutually agreed work and spending schedule relating to the advancement of the refinery. This can be amended from time to time between the Company and Glencore. In connection with the current refinery work plan, the Company has signed contracts with numerous vendors, including Ausenco Engineering Canada, SGS Canada, and Story Environmental, though if work is halted for any reason there are no locked in contractual minimums that would be required to be paid. All contracts are on a time and materials basis.

The Company has recorded a provision for environmental remediation, reclamation and decommissioning for its Ontario assets. For the refinery, a liability of \$926,321 has been recorded, linked to a currently filed closure plan. In relation to the refinery closure plan, an amount of \$918,732 is on deposit with the Ministry of Energy, Northern Development, and Mines as financial assurance.

For the Cobalt Camp exploration properties, the Company is responsible for rehabilitating disturbances and features on its patented land, and not on mineral claims. The majority of the properties controlled by the Company in the Cobalt Camp are mineral claims. A liability of \$1,811,000 has been recorded for the associated rehabilitation work, reflecting the Company's best estimate. The known features that comprise this estimate will be progressively rehabilitated to reduce the liability over time.

On August 26, 2019 The Company completed a US\$5 million loan arrangement with Glencore which has now committed the Company to future repayment. The interest rate is variable at LIBOR + 5%. In November 2020, the Company announced a one-year extension of the loan maturity date to August 23, 2022. The table below reflects the current estimate of cash outflows for interest and principal payments under the loan in Canadian dollars, taking into account the maturity date extension.

The Company holds the option to pay the interest on the loan in-kind, by accruing it to the principal and paying it upon maturity. Glencore has the option to convert the full balance owing at maturity to common shares of the Company at a 15% discount to the Company's 10-day volume weighted average trading price, subject to a floor price of \$0.13. As each of these items is dependent on the exercise of a future right or option, they have not been reflected in the commitments table below.

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	Interest	Principal	Total Debt Commitments
2020	\$93,484	\$-	\$93,484
2021	370,887	-	370,887
Thereafter	237,774	7,086,267	7,324,041
Total	\$ 702,145	\$ 7,086,267	\$ 7,788,412

RELATED PARTY TRANSACTIONS

The Company's related parties include key management personnel and companies related by way of directors or shareholders in common.

Key Management Personnel Compensation

During the three months ended March 31, 2020 and March 31, 2019, the Company paid and/or accrued the following fees to management personnel and directors:

	March 31, 2020	March 31, 2019
Management	\$ 295,867	\$262,027
Directors	48,744	94,109
	\$ 344,611	\$ 356,136

During the three months March 31, 2020 the Company had share-based payments made to management and directors of \$114,829 (March 31, 2019 - \$511,819). As at March 31, 2020, the Company had \$Nil payable to directors/management (December 31, 2019 - \$61,468).

OFF BALANCE SHEET ARRANGEMENTS

The Company currently has no off balance sheet arrangements.

RESTATED SUBSEQUENT EVENTS

Subsequent to March 31, 2020:

- (a) On May 4, 2020, the Company announced positive engineering study results for the First Cobalt Refinery expansion. The feasibility study demonstrated that the Refinery could become a viable, globally competitive players in the North American and European electric vehicle (EV) supply chain.
- (b) On July 10, 2020, the Company issued 1,114,643 DSUs, 1,050,000 RSUs, and 2,200,000 options to Directors and employees of the Company under its 2019 Long-Term Incentive Plan. The options are exercisable at a price of \$0.14 per share for a period of five years. Compensation for senior management was significantly

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reduced in 2019 due to challenging market conditions and long-term incentive grants are a key retention and incentive tool for key employees.

- (c) On August 6, 2020, the Company announced that it is undertaking a review of its silver assets in Ontario, Canada with a view towards value creation for shareholders. Given the greatly improved silver market and inquiries received about its silver assets, management is reviewing all opportunities to create value from these non-core portfolio holdings including potential spin outs, divestitures, or joint ventures.
- (d) On August 26, 2020, the Company issued 250,000 RSUs and 500,000 options under its 2019 Long-Term Incentive Plan in connection with the appointment of a new Vice President, Project Development. The options are exercisable at a price of \$0.145 per share for a period of five years and vest over a two-year period.
- (e) On August 28, 2020, the Company completed a non-brokered private placement for total proceeds of \$2.5 million. The offering consists of (i) an aggregate of 8,225,000 units of the Company ("Flow-Through Units") at a price of \$0.16 per Flow-Through Unit for gross proceeds of approximately \$1.3 million (the "FT Offering") and (ii) an aggregate of 8,528,643 units (the "Units") of the Company at a price of \$0.14 per Unit for gross proceeds of approximately \$1.2 million. Each Flow-Through Unit consists of one common share of the Company qualifying as a 'flow-through share' (a "Flow-Through Share") and one-half of one common share purchase warrant (each whole common share purchase warrant a "Warrant"). Each Unit consists of one common share of the Company (a "Common Share") and one Warrant. Each full Warrant will entitle the holder thereof to purchase one Common Share of the Company at a price of \$0.21 per Common Share, for a period of 24 months following the Closing Date. All proceeds from the sale of the Flow-Through Units will be used to incur eligible Canadian Exploration Expenses as defined in the *Income Tax Act* (Canada) related to the Company's projects in Ontario, Canada. A further 852,750 warrants were issued as finders' fees associated with the private placement.
- (f) On September 24, 2020, the Company announced an update to its engineering study, which estimated a 13% reduction in operating costs.
- (g) On November 10, 2020, the Company announced an extension in the maturity date on the US\$5 million loan with Glencore by one year to August 2022 to better align with expected refinery commissioning timelines.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels.

The hierarchy is as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

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The fair value of cash approximates the carrying value due to the short-term maturity. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

As at March 31, 2020, the Company had an embedded derivative liability relating to the conversion option included in its debt agreement with Glencore. This is a Level 2 fair value measurement, as the fair value is impacted by both the foreign exchange rate between the Canadian dollar and the US dollar and the risk free interest rate for the time period between the balance sheet date and the date at which Glencore can choose to exercise the conversion option. The conversion option provides Glencore with the ability to elect to have the balance owing under the debt agreement settled by shares of the Company at a 15% discount to the 10-trading day volume weighted average trading price of the Company's shares on the TSXV, subject to a floor price of \$0.13 per share. Upon execution of the loan agreement in August 2019, the fair value of this embedded derivative was recorded as a financial derivative liability with the residual loan balance, net of transaction costs, recorded as long-term debt under an amortized cost basis. As at March 31, 2020 the fair value of this embedded conversion derivative is \$275,347.

Financial Risk Factors

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash. The Company is expected to be able to satisfy obligations in the near term with its cash balances and proceeds from future equity financings.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

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. The Company's debt with Glencore bear interest at a rate of LIBOR + 5% and thus is a floating rate instrument. Therefore, changes in the market LIBOR interest rate will impact the cash flows ultimately required to settle interest payment obligations under the debt agreement.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency, Canadian Dollars. The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, prepayments, accrued liabilities, and its long-term debts that are denominated in US Dollars. The Company has not used derivative

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instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

BUSINESS RISKS AND UNCERTAINTIES

There are many risk factors facing companies involved in the mineral exploration industry. Risk Management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all the risks inherent to the industry, the Company strives to manage these risks, to the greatest extent possible. The following risks are most applicable to the Company.

Financing

Historically, the Company has raised funds through equity financing to fund its operations. The market price of natural resources, specifically cobalt prices, is highly speculative and volatile. Instability in prices may affect the interest in resource properties and the development of and production from such properties. This may adversely affect the Company's ability to raise capital to fund corporate activities as well as acquire and explore resource properties.

Technical Capabilities of the Refinery

The Company's strategic priority is the advancement of the First Cobalt Refinery, with significant engineering studies and metallurgical testing conducted to date. There is no assurance that the final refining process will have the capabilities to produce specific end products. The Company will manage this risk through contracting technical experts on metallurgy and engineering to support refinery process decisions.

Ability to meet Debt Service Obligations

With the loan agreement with Glencore, the Company has secured debt for the first time and has certain repayment obligations. The Company expects for this debt to roll into a larger financing facility to construct an expanded refinery and for the debt to be serviced and repaid through cash flows generated from refinery operations. In the event the refinery is not constructed or sufficient cash flow from operations is not generated, there is a risk that the Company may not have sufficient available capital to meet its debt obligations in which case the assets pledged may be transferred to the lender.

Global Pandemic

The ability for the Company to source financing, equipment and construction and operation personnel for its refinery may be impacted by the COVID-19 global pandemic. The ultimate impacts of the current pandemic are not known but could have significant impacts on the Company's ability to attract financing and advance its assets.

Industry and Mineral Exploration Risk

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's exploration efforts will be successful. At present, the Company's projects do not contain any proven or probable reserves. Success in establishing reserves is a result of a number of factors, including the quality of the project itself. Substantial expenditures are required to establish reserves or resources through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves. The Company may be subject to risks, which could not reasonably be predicted in advance. Events such as labour disputes, natural disasters or estimation errors are prime examples of

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industry related risks. The Company attempts to balance this risk through ongoing risk assessments conducted by its technical team.

Commodity Prices

The Company is in the business of mineral exploration and as such, its prospects are largely dependent on movements in the price of various minerals. Prices fluctuate on a daily basis and are affected by a number of factors well beyond the control of the Company. The mineral exploration industry in general is a competitive market and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist. Due to the current grassroots nature of its operations, the Company has not entered into any price hedging programs.

Environmental

Exploration projects or operations are subject to the environmental laws and applicable regulations of the jurisdiction in which the Company operates. Environmental standards continue to evolve and the trend is to a longer, more complete and rigid process. The Company reviews environmental matters on an ongoing basis. If and when appropriate, the Company will make appropriate provisions in its financial statements for any potential environmental liability.

Title of Assets

Although the Company conducts title reviews in accordance with industry practice prior to any purchase of resource assets, such reviews do not guarantee that an unforeseen defect in the chain on title will not arise and defeat our title to the purchased assets. If such a defect were to occur, our entitlement to the production from such purchased assets could be jeopardized.

Competition

The Company engages in the highly competitive resource exploration industry. The Company competes directly and indirectly with major and independent resource companies in its exploration for and development of desirable resource properties. Many companies and individuals are engaged in this business, and the industry is not dominated by any single competitor or a small number of competitors. Many of such competitors have substantially greater financial, technical, sales, marketing and other resources, as well as greater historical market acceptance than does the Company. The Company will compete with numerous industry participants for the acquisition of land and rights to prospects, and for the equipment and labour required to operate and develop such prospects. Competition could materially and adversely affect the Company's business, operating results and financial condition. Such competitive disadvantages could adversely affect the Company's ability to participate in projects with favorable rates of return.

Additional information on risks and uncertainties relating to First Cobalt's business is provided in First Cobalt's Amended and Restated Annual Information Form dated December 17, 2018 under the heading "Risk Factors".

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ significantly from these estimates.

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Areas requiring a significant degree of judgment relate to the recoverability and measurement of deferred tax assets and liabilities, the ability to continue as a going concern and the capitalization of development costs. Actual results may differ from those estimates and judgments.

Areas requiring a significant degree of judgement that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

- *Exploration and Evaluation Assets*
The net carrying value of each mineral property is reviewed regularly for conditions that suggest potential indications impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future.
- *Going Concern*
The assessment of the Company's ability to continue as a going concern involves critical judgement based on historical experience and expectations of the Company's ability to generate adequate financing. Significant judgements are used in the Company's assessment of its ability to continue as a going concern.
- *Loan Payable & Financial Derivative Liability*
Loan Payable & Financial Derivative Liability values involve significant judgment. The company estimates loan payable at inception and is carried at amortized cost, whereas FV of financial derivative liability is reviewed and adjusted on a on a quarterly basis. Factors considered in the amortized cost of the loan payable, and the fair value of the financial derivative liability are risk free rate, share price volatility, LIBOR, effective interest, and foreign exchange fluctuations.
- *Income taxes*
Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward.

The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgement and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company will benefit from these prior losses and other deferred tax assets. Change in economic conditions, metal prices and other factors could result in revision to the estimates of the benefits to be realized or the timing of utilizing the losses.
- *Environmental rehabilitation*
Management's determination of the Company's decommissioning and rehabilitation provision is based on the reclamation and closure activities it anticipates as being required, the additional contingent mitigation measures it identifies as potentially being required and its assessment of the likelihood of such contingent measures being required, and its estimate of the probable costs and timing of such activities and measures. Significant judgements must be made when determining such reclamation and closure activities and measures required and potentially required.
- *Valuation of Share-Based Payments*

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The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including the share price, expected share price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's net loss and equity reserves.

- **Valuation of Mineral Properties**

In cases where an impairment indicator is present, the fair value of mineral properties will need be estimated to compare to the book value of the assets. Given the Company's properties are mainly focused on cobalt, which is a specialty metal and not as common as other precious metals or base metals, there is limited information and data availability for use in this estimation process. Significant judgement is required in evaluating appropriate comparable mineral properties and determining the ultimate valuation methodology.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are summarized in Note 3 to the amended and restated audited consolidated financial statements for the years ended December 31, 2019 and 2018.

FUTURE CHANGES IN ACCOUNTING POLICIES

There are no new standards issued by the International Accounting Standards Board ("IASB") that were not effective at December 31, 2019 that are expected to have an impact on the Company.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The President and Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There was no change in the Company's internal controls over financial reporting that occurred during the three months ended March 31, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company's President and Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures that as of March 31, 2020, the Company's disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company are appropriately designed.

Limitations of Controls and Procedures

The Company's management, including the President and Chief Executive Officer and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may be deemed "forward-looking statements", including statements regarding developments in the Company's operations in future periods, adequacy of financial resources and future plans and objectives of Company. All statements in this document, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding the advancement of the refinery, future exploration programs, liquidity and effects of accounting policy changes.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, successful outcome of the work in support of the recommissioning of the Refinery, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Readers are cautioned not to place undue reliance on this forward-looking information.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that Management's beliefs, estimates, opinions or other factors should change except as required by law.

These statements are based on a number of assumptions including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the work programs described herein, the ability of the Company and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Company's proposed work programs on its assets on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.