



**CANADA  
SILVER  
COBALT**

---

**CANADA SILVER COBALT WORKS INC.**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**For the Three Months Ended March 31, 2022**

**(Expressed in Canadian Dollars)**

**Dated: May 30, 2022**

**DATE: May 30, 2022**

The following Management's Discussion and Analysis ("MD&A") is a review of the operations, current financial position and outlook of Canada Silver Cobalt Works Inc. ("Canada Silver Cobalt" or the "Company"), and it has been prepared by management and should be read in conjunction with the financial statements of Canada Silver Cobalt for the three months ended March 31, 2022 and the Company's annual consolidated financial statements for the year ended December 31, 2021 and the related notes thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). The discussion covers the three months ended March 31, 2022 and up to the date of filing of this MD&A. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information. See "Forward-Looking Information" and "Risks and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to such information.

For further information on the Company reference should be made to the Company's public filings which are available on SEDAR website ([www.sedar.com](http://www.sedar.com)).

### **FORWARD-LOOKING INFORMATION**

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the annual MD&A, additional important factors, if any, are identified here.

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of Canada Silver Cobalt to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Canada Silver Cobalt to fund the capital and operating expenses necessary to achieve the business objectives of Canada Silver Cobalt, the uncertainty associated with

commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by Canada Silver Cobalt. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of Canada Silver Cobalt should not place undue reliance on these forward-looking statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

## **DESCRIPTION OF BUSINESS**

Canada Silver Cobalt Works Inc. ("Canada Silver Cobalt" or the "Company") was incorporated on April 29, 2005 pursuant to the Canada Business Corporations Act under the name Naples Capital Corp. On November 19, 2007, the Company amended its articles to change its name to Takara Resources Inc., on November 28, 2016 the Company amended its name to Castle Silver Resources Inc. and on February 23, 2018, the Company changed its name to Canada Silver Cobalt Works Inc., and on May 8, 2020 the Company changed its name to Canada Silver Cobalt Works Inc. The address of the Company's head office is 3028 Quadra Court, Coquitlam, BC V6B 5X6. Canada Silver Cobalt's principal business activities are the acquisition, evaluation, exploration and development of mineral properties. To date, the Company has not realized any revenues from its properties.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and evaluation activities, and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, government licensing requirements or regulations, social licensing requirements, noncompliance with regulatory and environmental requirements or aboriginal land claims.

Canada Silver Cobalt Works Inc. is a junior natural resource company whose business is to seek out exploration opportunities with a focus on the Castle Silver Mine property in Haultain and Nicol Townships, Ontario. Operations are conducted either directly or through consulting agreements with third-parties. The Company finances its properties by way of equity or debt financing or by way of joint ventures. Additional information is provided in the Company's audited consolidated financial statements for the year ended December 31, 2021. This document is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company also maintains a website at [www.canadasilvercobaltworks.com](http://www.canadasilvercobaltworks.com).

The Company is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario, and trades on the TSX Venture Exchange ("TSXV") under the symbol CCW.

The corporate office of the Company is located at 3028 Quadra Court, Coquitlam, BC, V3B 5X6

## **GOING CONCERN**

As at March 31, 2022, the Company had not yet achieved profitable operations, had a working capital deficiency of \$221,799 (December 31, 2021: working capital of \$1,773,846). For the period ended March 31, 2022 the Company incurred a net loss of \$1,583,128 (three months ended March 31, 2021: \$3,757,659), had cash outflow from operations of \$3,381,225 (three months ended March 31, 2021: \$3,292,380), had accumulated losses of \$66,407,352 (three months ended March 31, 2021: \$52,168,569) and expects to incur future losses in the development of its business. These items represent material uncertainties which cast significant doubt about the ability of the Company to continue as a going concern. The Company is in the process of exploring its properties and has not yet determined whether these properties contain economically recoverable reserves. The continued operations of the Company are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the financing to complete the necessary exploration and development of such property and upon attaining future profitable production or proceeds from disposition of the properties. Management is actively pursuing additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

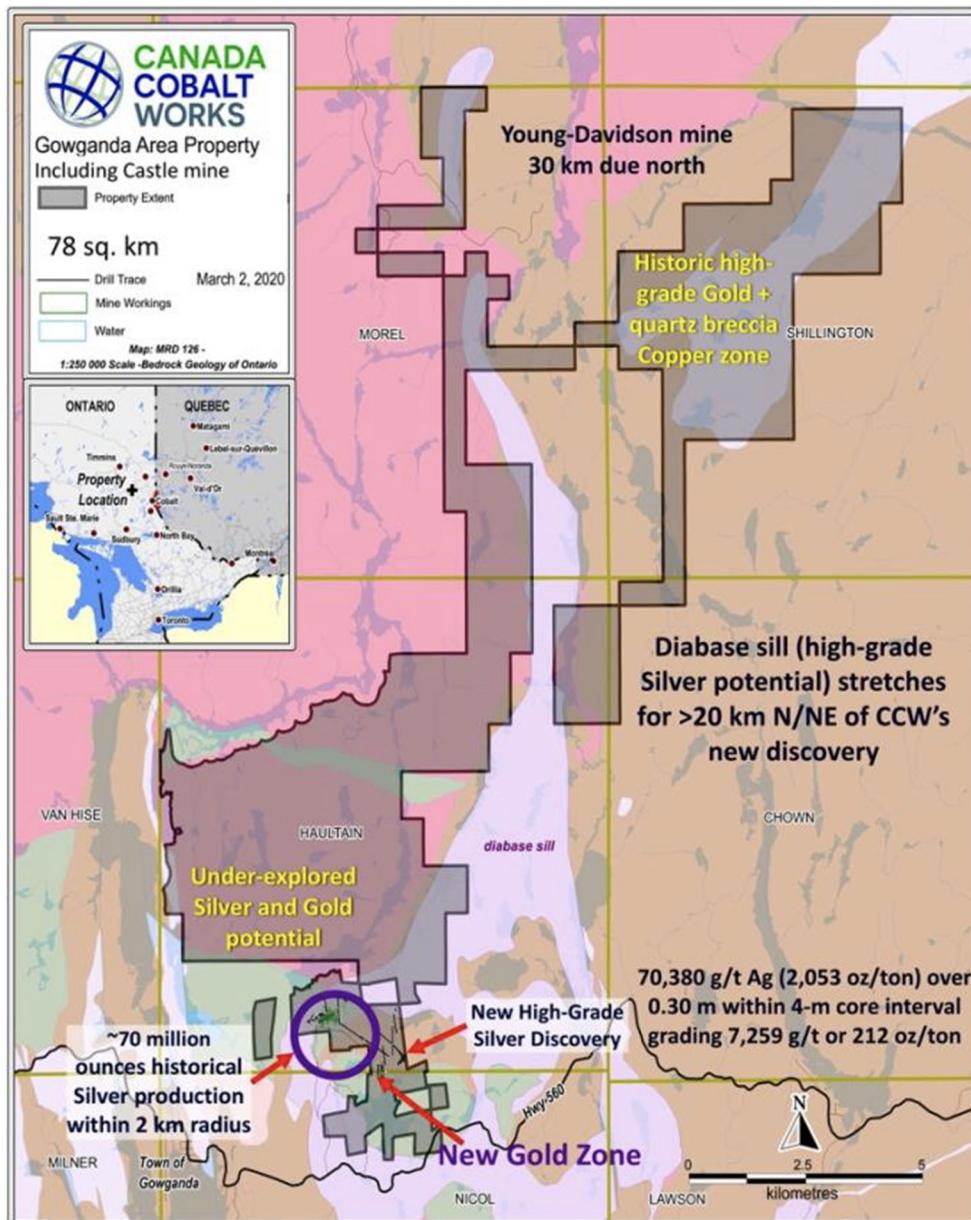
The Company's condensed interim consolidated financial statements have been prepared on a going concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Since January 1, 2020, the outbreak of the novel coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company, or on its ability to raise capital to fund exploration and operations, in future periods. While the Company has not been significantly impacted by the COVID-19 outbreak, it is not possible to reliably estimate the ongoing effect on the Company.

## EXPLORATION AND EVALUATION PROPERTIES.

### Castle Silver Mine Property

Canada Silver Cobalt Works Inc. retains a 100% interest in Castle Silver Mine Property consisting of 34 Mining Leases and 2 Mining Licenses of Occupation located in the Haultain and Nicol Townships of Ontario covering a total of 564.41 hectares. The Company has an additional 644 cells totaling approximately 12,900 hectares. Approximately 4,200 additional hectares were acquired in a property purchase in May 2019 from a local prospector and another approximately 880 hectares were acquired by staking for contiguity – all within approximately 20km of our core holdings. A further 200 claims were acquired by staking in late 2020 east of Sudbury near the River Valley area. The total land holdings, encompassing cells, mining leases and licenses of occupation, now amounts to 13,445 hectares (or nearly 134 km<sup>2</sup>).



### **Castle East:**

Late in 2014, a small trenching program was initiated to follow up on significant results based on a boulder train of rusty, highly altered, angular boulders with 3-5% sulphides and substantial quartz veining originally identified in late 2012 while prospecting. Assay results included grab samples in one trench of up to 0.37 g/t Au and another of 0.26 g/t Au with 1.032% Cu. The area along strike of this mineral occurrence was named Golden Corridor.

Further results from the late 2014 trenching include channel sample assays in trench D3 grading 2.24 g/t Au over 2.20 metres including one sample of 3.77 g/t Au over 1.27 metres. In trench D1, channel sampling grading 0.77 g/t Au over 3.98 metres including a sample of 1.25 g/t over 0.83 metres (Press Release April 2, 2015).

As follow-up, an IP survey was completed at the end of January 2017 covering approximately 15 line-kilometres aimed at identifying IP anomalies typical of gold and silver mineralization. The IP survey tested for chargeability (highs caused by pyrite, coincident with resistivity lows (caused by alteration) which are commonly associated with gold ore. Such mineralization and alteration with gold and copper mineralization were encountered in surface trenching and sampling. The IP tested also for high chargeability-low resistivity anomalies associated with silver-cobalt vein deposits.

Based on the IP survey and historic documentation, a series of diamond drill holes were planned to test several different hypotheses. Historically, in the Gowganda area, most of the historic production came from the upper third of the mafic intrusive body known regionally as the Nipissing Diabase. However, regionally, from Gowganda to South Lorrain, south of Cobalt, an estimated 75% of silver production has come from outside this horizon – including in Huronian and Archean rocks both above and below the Nipissing Diabase. The drill program was planned to test these other horizons.

The 2018 drill program consisted of a total of 3175 metres in 7 holes plus 1 wedge hole. After hole CS-1815 and CS-1816 intersected significant alteration (green carbonate, silica, fuchsite and sericite) and faulting associated with quartz-veining and pyrite mineralization a wedge hole was drilled to intersect the same fault and a further 3 holes drilled parallel to and as step-out holes. This zone is also encouraging as it may represent a zone of weakness that continues to the Archean rocks below the Nipissing diabase which would be a prospective zone for classic silver-cobalt veining. Holes CS-1815, CS-1816 and CS-1816W all intersected wide widths of anomalous nickel-copper mineralization. Hole CS-1919, itself a gold-focused hole, was stepped-out west of CS-1816W which cut three separate intervals of gold mineralization including 5.5 g/t over 0.37 meters, 1.59 g/t over 1.32 meters within 6.15 meters grading 0.56 g/t, and 1.35 g/t over 1.27 meters within 2.12 meters grading 0.92 g/t (core lengths). CS-1919 intersected a 12.5 metre length of 1.5 g/t gold including a 4.0 metre length of 4.3 g/t gold within an overall length of 30-metre mineralized zone grading 0.70 g/t gold at a vertical depth of approximately 240 metres. Within this zone was a 1-metre interval grading 15.2 g/t gold. The above intervals are all core lengths values.

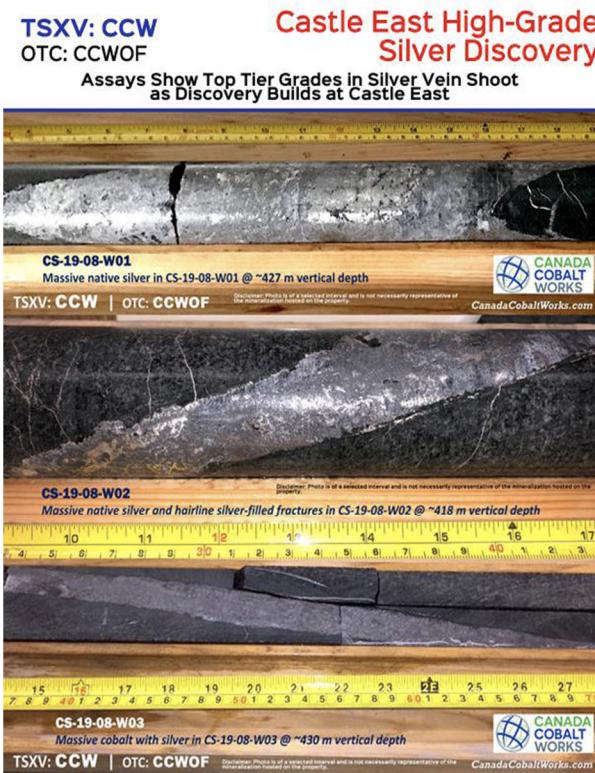
Based on recent drilling and prospecting, gold-bearing quartz-carbonate veins at Castle East are now known to extend for several hundred metres East-West and 200 metres North-South and from surface to depths of over 250 metres.

In 2011, the Company drilled 12 holes totaling 6842 metres. Hole CA-1108 intersected high-grade silver grading 6,476 grams/ton (189 ounces per ton) silver over 3.09 metres at 563.54 metres down hole including 40,944 grams/tonne (1,194 ounces/ton) silver over 0.45 metres at 564.34 metres down hole (Gold Bullion Development Corp. news release August 25, 2011). True width of vein estimated at approximately 7 cm.

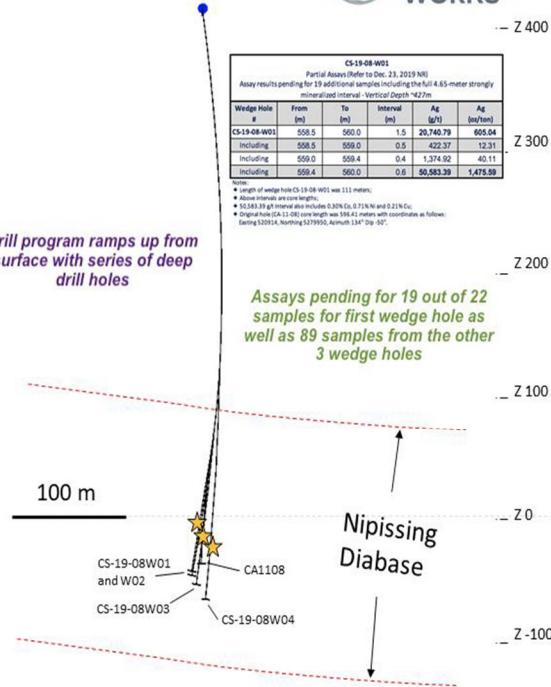
Follow-up on the newly named Robinson Zone in 2019 began with employing a downhole camera to determine the orientation of the high-grade silver vein in hole CA-1108 at an approximate vertical depth of 420 metres. The team was successfully able to view, identify and film the hole in the vicinity of the vein. This work allowed more accurate plotting of 4 wedge holes for additional pierce points on the vein.

CS-19-08W1 not only confirmed the discovery of a classic Northern Ontario Silver-Cobalt District-style vein shoot in this heavily under-explored part of the Nipissing diabase, but this first wedge hole has cut into an even richer and much wider part of the vein 10 meters above and west of the original discovery intercept (CA-11-08). Grades returned **50,583.29 g/t silver (1,476 oz/ton)**, 0.30% cobalt, 0.71% nickel and 0.21% copper over 0.60 meters representing a 20 cm true width - almost 3 times wider than the original intersection of the apparently same vein in CA-1108 just 10 metres away (Canada Silver Cobalt Works news release December 23, 2019). With the assays contiguous to the vein sample, an overall grade of 20,741 g/t (605 oz/ton) over 1.5 metres of core length. These grades are within the norm of high-grade silver veins mined historically in the Gowganda Camp.

CA-1908W2 returned **70,380 g/t silver (2,053 oz/ton)** over 0.30 metres within a broader zone of 1.4 metres grading **20,136 g/t (587 oz/ton)** and 4 metres (core length) of **7,259 g/t (212 oz/ton)**. The very high-grade intersection in CA-19-08-02 is approximately 8 metres west of the mineralized zone intersected by the first wedge hole (430 metres vertical depth) and 17 metres west of the original discovery intercept in hole CA-11-08 (Canada Silver Cobalt Works press release January 10, 2020). These are truly exceptional grades from the first two holes and it must be noted that they represent vein intersections that typically do not occur in isolation in this kind of geological setting.



Dec. 23, 2019 CANADA COBALT WORKS



As drilling continued from surface to, ideally, intersect the known silver vein at a high angle, native silver was observed in drill core at shallower depths, near the upper contact of the Nipissing Diabase with Archean volcanics as much as 100 metres vertically above and northwest of the high-grade intersections. Significantly, a second silver vein was intersected in hole CS-19-08W02 at a vertical distance of 95m below the and northeast of the previously defined vein. This provides a significant 200-metre minimum envelope of vertical potential for silver mineralization (Canada Silver Cobalt Works press release of January 27, 2020). Assays have not yet been released for this latest vein intersection.

Based on reliable historical reports and internal data, management believes Castle East may represent the most significant new grassroots, high-grade silver discovery in the Gowganda Camp - and the broader Northern Ontario Silver-Cobalt District - in at least 40 years, since Agnico Eagle put the Castle mine back into production in 1979 for a decade – financed,

primarily, through a new vein discovery at what is currently Shaft #3 owned 100% by Canada Silver Cobalt.

In May 2020, (Company press release, May 28, 2020) the Company released the first-ever resource estimate from the Cobalt Camp. Given the nature of the veins in the Camp, companies historically went underground once significant silver grades were identified from surface and then drifted on the veins to identify minable ore shoots. Exploration drilling was used to identify structures and veins. Ore was defined from drifting on those veins which generally led to the discovery of additional veins.

The mineral resource estimate used the four wedge holes and the four holes drilled from surface (CS-19-08W1 to W4; CS-19-20, CS-19-21; CS-20-22 and CS-20-23) and one historical drill hole (CA1108).

This resource estimate was independently prepared by GoldMinds Geoservices Inc. in accordance with National Instrument 43-101 ("NI 43-101") and is dated May 28, 2020.

**Notably, Zones 1A and 1B have an average silver grade of 8,582 g/t (250.2 oz/ton) in a combined 27,400 tonnes of material for a total of 7,560,200 Inferred ounces using a cut-off grade of 258 g/t AgEq (mineral resources which are not mineral Reserves do not have demonstrated economic viability).**

#### Mineral Resource Estimate at Castle East Using a Cut-Off Grade of 258 AgEq g/t

| Inferred Mineral Resources              | Ag g/t       | Co g/t       | Cu g/t     | Ni g/t     | Pb g/t    | Zn g/t    | AgEq g/t     | Tonnes        | Ag Oz.           | AgEq Oz.         |
|---|--------------|--------------|------------|------------|-----------|-----------|--------------|---------------|------------------|------------------|
| Zone 1A                                 | 7,960        | 946          | 349        | 790        | 16        | 12        | 8,042        | 8,100         | 2,073,000        | 2,094,200        |
| Zone 1B                                 | 8,843        | 2,308        | 325        | 336        | 30        | 52        | 8,998        | 19,300        | 5,487,200        | 5,583,200        |
| Zone 2A                                 | 38           | 5,673        | 2,101      | 453        | 118       | 108       | 426          | 5,500         | 6,800            | 75,300           |
| <b>Total Inferred Mineral Resources</b> | <b>7,149</b> | <b>2,537</b> | <b>628</b> | <b>467</b> | <b>41</b> | <b>52</b> | <b>7,325</b> | <b>32,900</b> | <b>7,567,000</b> | <b>7,752,700</b> |

#### Notes:

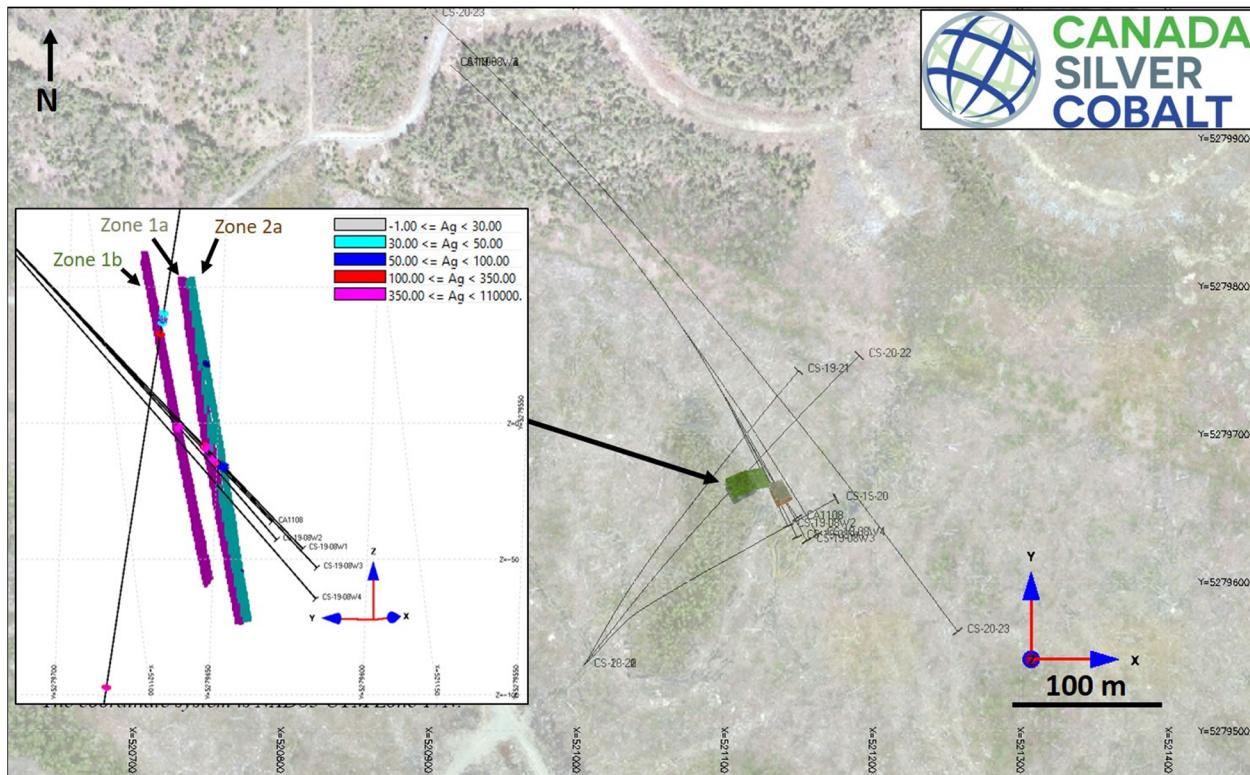
1. Mineral resources which are not mineral Reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, market or other relevant issues. The quantity and grade of reported Inferred resources are uncertain in nature and there has not been sufficient work to define these Inferred resources as Indicated or Measured resources;
2. The database used for this mineral estimate includes drill results obtained from historical (2011 one hole) to the recent 2019 drill program and wedges from the 2011 diamond drill hole;
3. Mineral resources are reported with mineable shape cut-off grade equivalent to \$125 USD (258 g/t AgEq) including mining, shipping and smelting cost with recovery of 95%. The high-grade value of the mineral resources may potentially allow for direct shipping. The assay results are not capped as they are not considered as outliers at this stage and results are reproducible;
4. The geological interpretation of the mineralized zones is based on lithology and the mineralized intervals intersected by drill holes. The use of the borehole inspection camera provided a valuable geometric characterization of the mineralized intervals;
5. The mineral resource presented here was estimated with a block size of 1mE x 1mN x 1mZ;
6. The blocks were interpolated from equal length composites of 0.5m calculated from the

mineralized intervals;

7. The minimum horizontal width of the mineralized envelopes includes dilution and is 1.3m;
8. The mineral estimation was completed using the inverse distance to the square methodology utilizing two passes. For each pass, search ellipsoids followed the geological interpretation trends were used;
9. The mineral resources have been classified under the guidelines of the *CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines* prepared by the CIM Standing Committee on Reserve Definitions in 2019 and adopted by CIM Council (2020), and procedures for classifying the reported mineral resources were undertaken within the context of the Canadian Securities Administrators NI 43-101;
10. To convert volume to tonnage a specific gravity of 3.4 tonnes per cubic metre was used. Results are presented in-situ without mining dilution;
11. This mineral resource estimate is dated May 28, 2020. Tonnages and AgEq oz in the table above are rounded to nearest hundred. Numbers may not total due to rounding;
12. The table below shows the commodity prices and the formula for AgEq calculation:

$$\text{AgEq} = \frac{\left( \text{Ag } \frac{\text{g}}{\text{t}} \times 15 \frac{\text{USD}}{\text{oz}} + \text{Co } \frac{\text{g}}{\text{t}} \times 0.03 \frac{\text{USD}}{\text{g}} + \text{Cu } \frac{\text{g}}{\text{t}} \times 0.00515 \frac{\text{USD}}{\text{g}} + \text{Ni } \frac{\text{g}}{\text{t}} \times 0.012 \frac{\text{USD}}{\text{g}} + \text{Pb } \frac{\text{g}}{\text{t}} \times 0.016 \frac{\text{USD}}{\text{g}} + \text{Zn } \frac{\text{g}}{\text{t}} \times 0.00192 \frac{\text{USD}}{\text{g}} \right)}{31.103 \frac{\text{g}}{\text{oz}}} \frac{15\text{USD}}{31.103\text{g}}$$

13. Additional details will be provided in the Technical Report.



As part of the resource estimation process, the company and GoldMinds compiled, verified and modelled all technical information available from the Castle East Project. The 3D geological models were built for sub-vertical structures. The mineralized envelopes were created using the last diamond drill holes (CS-19-08W1 to W4; CS-19-20, CS-19-21; CS-20-22 and CS-20-23) and the historical hole CA1108. A total of four mineralized envelopes were created by connecting the defined mineralized prisms on the sections with a minimum horizontal width of 1.3m. A fixed density of 3.4 t/m<sup>3</sup> was used. This density reflects the typical

mineralized interval composed mainly of diabase. The geological and mineralization wireframes were constructed using Genesis®, a modelling and mineral estimation software.

The maximum depth of the mineralized envelopes is around Z = -73 m (around 490 metres from the surface). The envelopes are extended from around 350m to 490m from the surface. A total of four block models were created. The block size (1mE × 1mN × 1mZ) has been defined to respect the geometry of the envelopes.

Search ellipsoids were used for the grade estimation and follow the geological interpretation trends. Block grades were interpolated from the composites (0.5m length) within the envelopes in two passes using the inverse distance to the square methodology and the assays results are not capped.

For the first pass, the number of composites was limited to twelve (12) with a minimum of three (3) with a maximum of two (2) composites from the same hole. For the second pass, the number of composites was limited to twelve (12) with a minimum of two (2).

A cut-off grade of \$125 USD (258 g/t AgEq) was applied for these underground mineral resources.

### **Significant Robinson Zone Drill Results – Silver/Cobalt Values**

| CCW Castle East Robinson Zone Significant Drill Intercepts (Core Intervals) |          |        |            |           |             |        |
|---|----------|--------|------------|-----------|-------------|--------|
| Hole #  | From [m] | To [m] | Length [m] | Ag [g/t]  | Ag [oz/ton] | Co [%] |
| CA1108  | 563.54   | 566.63 | 3.09       | 6,476.29  | 188.92      | 0.13   |
| <b>Including</b>  | 564.34   | 564.79 | 0.45       | 40,944.00 | 1,194.40    | 0.91   |
| CS-19-08W1  | 558.00   | 560.50 | 2.50       | 12,738.55 | 371.60      | 0.09   |
| <b>Including</b>  | 559.40   | 560.00 | 0.60       | 50,583.39 | 1,475.59    | 0.30   |
| CS-19-08W2  | 545.00   | 549.00 | 4.00       | 7,259.50  | 211.77      | 0.20   |
| <b>Including</b>  | 547.20   | 547.50 | 0.30       | 70,380.15 | 2,053.10    | 2.61   |
| CS-19-08W3  | 568.00   | 569.00 | 1.00       | 56.40     | 1.65        | 1.35   |
| CS-20-22  | 563.90   | 564.50 | 0.60       | 4,971.39  | 145.02      | 0.39   |
| <b>Including</b>  | 564.15   | 564.50 | 0.35       | 8,338.41  | 243.24      | 0.66   |
| CS-20-22  | 407.00   | 419.00 | 12.00      | 29.05     | 0.85        | 0.00   |
| <b>Including</b>  | 409.45   | 409.85 | 0.40       | 368.70    | 10.76       | 0.01   |

- Notes:**
- True widths are estimated to be 50% to 70% of the reported downhole intercepts;
  - CS-20-22 interval at 563.90 m to 564.50 m was not used in the Inferred resource calculation.

**The price used for the calculation of AgEq**

| <b>Element</b> | <b>Ag<br/>[oz]</b> | <b>Co<br/>[ton]</b> | <b>Cu<br/>[ton]</b> | <b>Ni<br/>[ton]</b> | <b>Pb<br/>[ton]</b> | <b>Zn<br/>[ton]</b> |
|----------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>USD</b>     | \$15               | \$30,000            | \$5,150             | \$12,327            | \$1,650             | \$1,925             |

**Drill Hole Coordinates Table**

| <b>Hole Name</b>  | <b>Easting</b> | <b>Northing</b> | <b>Elevation</b> | <b>Azimuth</b> | <b>Dip</b> | <b>Start Depth</b> | <b>End Depth</b> | <b>Length</b> |
|-------------------|----------------|-----------------|------------------|----------------|------------|--------------------|------------------|---------------|
| <b>CS-19-08W1</b> | 520914         | 5279950         | 415              | 134            | -50        | 495.03             | 611.00           | 115.97        |
| <b>CS-19-08W2</b> | 520914         | 5279950         | 415              | 134            | -50        | 444.30             | 602.00           | 157.70        |
| <b>CS-19-08W3</b> | 520914         | 5279950         | 415              | 134            | -50        | 425.00             | 620.00           | 195.00        |
| <b>CS-19-08W4</b> | 520914         | 5279950         | 415              | 134            | -50        | 371.40             | 629.00           | 257.60        |
| <b>CS-19-20</b>   | 521004         | 5279544         | 415              | 43             | -70        | 0.00               | 701.00           | 701.00        |
| <b>CS-19-21</b>   | 521004         | 5279544         | 415              | 30             | -70        | 0.00               | 755.00           | 755.00        |
| <b>CS-20-22</b>   | 521004         | 5279544         | 415              | 36.8           | -67        | 0.00               | 695.00           | 695.00        |
| <b>CS-20-23</b>   | 520902         | 5279983.93      | 415              | 133.1          | -51.3      | 0.00               | 884.00           | 884.00        |

Following the release of the maiden Resource Estimate, the company announced it will be continuing the drill program of 50,000 metres and has launched the permitting process under Ontario's Advanced Exploration Permit structure. The process includes environmental baseline studies for air and water permits in addition to a closure plan for the Castle East project. The Company is following the example of earlier, successful exploration in the district by ramping down to access these pods of extremely high-grade material while simultaneously creating underground exploration platforms to more efficiently follow vein structures. This will also provide the ability to continue to explore and evaluate the gold mineralization identified with our 2018 drill program only a few hundred metres to the west. The company is continually re-assessing and trying new tools to find the most effective package at identifying concentrations of high-grade silver mineralization.

The deposit model and history of the Gowganda Camp, and the broader Northern Ontario Silver-Cobalt District which officially produced nearly half a billion ounces of silver last century, show that unusually rich, narrow vein shoots (generally half an inch to six inches in true width and, in rare cases, up to approximately 12 inches in true width) can extend for tens or even hundreds of meters (pinching and swelling, moving in and out of very high-grade mineralization).



## Castle East High-Grade Silver Discovery Gowganda Camp, Miller Lake Basin

Just a small fraction of Castle East has been drilled to date

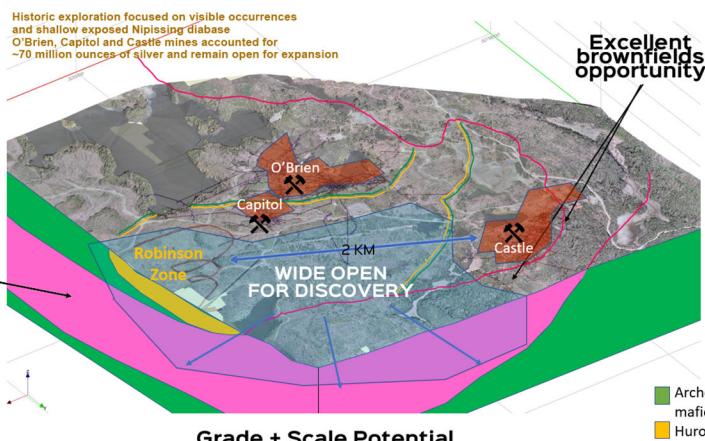
### Robinson Discovery Zone

Hits up to **70,380 g/t Ag** (**2,053 oz/ton**) over 0.3m within 4m of **7,259 g/t** (**212 oz/ton**) in CA-19-08-02 (50% to 70% true width)

Thick unexposed Nipissing horizon, thickening to centre of basin, large volume to explore

Maiden Inferred Resource (refer to May, 28, 2020 NR):

Zones 1A and 1B in the Robinson Zone have an average silver grade of **8,582 g/t** (**250 oz/ton**) in a combined 27,400 tonnes of material for a total of **7.56 million inferred ounces** using a cut-off grade of 250 g/t silver equivalent (mineral resources that are not mineral reserves do not have demonstrated economic viability)



TSXV:  
**CCW**

OTC:  
**CCWOF**

Qualified Person:  
The technical information contained herein was reviewed and approved by Mr. Merouane Rachidi, Ph.D., PGeo., (APGO, APEGNB and OGG) of GoldMinds Geoservices, a Qualified Person in accordance with National Instrument 43-101

June 11, 2020

In September 2020, the Company reported (Company news release September 30, 2020) that, with additional drilling, the Robinson Zone had been expanded by 500% and had intersected a new high-grade vein. Hole CS20-28 intersected 3,452 g/t silver over 0.4 metres (true width unknown) approximately 75 metres vertically above the original Robinson Vein intersection. This intersection is an all-new vein. At least 4 new mineralized veins have been identified in only the first 9000 metres of the 50,000-metre drill program. These discoveries have expanded the targeted exploration area up to 135 metres East-West and up to 100 metres North-South as well as up to 265 metres vertically.

The uppermost mineralized vein intercept in hole CS-20-31 (assays pending) occurs less than 10 metres below the upper contact, at a vertical depth of 336 metres and the original high-grade vein intersection in hole CA-1108 grading 40,944 g/t silver (1,194 oz/ton) over a core length of 0.45 metres with a true width of approximately 7cm (refer to August 25, 2011, Gold Bullion Development news release) at a vertical depth of approximately 430 metres. Another deep mineralized vein was intersected in CS-20-22W3 (assays pending), the deepest one to date, at 592 metres vertical depth. With these recent new mineralized vein discoveries, the vertical extent of significant silver mineralization has now reached 256 metres.

Notably, vein intersections at Castle East exist in both the upper and lower parts of the Nipissing diabase sill, near the contact with the Archean volcanics, greatly enhancing the deposit potential of the area with implications for the broader Camp where historic production was predominantly within the upper half of the diabase sill. CCW now has a greater opportunity to expand the Robinson Zone since the potential mineralized horizon is much larger than originally believed.



*High-grade silver mineralization over 5 – 7 cm true width in hole CS-20-39 with a spectacular 89,853 g/t Ag (2,621 oz/Ton) over 0.3m from 557.46 – 557.76m; comparable to the average thickness of veins that produced over 70 million ounces from the 3 major past-producers within 2 km of the Robinson Zone.*

With the number of high-grade intersections and the modelling showing at least 5 distinct veins to date, the Company has engaged both environmental and mining engineering consultants to begin a gap analysis and a scope of work to develop a baseline study and design for ramp development. Plans will include regularly spaced drill stations to further exploration drilling from underground decreasing the amount of drilling required to define resources.

Significant and unprecedented gold values have been identified in this recent drill program. While gold has been identified both east and west of the Miller Lake Basin, gold values within the Basin are infrequent. Canada Silver noted visible gold in hole CS-20-31 with a grade of 24.95g/t gold over 0.3m at a shallow depth of only 49.7m. Additional significant values of 3.83 g/t gold over 2.86m including 6.11 g/t gold over 1.66m were intersected at a downhole depth of 451m.

| CCW Castle East Robinson Zone Significant Drill Intercepts (Core Intervals) |          |        |              |           |             |            |
|---|----------|--------|--------------|-----------|-------------|------------|
| Hole #  | From (m) | To (m) | Interval (m) | Ag (g/t)  | Ag (oz/Ton) | AuEq (g/t) |
| CS-20-28  | 459.60   | 460.00 | 0.40         | 3,452.61  | 100.7       |            |
| CS-20-39  | 557.46   | 557.76 | 0.30         | 89,853.00 | 2,621.1     |            |
| CS-20-39W2  | 561.73   | 562.44 | 0.71         | 30,931.44 | 902.3       |            |
| including   | 561.73   | 562.14 | 0.41         | 51,612.00 | 1,505.6     |            |
| and including   | 562.14   | 562.44 | 0.30         | 2,668.00  | 77.8        |            |

|               |        |        |      |           |         |               |
|---------------|--------|--------|------|-----------|---------|---------------|
| CS-20-39W4    | 475.30 | 475.70 | 0.40 | 2,019.00  | 58.9    |               |
| and           | 550.60 | 551.90 | 1.30 | 19,308.11 | 563.2   |               |
| including     | 550.60 | 551.08 | 0.48 | 2,097.00  | 61.2    |               |
| and including | 551.08 | 551.50 | 0.42 | 53,739.00 | 1,567.6 |               |
| and including | 551.50 | 551.90 | 0.40 | 3,809.00  | 111.1   |               |
| CS-21-50      | 548.43 | 548.87 | 0.44 | 2,208.00  | 64.4    |               |
| CS-21-54      | 484.87 | 485.52 | 0.65 | 4,233.30  | 123.5   |               |
| including     | 484.87 | 485.17 | 0.30 | 7,981.00  | 232.8   |               |
| and including | 485.17 | 485.52 | 0.35 | 1,021.00  | 29.8    |               |
| CS-21-51      | 448.20 | 448.85 | 0.65 | 2,040.25  | 59.5    |               |
| including     | 448.20 | 448.55 | 0.35 | 1,443.90  | 42.1    |               |
| and including | 448.55 | 448.85 | 0.30 | 2,736.00  | 79.8    |               |
| CS-21-61      | 449.00 | 450.4  | 1.40 | 10,239.60 | 298.7   | <b>143.39</b> |
| CS-21-61      | 449.55 | 449.97 | 0.42 | 30,416.91 | 887.3   | <b>425.94</b> |
| CS-21-65      | 254.03 | 254.41 | 0.38 | 7,328.47  | 213.78  | <b>102.62</b> |
| CS-21-65      | 421.00 | 421.42 | 0.42 | 1,883.21  | 54.94   | <b>26.37</b>  |

*Note: Gold equivalent (AuEq) is calculated based on USD \$25.37 oz/ton Ag and USD \$1811.72 oz/ton Au as of August 5th, 2021*

The Company has expanded its 50,000m drill program 20% to 60,000m. This expanded drill program is geared toward identifying new veins to enable significant expansion to the existing resource panels outlined in the May 2020 Resource Estimate. With the additional intersections to date, the next Resource Estimate is expected out within the next three to six months.

The Company has initiated Baseline studies based on a Phase 1 Gap analysis report from contracted Environmental consultants in preparation for application submission for permits to start a ramp. The objective is to drive a ramp to the Robinson Zone to take a bulk sample to confirm drill results and for ore characterization. Groundwater monitoring and surface water studies are underway with 10 monitoring wells having been drilled. Other ongoing studies include aquatic and terrestrial baseline conditions along with hydrology studies to determine flow and hydraulic conditions of nearby lakes and creeks. Additional studies will be implemented as the Company progresses.

#### **Castle Underground at Shaft No. 3:**

Canada Silver Cobalt Works is employing a century-old approach to resource development and mining whereby it drills for structure and mines for grade. The nature of the vein structures in the northern Ontario Cobalt Camp is that multiple high-grade zones can exist within a single structure. Historically, structures were identified by drilling and were then followed by drifting along mineralized areas to develop ore zones.

As stated in 2017, the Company has accessed the first level via a portal at 21m (70 feet) below the shaft collar of its underground mine to sample and begin evaluation of the underground cobalt and silver potential. The first level, the first of eleven levels in all, extends approximately 365 meters (1,200 feet) east-west and 360 meters north-south. An extensive network of structures and tunnels, developed through a substantial financial investment by various operators in the 1900's, remains in excellent condition and only minor rehabilitation is necessary.

Visible cobalt in veins that pinch and swell and continue intermittently for many tens of

metres on the first level has been noted which is consistent with comments in a large amount of invaluable historical Agnico Eagle data acquired by the Company. Agnico Eagle ceased operations at Castle around 1990 due to plunging silver prices.

In 2018, Canada Silver Cobalt Works began an underground program of rehabilitation, underground sampling and diamond drilling. By year-end, the accessible workings as far as the shaft had been rehabilitated and a total of 672 metres were drilled in 57 holes from 6 drill stations.

Initial results reported November 2, 2018 highlighted the first three holes which targeted a vein structure near the adit entrance and attempted to follow the vein from a series of inclinations from approximately the same drill set-up downwards towards Level 2. Drilling in these holes exited the vein at depths of 7 meters, 6 meters and 9.25 meters, respectively, reaching a maximum hole length of 30 meters, underscoring the potential to identify additional high-grade mineralization at significantly deeper levels through additional drilling in this area and elsewhere.

Highlights from the first three drill holes are as follows:

- 2.28% cobalt, 261 g/t silver and 1.65% nickel over 7.00 meters in hole CA18-001
- 1.87% cobalt, 4,763 g/t silver, 1.29% nickel and 1.19 g/t gold over 2.54 m in CA18-002
- 3.16% cobalt and 10,741 g/t silver (345 ounces per tonne) over 0.60 meter in hole CA18-003

Additional results were reported February 19, 2019. Although the drilling in 2018 was focused on cobalt mineralization, a number of very significant silver intersections were identified. Drill results also revealed areas overlooked by historical explorers that show potential to host very high-grade “shoots” of silver and cobalt-silver mineralization, mixed with occasional nickel and gold. Reported highlights are as follows:

- New discovery of very high-grade silver vein structures approximately 55 metres southwest of the #3 Shaft where a silver discovery in 1979 put the Castle mine back into production for a decade - CA-18-54 cut 3,213 g/t (93.7 ounces per ton) silver over one metre including 9,816 g/t (286.3 ounces per ton) silver over 0.33 metres starting just 9.71 metres downhole, with the hole drilled across the structure at 25° to core axis and then bottoming in high-grade mineralization from 18.84 metres to 20.50 metres;
- 13,208 g/t (385.2 ounces per ton) silver, 0.67% cobalt and 3.77 g/t gold over half a metre within a broader 5.51-metre zone that also included 1.87% cobalt over 2.54 metres and 2,620 g/t (76.4 ounces per ton) silver over a core length of 5.51 metres starting at just 1.46 metres (CA-18-02, collared near the adit entrance, was drilled perpendicular to the strike of the targeted vein structure, sub-parallel to the dip of the vein);
- All 47 assayed shallow underground test holes intersected cobalt mineralization with an impressive one-quarter of those holes returning high-grade intercepts of 1.05% to 3.7% cobalt over an average core length of 1.77 metres (true widths unknown at this time); In 2019, a follow-up underground drill program continued with 47 shallow holes totaling 229 metres. These holes were drilled both upwards and downwards from the first level where unexpectedly high-grade gold was identified in addition to high-grade silver, cobalt and nickel values. Highlights reported by the company in a January 3, 2020 press release are as follows:
  - 22.7 g/t Au and 1.03% Co in drill hole C-U-19-016 from 3.3m to 3.6m within a broader 2.4-metre core interval grading 5.8 g/t Au and 0.78% Co (2.4m to 4.8m, drilled upward toward the surface);
  - 10.8 g/t Au and 3.4% Co in drill hole C-U-19-005 over 0.33m from 0.67m to 1m within a 1.33 metre interval (0.67m to 2.0m) grading 3.7 g/t Au and 1.3% Co (drilled down into the floor, collared approximately 4 m west and 4.3 m south of C-U-19-016);
  - three distinct intervals in C-U-19-006: 4,970 g/t Ag (144.9 oz/ton) and 0.40% Co over 0.6

metres (1.2m to 1.8m); then 1.6% Co and 1.1% Ni over 0.6m (1.8m to 2.4m); and 2.9% Co, 3.7% Ni and 0.89 g/t Au over 0.6m (4.8 m to 5.4 m), all in drill hole C-U-19-006 (drilled down into the floor from the same set-up as C-U-19-005 but intersecting a different part of the vein);

- 3.2% Co, 102 g/t Ag and 3.0% Ni over 0.3m (0.9m to 1.2m) in drill hole C-U-19-002 within 1.5m (0.0m to 1.5m) grading 1.7% Co and 1.6% Ni (drilled down into the floor from the same set-up as holes #5 and #6 but at a different angle);
- Cobalt mineralization was intersected in 13 out of the 16 holes included in this release with 7 of those short test holes returning intervals >1% cobalt. Cobalt grades reported from the first level of the Castle mine, previously only exploited for its native silver, are considered very high in a global context.

### **Re-2OX process:**

In May 2017, the Company commenced a program to create a suite of value-added, client-specific cobalt product test samples sourced from material to be extracted during upcoming underground sampling and drilling at its 100%-owned, past-producing, high-grade Castle silver mine at Gowganda, Ontario. (Press Release May 1, 2017). Battery manufacturers will be the target market for the planned test samples which will be cobalt salts (powder) with a range of purities. Canada Silver Cobalt Works' has the exclusive rights to the unique hydrometallurgical process, now known as Re-2OX, owned by a director of the Company in conjunction with the National Research Council during the Castle mine's last production cycle and which has been optimized since then. Re-2OX is extremely adaptable as it's designed for high recovery of multiple metals and elements from all feeds with varying chemistries. In addition, CSR (now CCW) is carrying out advanced-stage testing through SGS Lakefield to evaluate the amenability of the process for efficient recycling of spent Lithium-ion batteries.

The Company announced (August 15, 2018 press release) that, through its proprietary Re-2OX process at SGS Lakefield, the Company has produced the first-ever premium-grade cobalt sulphate from its 100%-owned Castle mine while also moving toward the creation of nickel-manganese-cobalt battery grade formulations. Pilot plant production of cobalt-nickel-rich gravity concentrates at the Castle mine, now underway, will allow for a scaling-up of the Re-2OX process.

- Canada Silver Cobalt's vertically integrated, environmentally green Re-2OX process at SGS has produced a technical-grade cobalt sulphate hexahydrate at 22.6%, directly from cobalt-rich gravity concentrates produced from the first level of the Castle mine in the prolific Northern Ontario Cobalt Camp (bypassing the smelting process);
- The 22.6% grade exceeds the technical specifications of cathode producers in Asia who are in discussions with the company's marketing representative in that region to evaluate Canada Silver Cobalt's sample product for potential battery sector use (Re-2OX will meet client specific purities);
- The very adaptable Re-2OX process will now create a Canada Silver Cobalt suite of nickel-manganese-cobalt (NMC) battery-grade formulations using an additive approach where necessary.

Through the expertise of Dr. Ron Molnar and the team at SGS in Peterborough, Canada Silver Cobalt has broken new ground as a technology leader in Canada's most prolific Cobalt district. We've now demonstrated that from concentrate produced from the Castle mine, we can create a premium grade end product (cobalt sulphate) without a smelting process. This is a testament to the efficiency and effectiveness of Re-2OX - a process that's very amenable to scaling up. Cobalt, nickel and manganese recoveries from the concentrate using Re-2OX were 99%, 81% and 84%, respectively, while 99% of the arsenic was removed (refer to May 31, 2018, news release).

The Company provided an update on April 30, 2019 stating that they had made important

breakthroughs in its proprietary and environmentally green Re-2OX process for the recovery of cobalt, precious metals and base metals and offered the following highlights:

- Further optimization of Re-2OX has enabled SGS Lakefield in Peterborough, Ontario, to recover silver and copper for the first time while also increasing recovery rates for cobalt and nickel (refer to May 31, 2018, news release).
- In refining the Re-2OX process through a one-step leach extraction, overseen by Canada Silver Cobalt adviser Dr. Ron Molnar, SGS has recovered >99% cobalt, >99% silver, 99% nickel and 99% copper while removing 99% of arsenic from a composite of gravity concentrates.
- The gravity concentrates were from Castle mine waste material and graded 10.2% cobalt, 11,000 g/t silver, 0.26% copper, 1.49% nickel and 45.1% arsenic.

Canada Silver Cobalt Works is encouraged by the fact that SGS has demonstrated that the Re02OX process can, very efficiently, recover a broad set of metals from arsenic-rich material, ranging from low-grade to high-grade thus further de-risking the Castle Mine project and expanding opportunities to build shareholder value. Additionally, the Re-2OX optimization will recover gold.

Recently, with the discovery of rubidium-mineralized material at Granada Gold Mine's Rouyn-Noranda, Quebec property, the companies have announced that Canada Silver Cobalt has begun preliminary test work on the material at SGS Canada metallurgical facilities in Lakefield, Ontario using the Re-2Ox process (see press release June 30, 2021). Initially, a 10-kg drill core sample will undergo mineralogical evaluation to identify the mineralogical suite. Rubidium has numerous applications in various industries, including in sodium-ion batteries which may see significant growth ahead due to their reported cost-effectiveness as stationary energy storage for homes, the grid and data centres.

#### **Metallurgical test work:**

The Company received encouraging assay test results in November 2016 for tailings grab samples collected at Castle and Beaver. Highlights of the assay results include: 134.78 g/t silver and 1.124 g/t gold at the Beaver Silver Mine; and 91.36 g/t silver at the Castle Silver Mine. Details of the assay results were reported in the November 29, 2016 news release. The samples of these metallurgical tests may not be representative of the mineralization hosted in the waste and tailings and further work will be undertaken.

The Company announced, on January 31, 2017, preliminary results from bench-scale metallurgical flotation and gravity test work carried out at SGS Canada laboratories in Quebec City, Canada using about 100 kilograms of tailings and mineralized rock samples. The test program was aimed at evaluating the potential recovery of silver and cobalt from mineralized-material surface rock samples and tailings collected at the historic past-producing Beaver Mine in Cobalt, Ontario and tailings from Castle Mine in Gowganda, Ontario. Tailings samples from Castle and Beaver were tested using a gravity separation process. Beaver mineralized material samples were tested using a flotation process. The Company plans to undertake additional metallurgical testing for the optimization of grind and reagents.

Silver and cobalt recoveries, of 98.5% and 70.5% respectively, produced an extremely high concentrate grade of 11,876 grams per tonne silver and 10.5% cobalt using a simple flotation process. The initial mineralized-material surface rock sample - a composite collected from the Beaver Mine waste pile - assayed 2,064 grams per tonne silver and 5.62% cobalt. Silver and cobalt concentrate grades produced from the Beaver and Castle Mines tailings were 1,379 grams per tonne Ag and 0.04% Co and 308 grams per tonne Ag and 0.08% Co respectively, using a simple gravity process. Head assays were 108 grams per tonne Ag with 0.02% Co and 123 grams per tonne Ag with 0.01% Co respectively.

CCW reported on May 31, 2018 on the ongoing test work at SGS Lakefield in Peterborough, Ontario, where the environmentally green Re-2OX process was used to recover 99% of cobalt

and 81% of nickel from a composite of gravity concentrates while also removing 99% of the arsenic - a long-time issue in this cobalt-rich district. Testing and optimization continue.

The gravity concentrates graded 9.25% cobalt, 5.65% nickel, 9,250 g/t silver and 49.9% arsenic. Further updates were provided in a press release on August 15<sup>th</sup>, 2018 announcing that the company, through its proprietary Re-2OX process at SGS Lakefield, has produced the first-ever premium-grade cobalt sulphate from its 100%-owned Castle mine. The Company has now demonstrated that, from concentrate produced from the Castle mine, it can create a premium grade end-product (cobalt sulphate) without a smelting process. This is a testament to the efficiency and effectiveness of Re-2OX, a process that's very amenable to scaling up. Highlights from August 15, 2018 include:

- Canada Silver Cobalt's vertically integrated, environmentally green Re-2OX process at SGS has produced a technical grade cobalt sulphate hexahydrate at 22.6%, directly from cobalt-rich gravity concentrates produced from the first level of the Castle mine in the prolific Northern Ontario Cobalt Camp (bypassing the smelting process);
- The 22.6% grade exceeds the technical specifications of cathode producers in Asia who are in discussions with the company's marketing representative in that region to evaluate Canada Silver Cobalt sample product for potential battery sector use (Re-2OX will meet client specific purities);
- The very adaptable Re-2OX process will now create a Canada Silver Cobalt suite of nickel-manganese-cobalt (NMC) battery grade formulations using an additive approach where necessary.

The Company considers the tailings very prospective for high-grade silver and other metals, including gold and cobalt, based on historical records and recent results from SGS Lakefield which has produced a gravity concentrate from the tailings grading 389 g/t silver, 0.63 g/t gold and 0.20% cobalt (Canada Silver Cobalt Works press release March 1, 2019). The Company feels that the tailings "problem" in Northern Ontario's historic silver-cobalt mining district should be seen as a tailings "opportunity" and the Company's intention is to capture that opportunity for its shareholders. This undertaking forms part of the Advanced Exploration permit ongoing amendment process.

The updated tailings program will initially target silver and gold and will be optimized through the Re-2OX process to recover other metals including cobalt, nickel and copper. It will also be used as a template by the Company for similar potential initiatives in Gowganda and elsewhere in the broader region where innovative approaches to decades-old tailings issues can deliver important environmental solutions as well as potential business growth opportunities. Highlights from the March 2019 press release include:

- Canada Silver Cobalt has acquired gravity separation spiral concentrators, made by Mineral Technologies of Australia, for test work which is being undertaken to complete a flow sheet for a pilot plant that can treat a minimum of 600 tonnes of tailings per day;
- Mineral Technologies' spiral concentrators are designed to be highly efficient and easy to install, featuring minimal maintenance requirements and high recoveries;
- The stamp mill coarse tailings from early 20th century mining at Castle will be processed underground at the Castle mine near the #3 Shaft in a wide-open area on the first level;
- The stopes on the first level will be fully cleaned out and backfilled (cemented) with the tailings waste from the high-grade concentrate created underground.

On May 24, 2019, the Company reported the results of SGS Lakefield's metallurgical test work which has demonstrated that historic stamp mill tailings at Canada Silver Cobalt's Castle mine are amenable to flotation and leaching, enhancing potential recoveries and creating an opportunity for a direct shipping precious metal concentrate in addition to a Re-2OX cobalt sulphate.

- SGS has produced a high-purity flotation silver concentrate grading 18,486 grams per tonne (539.17 ounces per ton) from a gravity concentrate of a 120-kilogram sample from the Castle mine's historic tailings pond with a calculated head assay of 459 g/t silver
  - Optimization is expected to increase the 70% recovery rate
- The aim of the proposed tailings program is to produce a high-purity, direct-shipping precious metal concentrate (silver and gold), while Canada Silver Cobalt's proprietary Re-2OX Process would be used to convert a cobalt concentrate into a cobalt sulphate.

Based on samples from the 2020 sonic drill testing of the Beaver tailings, preliminary bench-scale flotation results were released March 17, 2021. Work was completed by SGS Lakefield.

Highlights include:

- First stage, flotation test rougher concentrate grades are 2,559 grams per tonne silver, 0.28 percent cobalt and 0.072 percent nickel.
- Concentration ratios for the first stage flotation test rougher concentrate are 23.5 for silver, 14 for cobalt, and 5.5 for nickel.
- Excellent preliminary, first stage flotation test rougher concentrate recoveries are 61 percent for silver, 43 percent for cobalt and 21 percent for nickel.

In addition to the process chemistry, the Company has designed a reactor that acts as an accumulator for low metal concentrations in the various primary and secondary feeds to improve process economics. Canada Silver Cobalt will use a purely hydrometallurgical approach by employing Re-2Ox for selective leaching to enhance process recovery of metals. The spent batteries will first be mechanically processed to recover the metal casing and plastics, followed by hydrometallurgical treatment to produce direct feed to the EV battery manufacturers. Canada Silver Cobalt Works will be the first in North America to use this one-step method.

### **Temiskaming Testing Laboratories (TTL):**

The Company announced on October 10, 2019 that it had signed a binding Letter of Intent (LOI) to acquire the assets of PolyMet Resources Inc., owner of PolyMet Labs – an ISO-certified laboratory – being the only permitted and operating mineral and precious metal processing facility in Northern Ontario's Silver-Cobalt camp. The transaction is believed to offer multiple immediate and long-term advantages including a bullion furnace to pour payable silver and gold dore bars, and a 23,400 sq. foot facility with district leading sampling and analytical capabilities that can also host the Company's proprietary and environmentally friendly Re-2OX Process.

This well-established sampling and analytical facility, specializing in high-grade mineralization, provides commercial assaying, crushing, screening, grinding, bulk sampling, upgrading and smelting services all in one location, driving multiple revenue streams at a time when gold prices in Canadian dollars have hit new record highs.

This deal builds dramatically on Canada Silver Cobalt's current competitive advantages and opportunities - technological, on the ground and underground - in a rejuvenated silver-cobalt district recognized as the birthplace of Canadian hard rock mining. With such a unique and fully operational facility in the town of Cobalt, so close to the Castle mine and other properties, Canada Silver Cobalt achieves a key goal of becoming a vertically integrated leader in Canada's silver-cobalt heartland while it also exploits a powerful new cycle in precious metals.

Bullion pouring, bulk sampling, and commercial assaying are PolyMet's three key immediate profit centers that merge with Canada Silver Cobalt, creating powerful new synergies. Hosting Re-2OX and accelerating the development of such a unique and environmentally friendly process at this facility is a major coup for the town of Cobalt and the broader district.

On January 10, 2020 the Company announced that it has closed its deal to acquire the PolyMet facility and the transaction was reported completed on July 31, 2020.

In payment for the assets, Canada Silver Cobalt issued 690,409 shares and 690,409 common share purchase warrants to Polymet Resources. Each warrant entitles Polymet Resources to acquire one additional common share of Canada Silver Cobalt at a price of \$0.50 for a period of two years. Canada Silver Cobalt also assumed outstanding liabilities of Polymet Resources in an amount of \$346,304. The total value of the shares and common share purchase warrants issued to Polymet Resources was \$407,341, and \$212,370, respectively. In addition the Company incurred transaction costs of \$98,192 in relation to the asset acquisition.

Total consideration paid:

|                   |                    |
|-------------------|--------------------|
| Accounts Payable  | \$346,304          |
| Common Shares     | \$407,341          |
| Warrants          | \$212,370          |
| Transaction costs | \$98,182           |
| <b>Total</b>      | <b>\$1,064,197</b> |

The purchase price has been allocated to the value of the land, and the plant (machinery and equipment) acquired as follows:

|                         |                    |
|-------------------------|--------------------|
| Land                    | \$210,312          |
| Machinery and Equipment | \$853,885          |
| <b>Total</b>            | <b>\$1,064,197</b> |

In January 2021, the Company announced signing an agreement with SGS Canada to proceed with the Re-2Ox pilot plant. This will allow the company to accelerate the production of client-specific battery metals for the North American electric vehicle (EV) market. Highlights of the agreement include a bench-scale optimization program, a pilot plant flowsheet design, and a Stage 1 Pilot plant – built and operated at Lakefield, Ontario. Feed material for this test work will come from the underground at the Castle Mine, the high-grade silver discovery Robinson Zone, Beaver and Castle tailings, recycled batteries, and from newly acquired properties.

During the year ended December 31, 2021, (press release September 8, 2021), the Company has rebuilt, and has completed the commissioning of, the secondary crushing and screening circuit and completed various other upgrades.

Crushing and Screening Circuit Highlights:

- The mine waste rock in this test run was initially processed with a mobile, tracked screening plant with a 125 tonne per hour capacity. This screening plant produces three different product sizes that include greater than 3" (coarse), between 3" and ½" (medium), and less than ½" (fine).
- The screened mine waste rock was processed by the mobile screening plant and brought to the TTL facility for further crushing and screening. The facility can accept all three sizes produced by the mobile screening plant. Pre-screening the mine waste rock provides for the increased throughput capacity at the TTL secondary crushing and screening circuit.
- The TTL facility has a complete crushing and screening bulk processing plant with a 20 tonne per hour capacity. This facility can produce three different product sizes that include greater than 1/4" (coarse), between 1/4" and 20-mesh (medium), and less than 20 mesh (fine).
- The final product of the crushing circuit at TTL will allow the production of marketable

gravity concentrates or will be used as pilot plant feed for the Re-20x process, which has produced EV battery and other related battery end-products.

The Company has also retained the services of ONSite Labs as an independent contract operator of the TTL analytical facilities. ONSite are commercial laboratory operators. The key is that although ONSite will be operating in TTL, they are independent which allows the Company to use their services in an arms-length relationship.

### **Beaver and Violet Properties, Ontario, Canada**

Canada Silver Cobalt Works Inc. owns a 100% interest to an area of approximately 20 acres (Beaver Property) and 39.07 acres (Violet Property) in Coleman Township, Ontario. The property is subject to a 3% net smelter return royalty, and the Company may purchase each 1% of the NSR royalty for \$1.5 million. The Company has met all the obligations of the Option and has had the ownership of the Patents transferred to Canada Silver Cobalt.

The Company has released results of a high-definition mineralogy study and some scoping level flotation and gravity separation tests done by SGS Lakefield on samples from its Beaver Silver Property, located 15 kilometres east of the historic silver camp in Cobalt, Ontario. See Gold Bullion Development Corp.'s Press Release dated February 14, 2013 on the Company's website.

The test work above was based on a 20-kilogram sample from 400 kilograms of cobalt-nickel sulfide material hand-cubed from the historic waste pile at the Beaver Silver Mine. The sample used in this test program, has an average calculated assay of 7.98 percent Cobalt, 3.98 percent Nickel and 1246 grams per tonne silver. Combined gravity-flotation recoveries from the limited test program yielded 64.2 percent for cobalt, 61.2 percent for nickel and 92.0 percent for silver.

The Company announced, on January 31, 2017, preliminary results from bench-scale metallurgical flotation and gravity test work carried out at SGS Canada laboratories in Quebec City, Canada. The test program was aimed at evaluating the potential recovery of silver and cobalt from mineralized-material surface rock samples and tailings collected at the former historic producing Beaver Mine in Cobalt, Ontario and tailings from Castle Mine in Gowganda, Ontario.

Silver and cobalt recoveries, of 98.5 percent and 70.5 percent respectively, produced an extremely high concentrate grade of 11,876 grams per tonne silver and 10.5 percent cobalt using a simple flotation process. The mineralized-material surface rock sample was a composite collected from the waste pile assaying 2,064 grams per tonne silver and 5.62 percent cobalt at the Beaver Mine. Silver and cobalt concentrate grades produced from the Beaver and Castle Mines tailings were 1,379 grams per tonne Ag and 0.04 percent Co and 308 grams per tonne Ag and 0.08 percent Co respectively, using a simple gravity process. Head assays were 108 grams per tonne Ag with 0.02 percent Co and 123 grams per tonne Ag with 0.01 percent Co, respectively. The metallurgical tests were conducted at SGS Canada Inc. laboratories in Quebec City using about 100 kilograms of tailings and mineralized rock samples. Tailings samples from Castle and Beaver were tested using a gravity separation process. Beaver mineralized material samples were tested using a flotation process.

A sonic drill program was completed on the historic Beaver Tailings late in the year with a total of 127 holes completed with 354 metres drilled and 378 samples sent for analysis. Results were reported in a press release February 5, 2021. The samples ranged from 13.7 – 314 g/t silver; 24 – 639 ppm Cobalt; 78 – 754 ppm Copper and 34 - 25 ppm Nickel. Economic considerations are being evaluated in conjunction with permitting requirements.

Developments in mobile phone use and renewable energy, including solar and electric car batteries, are strongly supportive of demand and pricing for cobalt and silver. This opens up an opportunity to re-evaluate former silver-cobalt producing mine sites with positive results.

Mining at Beaver and Castle took place in the early 1900s and at Castle again in the 1980s

when extraction processes were not as advanced as they are today. It may now be economically viable to extract silver and cobalt from what was left behind, including old mine tailings and waste and other rock piles on the surface, as a first phase of production at the properties. These latest test results support previous test findings at the Castle and Beaver mine sites. In 2013, a hand-cobbled 20 kg geological test sample from the historic waste pile at the Beaver Silver Mine had an average calculated assay of 7.98% cobalt, 3.98% nickel and 1,246 grams (g/t) silver. Details were reported when Granada Gold Mine Inc. (formerly Gold Bullion Development Corp.) owned the property in a news release February 14, 2013.

### **Electric Vehicle (EV) Properties focused on Nickel, Copper and Cobalt:**

#### **Henry Lake Property**

Late in the 2020, the Company staked a total of 200 single-unit claims approximately 50km east of Sudbury. The block covers a large Bouguer anomaly with the potential to host significant copper and nickel mineralization. .

A high-resolution, fixed-wing gravimetric and magnetic airborne survey was completed over the property in the spring of 2021 totaling approximately 700 line-kilometres. Reports are pending.

#### **Graal-Nourricier – Lac Suzanne Property, Northern Lac St-Jean, Quebec**

The property was acquired for its potential to host a variety of EV battery metals including nickel, copper and cobalt with the intention of expanding our current holdings and strategically positioning the Company and its shareholders to take full advantage of the evolving market conditions for EV battery base metal inputs. This property has shown numerous metal intercepts from past drilling and sampling programs with the best results recording grades of up to 10.31% nickel, 4.9% copper and 1% cobalt from diamond drilling.

The first conceptual primary drill target, identified based on the recently flown Bouguer airborne survey conceptual modelling, has an extent of 1200m x 2200m on the Graal-Nourricier - Lac Suzanne property. The unknown is the elevation – or the depth at which the base of the net-textured and massive sulfides sits. The geological team believes it should be intersected at a depth range of 1500 to 2000m from surface over 100 to 150 meters thick.

Drilling is on-going with significant visually encouraging intersections so far of potential nickel and copper mineralization. In the filed testing with XRF has indicated up to 2.79% nickel and up to 25.68% copper. Sampling is ongoing and initial samples are at lab pending results.

Since last fall, the Company now has rights to, through staking and option agreements, a total of 561 claims totaling just over 27,000 hectares over 15 properties representing various EV nickel, copper and cobalt targets.

Five of these properties had airborne gravity and magnetic field surveys flown in the spring of 2021. The Company is seeking to identify the magmatic reservoir potentially hosting significant amounts of Nickel- and Copper-Sulphide masses at the base of the magmatic chamber. The priority target areas of these first airborne surveys are the following properties:

- Graal – Nourricier Lac Suzanne
- Lowney, Lac Edouard South-East
- Forges East Manic Crater
- Fuchsia-Massif du Nord
- B15 Bouguer anomaly

On May 24, 2022, the Company announced it was in the planning stages of an airborne VTEM Plus geophysical survey for the Lowney LacEdward property.

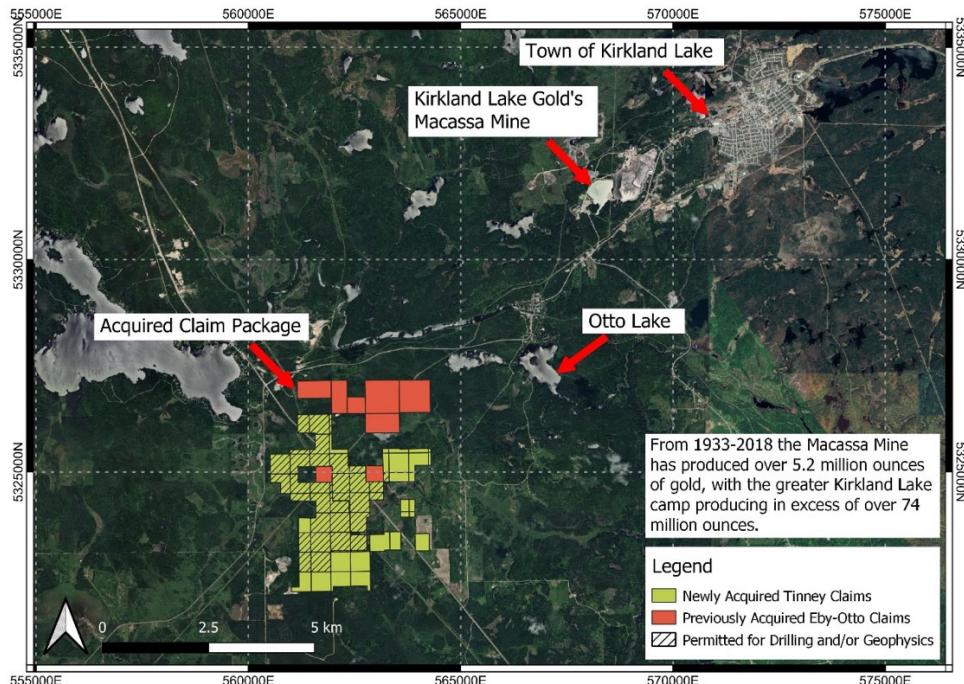
## **Eby-Otto Township Gold Property Options, Kirkland Lake, Ontario**

Two Option Agreements for contiguous land packages were signed in the fall of 2021. The total land package comes to approximately 810 hectares. The ground is highly prospective for gold and is located southwest of Kirkland Lake Gold's Macassa Mine and within the most prolific gold-bearing area in Northern Ontario.

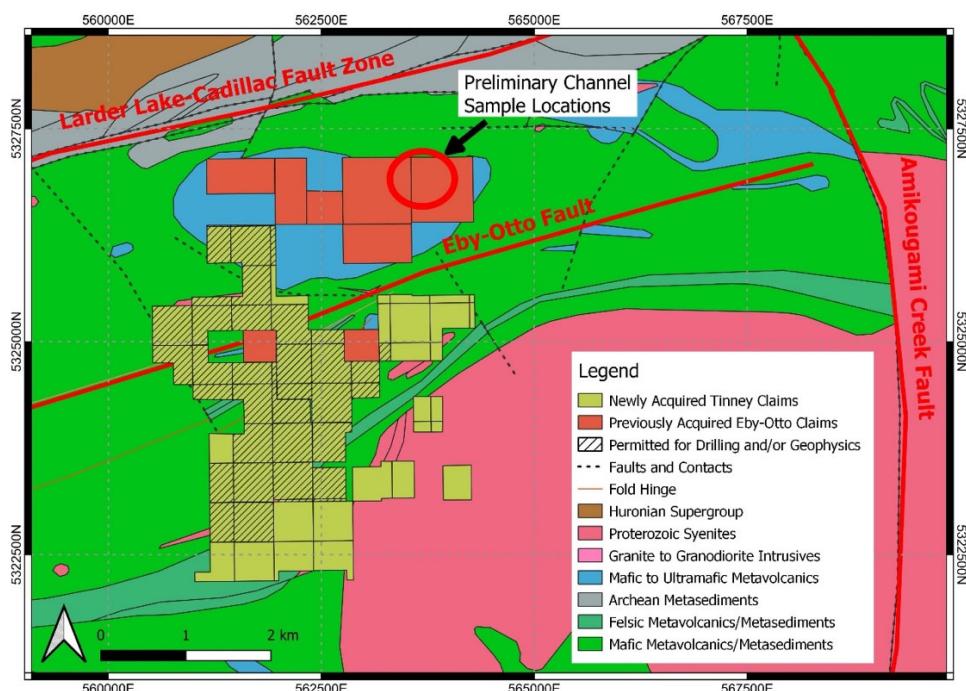
### **Acquisition Highlights:**

- Properties are within the Abitibi Greenstone Belt in the prolific Kirkland Lake district and are located approximately 5-7 km southwest of the high-grade Macassa Gold Mine currently operated by Kirkland Lake Gold.
- The acquisition provides further expansion of the Company's precious metals portfolio into the well-established Kirkland Lake Gold camp located on the prolific Larder Lake-Cadillac Break.
- Select claims have valid exploration permits that will allow a combination of mechanized drilling and/or surface geophysics. A well-organized exploration plan is currently being developed for the 2022 field season which may include geological mapping, the stripping of outcrops, and channel sampling. Results of this field season will dictate the drill program to follow on the property.

There are multiple geological features that are of extreme interest including three major fault structures: the Larder Lake Cadillac Deformation Zone 1km to the north, the Amikougam Creek Fault 5km to the east, and over 2km of the Eby-Otto Fault trending north-easterly through the property. The structural zone surrounding the Eby-Otto Fault is marked by iron carbonate, silicification, chloritization, and large pyrite-mineralized zones up to 200 meters wide. According to OGS open file report OFR6184 quoting Meyer et al 2005, there are several gold deposits in the area that show similarities such as the Holloway Mine "Lightning Zone", the Kerr Mine "Flow Ore", and the "D Zone" at the Cheminis Mine. While these orebodies are not significant at surface, the evidence exists in the form of carbonatization, silicification, pyrite mineralization, and sporadic gold mineralization similar to what is encountered on these claims. In addition, geochemically anomalous gold and copper values have been recorded along the length of the Eby-Otto Fault as showings, pits, and small-scale shafts with values up to 5.8 g/t Au over 1.5m (0.17 oz/ton over 5', AFRI 2.57388 2016). Further anomalous showings of gold, copper, and platinum occur within the mafic metavolcanics, mafic metasediments, and syenite intrusions scattered across the combined property.



Location of newly acquired Tinney claims and previously acquired Reed-Robinson Eby-Otto claims in addition to showing proximity to Kirkland Lake Gold's Macassa Mine.



A closer look at the total property package showing the simplified regional geology, location of preliminary channel samples (news releases August 3, 2021), as well as three major faults of interest.

On February 8, 2022, the Company entered into an option agreement with Arnold Allsopp to acquire, over a period of 4 years, 100% of the property in return for cash payments totalling \$100,000 (\$25,000 – paid), the issuance of 400,000 common shares (100,000 issued, ascribed a fair value of \$53,750) and incurring a total of \$340,000 in exploration expenditures on the Property. In addition, Allsopp will retain a 3% royalty.

#### Qualified Person Statement

"Project Overview" and "Subsequent Event" sections of this MD&A have been reviewed and approved for technical content by Matthew Halliday, P. Geo., (APGO), geologist and a Qualified Person under the provisions of NI 43-101.

## **FINANCINGS**

On April 14, 2022, the Company announced that closed a brokered private placement by raising gross proceeds of approximately \$6.04 million, including the partial exercise of an option to increase the size of the offering by Research Capital Corporation and Canaccord Genuity Corp, the co-lead agents of the offering. At the closing the Company issued 7,468,000 units ("Units") at a price of \$0.25 per Unit, 8,682,500 flow-through units ("FT Units") at a price of \$0.27 per FT Unit, and 6,310,000 Quebec flow-through units ("QFT Units") at a price of \$0.29 per QFT Unit. Each Unit consists of one common share (a "Common Share") and one common share purchase warrant (a "Warrant"). Each FT Unit consists of one flow-through Common Share (a "FT Share") and one Warrant. Each QFT Unit consists of one Quebec flow-through Common Share (a "QFT Share") and one Warrant. Each Warrant entitles its holder to purchase one additional Common Share at an exercise price of \$0.32 per share at any time up to 36 months following the closing of the offering. In connection with the offering, the Company paid the agents a cash commission of \$422,882, and broker warrants entitling the agents to purchase up to 1,572,235 Units at an exercise price of \$0.25 for a period of three years from closing of the Offering.

## **RESULTS OF OPERATIONS**

The following schedule provides the details of the Company's expenditures on its exploration and evaluation projects for the periods ended March 31, 2022 and 2021.

|                                  | <b>2022</b>      | <b>2021</b> |
|----------------------------------|------------------|-------------|
| Acquisition costs                | \$ 173,588       | \$ 35,422   |
| Assay and testing                | 34,604           | 19,191      |
| Depreciation                     | 69,202           | 69,202      |
| Drilling                         | 975,236          | 1,053,941   |
| Facility expenses                | 80,871           | 151,890     |
| Consulting and professional fees | 86,540           | 152,704     |
| Geology, geophysics and surveys  | 115,730          | 327,185     |
| Labour                           | 234,571          | 203,805     |
| Environmental                    | 122,812          | 43,948      |
| Taxes, permits and licensing     | 1,571            | 1,019       |
|                                  | <b>1,894,725</b> | 2,058,307   |

The following schedule provides the details of the Company's corporate operating expenditures for the periods ended March 31, 2022 and 2021.

|   | <b>2022</b>    | <b>2021</b> |
|---|----------------|-------------|
| Administrative and general expenses     | \$ 93,773      | \$ 32,898   |
| Advertising and promotion               | 134,810        | 273,130     |
| Professional fees                       | 200,832        | 208,251     |
| Filing and shareholders' information    | 160,638        | 61,121      |
| Travel                                  | 10,618         | 5,394       |
| Temiskaming testing laboratory expenses | 141,331        | 221,533     |
| Stock-based compensation                | 118,020        | 88,904      |
|   | <b>860,022</b> | 891,231     |

### **Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021**

Comprehensive loss for the three months ended March 31, 2022 was \$1,583,128 as compared to \$3,757,659 for the three months ended March 31, 2021. The decline in comprehensive loss of \$2,174,531 was mainly attributable to the net effect of:

An increase of \$138,166 in acquisition costs primarily due to the acquisition of the Eby-Otto additional claims in February 2022.

An increase of \$15,413 in assay and testing expenses driven by the increase in exploration activity on the Castle property in 2022.

A marginal decrease of \$78,705 in drilling expense as the Company continues to drill its Castle and Quebec properties in 2022.

A decrease of \$71,019 in facility expenses as equipment expenses decreased during 2022.

An decrease of \$66,164 in consulting and professional fees driven by a moderate decline in exploration activity occurring during 2022.

An decline of \$211,455 in geology, geophysics and survey expenses driven by the decline in exploration activity on the Castle and Quebec properties during the period.

An increase of \$78,864 in environmental expenses due to the environmental studies that were prepared for the Castle property commencing in 2021.

An increase of \$60,875 in administrative and general expenses primarily due to increased exploration activity in 2021.

An increase of \$99,517 in filing costs and shareholders' information expenses primarily due to preparation for the April 2022 financing.

An increase of \$5,224 in travel expenses driven by a increase in travel activity as travel restrictions related to the COVID19 pandemic ease.

A decline of \$80,202 in Temiskaming testing laboratory expenses driven by a decline in lab use in fiscal 2022.

An increase of \$29,116 in stock-based compensation primarily due to a large option grant to consultants of the Company in February and March 2022.

An increase of \$1,339,242 in premium on FT shares due to relief of the flow-through liability.

A decline of \$486,450 in unrealized loss on marketable securities, primarily driven by market price fluctuations in the Company's marketable securities.

### **LIQUIDITY AND CASH FLOW**

The Company has financed its operations to date primarily through the issuance of common shares and the exercise of warrants and stock options. The Company will continue to seek capital through various means including the issuance of capital stock.

The Company is in the exploration stage. These financial statements are prepared in accordance with accounting principles to a going concern, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon the continued support from its directors, the ability to continue to raise the necessary financing to meet its obligations, and to achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time. These financial statements do not reflect any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

The Company has no history of profitable operations and its mineral projects are at an early

stage. Therefore, it is subject to many risks common to comparable junior venture resource companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues.

#### Cash flow activities

|                                      | Three Months Ended<br>March 31, |             |
|--------------------------------------|---------------------------------|-------------|
|                                      | 2022                            | 2021        |
|                                      | \$                              | \$          |
| Operating                            | (3,381,225)                     | (3,292,380) |
| Investing                            | (833,213)                       | (1,822,257) |
| Financing                            | 62,500                          | 240,900     |
| (Decrease) in cash during the period | (4,151,938)                     | (4,873,737) |

Cash totaled \$65,970 as at March 31, 2022, compared to \$4,217,908 as at December 31, 2021. Working capital at March 31, 2022 was a deficiency of \$221,799 compared to working capital of \$1,773,846 as at December 31, 2021. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, existing shareholders ownership may be diluted. As an exploration stage Company without a revenue stream, the Company budgets and plans exploration and administrative expenses, and closely monitors its monthly expenditures, investments and cash position.

#### **SELECTED QUARTERLY INFORMATION**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may be different from those estimates.

The following selected financial information is derived from the unaudited interim financial statements of the Company. The figures have been prepared in accordance with IFRS.

|                | Mar 31,<br>2022<br>\$ | Dec 31,<br>2021<br>\$ | Sep 30,<br>2021<br>\$ | Jun 30,<br>2021<br>\$ | Mar 31,<br>2021<br>\$ | Dec 31,<br>2020<br>\$ | Sep 30,<br>2020<br>\$ | Jun 30,<br>2020<br>\$ | Mar 31,<br>2020<br>\$ |
|----------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenue        | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Net loss       | 1,583,128             | 6,776,436             | 2,865,222             | 3,013,997             | 3,757,659             | 2,840,279             | 5,759,935             | 886,967               | 1,468,565             |
| Loss per share | 0.009                 | 0.047                 | 0.022                 | 0.024                 | 0.031                 | 0.031                 | 0.057                 | 0.01                  | 0.02                  |

#### **RELATED PARTY TRANSACTIONS**

The Company has entered into agreements with officers of the Company and private companies controlled by officers and directors of the Company for management consulting, geological consulting and other services required by the Company.

The Company has entered into agreements with officers of the Company and private companies controlled by officers and directors of the Company for management consulting, geological consulting and other services required by the Company.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of officers and directors of the Company for the three months ended March 31, 2022 was \$153,999 (three months ended March 31, 2021 - \$156,552) and share based

payments valued at \$nil (three months ended March 31, 2021 - \$nil).

As at March 31, 2022, \$28,805 due to related parties was included in trade payables and accrued liabilities related to consulting fees and reimbursable expenses (December 31, 2021 - \$nil).

At March 31, 2022 the Company was owed \$1,562,957 (December 31, 2021 - \$862,957) from Granada, a related party with which there are common directors and officers.

Included in exploration and evaluation expenses for the three months ended March 31, 2022 was \$27,400 (three months ended March 31, 2021 - \$nil) in equipment rental costs from Granada. As at March 31, 2022, \$7,345 was included in trade payables and accrued liabilities related to this rental December 31, 2021 - \$nil)

Included in prepaid expenses is \$185,000 (December 31, 2020 - \$200,000) in prepaid rent paid to a company controlled by a family member of one of the directors and officers of the Company. During the three months ended March 31, 2022, \$15,000 in facility rent was charged to exploration and evaluation expenses (three months ended March 31, 2021 - \$nil)

See also notes 4, 5 and 12 in the Company's March 31, 2022 condensed interim consolidated financial statements.

The Company's Capital Management policies set out in the Company's annual financial statements for the year ended December 31, 2021 have been applied consistently for the period ended March 31, 2022.

### **OFF-BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements as at March 31, 2022.

### **CONTROLS AND PROCEDURES**

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), Canada Silver Cobalt utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing a Venture Issuer Basic Certificate do not make any representations relating to establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that

information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP ("IFRS").

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of Canada Silver Cobalt's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided securities legislation.

### **OUTSTANDING SHARE DATA**

The Company's authorized capital is an unlimited number of common shares without par value. As at the date of this report there were 202,848,316 shares issued and outstanding, and the Company had 89,197,539 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.21 - \$0.80 per share at varying dates up until April 7, 2023. Stock options outstanding total 11,428,336 and are exercisable for common shares at a price of \$0.20 - \$0.52 per share at varying dates up until November 27, 2025.

### **FINANCIAL INSTRUMENTS AND RISK FACTORS**

The Company's financial instruments consist of cash, other receivables, trade payables and other payables.

#### **1. Risk management and hedging activities**

In the normal course of operations, the Company is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not meaningfully participate in the use of financial instruments to control these risks. The Company has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

- a. Currency risk – As the Company transacts business in Canadian dollars, there is minimal foreign currency risk at March 31, 2022 and 2021.
- b. Price risk - The Company is exposed to price risk with respect to commodity prices. As the Company is not a producing entity, this risk does not currently affect earnings, however, the risk could affect the completion of future equity transactions. The Company monitors commodity prices of precious metals and the stock market to determine the timing, nature and extent of equity transactions.
- c. Credit risk - Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company is exposed to credit risk on its cash. The Company has deposited its cash with reputable financial institutions, from which management believes the risk of loss is minimized. As at March 31, 2022, cash was held with major Canadian financial institutions.
- d. Liquidity risk - Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. Management monitors the Company's liquidity by assessing forecast and actual cash flows and by maintaining

adequate cash on hand.

- e. Interest rate risk - The Company is not exposed to any meaningful interest rate risk due to the short-term nature and immateriality of its interest generating asset.
- f. Fair values, carrying amounts and changes in fair value. The fair values of the Company's financial instruments approximate their carrying value due to their short-term nature. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy in Canadian generally accepted accounting principles.
  - Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
  - Level 2 includes inputs that are observable other than quoted prices included in
  - Level 3 includes inputs that are not based on observable market data.
- g. Collateral - The carrying value of financial assets the Company has pledged as collateral as at March 31, 2022 is \$Nil (December 31, 2021 - \$Nil).

## 2. Risk and Uncertainties

The mineral industry involves significant risks. In addition to the risk factors described elsewhere in this MD&A, the risk factors that should be taken into account in considering Canada Silver Cobalt's business include, but are not limited to, those set out below. Any one or more of these risks could have a material adverse effect on the future prospects of the Company and the value of its securities.

### **Current Global Financial Condition**

Current global financial conditions have been subject to increased volatility and turmoil. These factors may affect Canada Silver Cobalt's ability to obtain equity financing in the future or, if obtained, to do so on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations as well as the trading price of its common shares could be adversely affected.

### **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, Canada Silver Cobalt'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, and 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 that could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. Canada Silver

Cobalt attempts to balance these risks through insurance programs where required and ongoing risk assessments conducted by its technical team.

### **Commodity Prices**

Canada Silver Cobalt is in the business of exploring for base and precious metals, the market prices of which can fluctuate widely. Metal prices ultimately depend on demand in the end markets for which metals are used. Demand is affected by numerous factors beyond the Company's control, including the overall state of the economy, general level of industrial production, interest rates, the rate of inflation, and the stability of exchange rates, any of which can cause significant fluctuations in metals prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of metals has fluctuated widely in recent years and there are no assurances as to what will be the future prices of base and precious metals. In the course of its current operations, the Company does not enter into price hedging programs.

### **Environmental**

Exploration projects and operations are subject to the environmental laws and applicable regulations of the jurisdiction in which Canada Silver Cobalt 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.

### **Reliance upon Key Personnel**

The Company is dependent upon a number of key management and operational personnel, including the services of certain key employees. Its ability to manage activities, and hence its success, will depend in large part on the efforts of these individuals. During times when metals prices are strong, the Company faces intense competition for qualified personnel, and there can be no assurance that Canada Silver Cobalt will be able to attract and retain such personnel at any time. Canada Silver Cobalt does not maintain "key person" life insurance. Accordingly, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company.

### **Insurance**

Canada Silver Cobalt's insurance will not cover all the potential risks associated with its operations. In addition, although certain risks are insurable, it might be unable to maintain insurance to cover these risks at economically feasible premiums. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration is not generally available to Canada Silver Cobalt or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards that may not be insured against or that it may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### **Requirements to Obtain Government Permits**

Government approvals and permits are currently required in connection with

Canada Silver Cobalt's exploration activities, and further approvals and permits may be required in the future. The duration and success of the Company's efforts to obtain permits are contingent upon many variables outside of its control. Obtaining government permits may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary permits will be obtained and if obtained, that the costs involved will not exceed Canada Silver Cobalt's estimates or that it will be able to maintain such permits. To the extent such approvals are required and not obtained or maintained, the Company may be prohibited from proceeding with planned exploration or development of mineral properties.

### **Joint Ventures**

From time-to-time Canada Silver Cobalt may enter into one or more joint ventures. Any failure of a joint venture partner to meet its obligations could have a material adverse effect on such joint ventures. In addition, the Company might be unable to exert influence over strategic decisions made in connection with properties that are involved in such joint ventures.

### **Exploration Risks**

The exploration for and development of mineral deposits involves significant risks. Few properties that are explored are ultimately developed into producing mines. Whether a mineral deposit will be commercially viable depends on a number of factors, including: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulation, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Even if the Company identifies and acquires an economically viable ore body, several years may elapse from the initial stages of development until production. As a result, it cannot be assured that Canada Silver Cobalt's exploration or development efforts will yield new mineral reserves or will result in any new commercial mining operations.

### **Mineral Property Title Risk**

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of the properties will not be challenged or impaired. Third parties may have valid claims underlying portions of Canada Silver Cobalt's interests, including prior unregistered liens, agreements, transfers or claims, including aboriginal land claims, and title may be affected by, among other things, undetected defects or unforeseen changes to the boundaries of Canada Silver Cobalt's properties by governmental authorities. As a result, the Company may be constrained in its ability to operate its properties or unable to enforce its rights with respect to its properties. An impairment to or defect in the title to the Company's properties could have a material adverse effect on its business, financial condition or results of operations. In addition, such claims, whether or not valid, would involve additional cost and expense to defend or settle.

### **Potential for Conflicts of Interest**

Certain of the Company's directors and officers may also serve as directors or officers of other companies involved in natural resource exploration and development or other businesses and consequently there exists the possibility for

such directors and officers to be in a position of conflict. Canada Silver Cobalt expects that any decision made by any of such directors and officers involving Canada Silver Cobalt will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Canada Silver Cobalt and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matters in which such director may have a conflict of interest or which are governed by the procedures set forth in applicable law.

## **Subsequent Events**

- i) On April 14, 2022, the Company announced that closed a brokered private placement by raising gross proceeds of approximately \$6.04 million, including the partial exercise of an option to increase the size of the offering by Research Capital Corporation and Canaccord Genuity Corp, the co-lead agents of the offering. At the closing the Company issued 7,468,000 units ("Units") at a price of \$0.25 per Unit, 8,682,500 flow-through units ("FT Units") at a price of \$0.27 per FT Unit, and 6,310,000 Quebec flow-through units ("QFT Units") at a price of \$0.29 per QFT Unit. Each Unit consists of one common share (a "Common Share") and one common share purchase warrant (a "Warrant"). Each FT Unit consists of one flow-through Common Share (a "FT Share") and one Warrant. Each QFT Unit consists of one Quebec flow-through Common Share (a "QFT Share") and one Warrant. Each Warrant entitles its holder to purchase one additional Common Share at an exercise price of \$0.32 per share at any time up to 36 months following the closing of the offering. In connection with the offering, the Company paid the agents a cash commission of \$422,882, and broker warrants entitling the agents to purchase up to 1,572,235 Units at an exercise price of \$0.25 for a period of three years from closing of the Offering.
- ii) April 29, 2022, the Company announced that it has revised its purchase and sale agreement to acquire a 10-acre (4 hectare) property fronting Highway 11 near Cobalt, ON, that will be used as the central hub for all of the Company's Ontario and Quebec operations for a cash consideration of \$400,000. The vendor of the property is a company controlled by a family member of one of the directors and officers of the Company.
- iii) On May 2, 2022, the Company announced it had signed a non-binding letter of Intent ("LOI") dated April 20, 2022 with Power Group Projects Corp. ("PGP"), which contemplates a transaction whereby PGP would sell its interest in specific Cobalt area properties (the "Property), located in Coleman, Bucke and Lorrain Townships in the Larder Lake Mining Division of Ontario to the Company. Under the terms of the LOI, the Company and PGP would enter into a formal agreement whereby the Company would purchase a 100% interest, subject to a 2% NSR in specific PGP Properties and the data related to the Property subject to a payment of \$75,000 cash and the issuance of 300,000 shares of the Company to PGP upon closing the transaction.
- iv) Subsequent to March 31, 2022, 2,800,000 warrants were exercised with exercise prices between \$0.21 and \$0.25 for gross proceeds of \$692,000.
- v) On May 4, 2022, the Company granted stock options to its directors and officers to purchase an aggregate of 550,000 common shares in the capital of the Company. The stock options are exercisable for a term of three years at an exercise price of \$0.25 per share. All stock options are granted in accordance with the terms of the Company's stock option plan and the policies of the TSX Venture Exchange and will be subject to a hold period of four months and one day from the date of grant.
- vi) At the Company's AGM held on May 25, 2022, Robert Setter was not re-elected to the board of directors.