NorthWestcopper

Formerly Serengeti Resources Inc.

Consolidated Financial Statements

For the Ten Months Ended December 31, 2021 and the Year ended February 28, 2021

(Expressed in Canadian Dollars)

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Shareholders of NorthWest Copper Corp.

Opinion

We have audited the consolidated financial statements of NorthWest Copper Corp. ("the Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from March 1, 2021 to December 31, 2021
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the period from March 1, 2021 to December 31, 2021 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that at December 31, 2021 the Entity has not achieved profitable operations, has a net loss and accumulated losses since inception.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to Note 2(e) to the financial statements ("Note 2(e)"), which explains that certain comparative information presented:

- for the year ended February 28, 2021 has been restated.
- as at March 1, 2020 has been derived from the financial statements for the year ended February 29, 2020 which have been restated (not presented herein).

Note 2(e) explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

The financial statements for the year ended February 28, 2021 and February 29, 2020 (not presented herein but from which the comparative information as at March 1, 2020 has been derived), excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 4, 2021 and June 29, 2020, respectively.

As part of our audit of the financial statements for the period from March 1, 2021 to December 31, 2021, we also audited the adjustments that were applied to restate certain comparative information presented:

- for the year ended February 28, 2021
- as at March 1, 2020.

In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements:

- for the year ended February 28, 2021
- for the year ended February 29, 2020 (not presented herein)
- as at March 1, 2020.

Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

Other Information

Management is responsible for the other information. Other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

— Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

— Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Robert Ryan Owsnett.

Vancouver, Canada
April 14, 2022

(Expressed in Canadian Dollars)

	Notes	December 31, 2021	February 28, 2021 Restated (Note 2e)	March 1, 2020 Restated (Note 2e)
ASSETS				
Current assets				
Cash		$ 24,682,958	$ 511,847	$ 1,802,817
Short term investments		30,000	-	-
Receivables	4	762,267	46,210	101,928
Prepaid expenses		213,227	14,128	17,743
		25,688,452	572,185	1,922,488
Non-current assets				
Investment in joint venture	5	11,648,360	10,714,450	10,947,084
Deposits	8,12	362,896	55,260	54,222
Property, plant and equipment	6	223,682	15,078	57,546
Deferred transaction costs		-	486,319	-
Exploration and evaluation assets	7	56,001,281	618,659	558,389
		68,236,219	11,889,766	11,617,241
TOTAL ASSETS		**$ 93,924,671**	**$ 12,461,951**	**$ 13,539,729**
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities	12	$ 1,301,499	$ 638,616	$ 189,059
Short term loans	9	-	511,774	-
Flow-through share premium liability	11	5,649,804	24,834	327,707
Current portion of lease payable	10	105,390	4,669	24,250
		7,056,693	1,179,893	541,016
Non-current liabilities				
Term loan payable		25,080	22,130	-
Closure and reclamation	8	133,493	-	-
Lease payable	10	84,744	-	30,373
TOTAL LIABILITIES		7,300,010	1,202,023	571,389
SHAREHOLDERS' EQUITY				
Share capital	11	125,979,616	44,925,205	44,453,386
Share-based payment reserve	11	19,399,425	8,760,387	8,821,084
Equity portion of convertible debenture		52,837	52,837	52,837
Deficit		(58,807,217)	(42,478,501)	(40,358,967)
TOTAL SHAREHOLDERS' EQUITY		**86,624,661**	**11,259,928**	**12,968,340**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 93,924,671**	**$ 12,461,951**	**$ 13,539,729**

Nature of operations and going concern (Note 1)
Subsequent events (Notes 5 and 16)

Approved by the Board of Directors on April 14, 2022:

"Teodora Dechev", Director   *"Sean Tetzlaff"*, Director

(Expressed in Canadian Dollars)

	Notes	Ten months ended December 31, 2021	Year ended February 28, 2021 Restated (Note 2e)
Expenses			
Exploration and evaluation expenditures	7	$ 6,970,571	$ 487,364
Share-based payments	11	4,718,735	90,321
Salaries, management consulting and director fees	15	2,069,972	617,915
Professional fees		749,294	249,218
Investor relations		680,327	44,563
Office and miscellaneous		380,526	52,799
Transfer agent and filing fees		184,314	40,787
Depreciation	6	47,275	28,456
		(15,801,014)	(1,611,423)
Other Income (Expense)			
Recognition of flow-through share premium	11	2,686,030	302,873
Other income		-	146,213
Management income	5	98,039	42,967
Interest income		23,904	13,861
Gain on term loan payable		-	20,746
Gain of disposition of lease asset		-	1,945
Loss on debt settlement	11	(64,095)	-
Finance expense		(86,053)	(17,859)
Impairment	7	-	(20,056)
Loss on disposition of investment	5	-	(38,700)
Share of joint venture loss	5	(3,185,527)	(960,101)
		(527,702)	(508,111)
Net loss and comprehensive loss for the period		**$ (16,328,716)**	**$ (2,119,534)**
Loss per share – basic and diluted		**$ (0.13)**	**$ (0.04)**
Weighted average number of common shares outstanding		**126,761,869**	**54,972,146**

See accompanying notes to the consolidated financial statements.

NorthWest Copper Corp. (Formerly Serengeti Resources Inc.)
Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Notes	Share capital: Number of shares	Share capital: Amount	Share-based payment reserve	Equity portion of convertible debentures	Deficit	Total Shareholders' Equity
Balance at February 29, 2020 *Restated (Note 2e)*		**54,586,692**	**$ 44,453,386**	**$ 8,821,084**	**$ 52,837**	**$ (40,358,967)**	**$ 12,968,340**
Shares issued for acquisition of property interests	7	50,000	28,000	-	-	-	28,000
Shares issued for debt	11	136,052	51,700	-	-	-	51,700
Shares issued for cash - exercise of warrants	11	141,345	72,260	-	-	-	72,260
Shares issued for cash - exercise of stock options	11	987,500	170,000	-	-	-	170,000
Share issuance costs	11	-	(1,159)	-	-	-	(1,159)
Reallocation of fair market value of warrants exercised		-	33,137	(33,137)	-	-	-
Reallocation of fair market value of stock options exercised		-	117,881	(117,881)	-	-	-
Share-based payments	11	-	-	90,321	-	-	90,321
Net loss for the year		-	-	-	-	(2,119,534)	(2,119,534)
Balance at February 28, 2021 *Restated (Note 2e)*		**55,901,589**	**$ 44,925,205**	**$ 8,760,387**	**$ 52,837**	**$ (42,478,501)**	**$ 11,259,928**
Shares issued to former Sun Metals shareholders	3	55,323,061	55,323,061	-	-	-	55,323,061
Warrants issued to former Sun Metals securityholders	3	-		5,824,943	-	-	5,824,943
Stock options issued to former Sun Metals securityholders	3	-		1,046,386	-	-	1,046,386
Shares issued for cash - financing	11	3,750,000	3,000,000	-	-	-	3,000,000
Shares issued for cash - flow-through financing	11	5,000,000	5,000,000	-	-	-	5,000,000
Shares issued for cash - charity flow-through financing	11	4,550,000	5,005,000	-	-	-	5,005,000
Shares issued for cash - charity flow-through financing	11	16,950,000	20,001,000	-	-	-	20,001,000
Share issuance costs	11	-	(1,935,150)	-	-	-	(1,935,150)
Flow-through premium liability		-	(8,311,000)				(8,311,000)
Shares issued for debt	11	164,095	164,095	-	-	-	164,095
Shares issued for cash - exercise of warrants	11	1,547,712	873,929	-	-	-	873,929
Shares issued for cash - exercise of stock options	11	1,567,500	447,450	-	-	-	447,450
Reallocation of fair market value of warrants exercised	11	-	619,964	(619,964)	-	-	-
Reallocation of fair market value of stock options exercised	11	-	331,062	(331,062)	-	-	-
Shares issued for acquisition of property interests	7	605,672	535,000	-	-	-	535,000
Share-based payments	11	-	-	4,718,735	-	-	4,718,735
Net loss for the year		-	-	-	-	(16,328,716)	(16,328,716)
Balance at December 31, 2021		**145,359,629**	**$125,979,616**	**$ 19,399,425**	**$ 52,837**	**$ (58,807,217)**	**$ 86,624,661**

See accompanying notes to the consolidated financial statements.

NorthWest Copper Corp. (Formerly Serengeti Resources Inc.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	Ten months ended December 31, 2021	Year ended February 28, 2021 Restated (Note 2e)
Operating activities			
Net loss		$ (16,328,716)	$ (2,119,534)
Adjustments for non-cash items:			
Depreciation		52,954	28,456
Share of joint venture loss	5	3,185,527	960,101
Finance expense		86,053	17,641
Loss on settlement of debt	11	64,095	-
Interest income		(23,904)	-
Management income	5	(98,039)	(42,967)
Recognition of flow-through share premium	11	(2,686,030)	(302,873)
Share-based payments	11	4,718,735	90,321
Impairment		-	20,056
Gain on disposition of lease asset		-	(1,945)
Gain on term loan payable		-	(20,746)
Loss on disposition of investment		-	38,700
Changes in			
Receivables		(291,356)	55,718
Prepaid expenses		(96,100)	3,615
Trade payables and accrued liabilities		(960,289)	146,021
Net cash flows used in operating activities		(12,377,070)	(1,127,436)
Investing activities			
Cash acquired from Sun Metals	3	9,481,375	-
Cash transaction costs - acquisition of Sun Metals	3	(430,536)	(203,150)
Investment in joint venture	5	(4,185,698)	(658,500)
Exploration and evaluation assets	7	(60,006)	(44,961)
Deposits		(93,000)	(1,038)
Interest received		23,904	-
Property, plant and equipment		(6,487)	(9,345)
Net cash flows provided by (used in) investing activities		4,729,552	(916,994)
Financing activities			
Proceeds from share issuances	11	33,006,000	-
Share issuance costs		(1,935,150)	(1,159)
Proceeds from exercise of options	11	447,450	170,000
Proceeds from exercise of warrants	11	873,929	72,260
Short-term loan		-	500,000
Repayment of short-term loan	9	(530,000)	-
Term loan received		-	40,000
Lease payments		(43,600)	(27,641)
Net cash flows provided by financing activities		31,818,629	753,460
Net change in cash and cash equivalents		24,171,111	(1,290,970)
Cash and cash equivalents, beginning		511,847	1,802,817
Cash and cash equivalents, ending		**$ 24,682,958**	**$ 511,847**

See accompanying notes to the consolidated financial statements.

1. Nature of operations and going concern

NorthWest Copper Corp. (the "Company" or "NorthWest"), formerly Serengeti Resources Inc. was incorporated on March 5, 1973, under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "SIR". On March 5, 2021, the Company changed its name to NorthWest Copper Corp. and commenced trading on the TSX-V under the new symbol "NWST".

The head office and principal address of the Company is 1055 West Hastings Street, Suite 1900, Vancouver, British Columbia, Canada, V6C 2E9. The Company's registered and records office address is #3200 – 650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4P7.

On November 29, 2020, the Company announced they had entered into a definitive arrangement agreement with Sun Metals Corp. ("Sun Metals") pursuant to which NorthWest would acquire all of the issued and outstanding shares of Sun Metals (the "Transaction") on the basis of 0.43 common shares of NorthWest (on a pre-Consolidation (as defined below) basis) for each share of Sun Metals held, by way of a plan of arrangement under the Business Corporations Act British Columbia (the "Arrangement").

On March 5, 2021, the Company consolidated all the issued and outstanding common shares on a two for one basis. (the "Consolidation"). The Consolidation reduced the common shares issued and outstanding at March 5, 2021 from 112,153,368 pre-consolidated to 56,076,589 post-consolidated common shares. All share, and per share information, including options and warrants, have been amended retrospectively in these consolidated financial statements to reflect the share consolidation.

On March 5, 2021, the Company announced the closing of the Arrangement, following which Sun Metals became a wholly owned subsidiary of NorthWest. Pursuant to the Arrangement, the Company issued 55,323,061 common shares, 2,866,523 stock options with a weighted average exercise price of $1.09, and 15,423,541 warrants with a weighted average exercise price of $1.05 to former Sun Metals securityholders (see Note 3).

Following completion of the Arrangement, the Company now owns 100% of the Stardust copper-gold project, 100% of the Lorraine copper-gold project, and 100% of the OK copper-molybdenum project.

Going concern

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At December 31, 2021, the Company had not achieved profitable operations, had a net loss of $16,328,716 for the ten months ended December 31, 2021 (year ended February 28, 2021 - $2,119,534) and accumulated losses of $58,807,217 (February 28, 2021 - $42,478,501) since inception, all of which indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to raise sufficient funds through equity capital or borrowings to meet its expenditure and obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. Failure to obtain additional funding on a timely basis may cause the Company to postpone exploration and/or evaluation plans or substantially reduce its operations.

Since March 2020, the outbreak of the novel strain of 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, quarantine periods and social distancing, have caused material disruption to businesses globally and have resulted in significant volatility in global equity and commodity markets. The duration and ultimate impact of the COVID-19 outbreak is unknown at this time however it could adversely impact the Company's ability to carry out its plans and raise capital. 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 and its operations in future periods.

2. Significant accounting policies and basis of preparation

These consolidated financial statements were authorized for issue by the directors of the Company on April 14, 2022.

a. Statement of compliance with International Financial Reporting Standards

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

b. Change in Year End

During the ten months ended December 31, 2021, the Company changed its fiscal year end to December 31, from February 28. The Company's annual transition period is the ten months ended December 31, 2021, and the comparative period is the twelve months ended February 28, 2021. The new financial year will align the Company with its peer group in the mineral resources sector.

c. Basis of presentation

These consolidated financial statements of the Company have been prepared on a historical cost basis except for certain financial instruments classified in accordance with measurement standards under IFRS. These consolidated financial statements are presented in Canadian dollars unless otherwise specified. Certain comparative figures have been reclassified to conform to the current year's presentation.

d. Consolidation

The consolidated financial statements include the accounts of the Company and its Canadian controlled entities. All intercompany transactions, balances and unrealized gains and losses are eliminated on consolidation. Details of controlled entities are as follows:

		Percentage owned	
	Province of incorporation	**December 31, 2021**	**February 28, 2021**
Sun Metals Corp.	British Columbia	100%	N/A
Tsayta Resources Corporation*	British Columbia	100%	N/A
0790202 BC Ltd.**	British Columbia	100%	100%

*Subsidiary of Sun Metals Corp., holds the Stardust, Lorraine, and OK projects.
**This company is inactive.

e. Change in Accounting Policy

Exploration and Evaluation Expenditures

In order to enhance the relevance of the Company's financial to the economic decision-making needs of users and improve comparability with our peers, the Company has voluntarily changed its accounting policy with respect to mineral properties and capitalized exploration expenditures, consistent with the guidance provided in IFRS 6 – Exploration and Evaluation of Mineral Resources and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. In prior periods the Company's policy was to capitalize exploration and evaluation expenditures. The Company has elected to change this accounting policy to expense exploration expenditures as incurred, effective with the presentation of the December 31, 2021 consolidated financial statements, on a retrospective basis. The Company will continue to capitalize acquisition costs related to mineral properties until such time as it has been established that the property is commercially viable and technically feasible, sold, or becomes impaired. The full accounting policy is as follows:

(Expressed in Canadian Dollars)

2. Significant accounting policies and basis of preparation (cont'd)

The fair value of all cash and non-cash consideration paid in relation to the acquisition of mineral property interests are capitalized until the viability of the mineral interest is determined, the mineral property interest is sold, or an impairment is determined. The Company's policy is to expense, as incurred, exploration and evaluation expenditures until the mineral property reaches the development stage.

When it has been established that a mineral deposit is commercially viable and technically feasible, the costs subsequently incurred to develop a mine on the mineral property prior to the start of mining operations are capitalized and will be amortized against production when ready for use as intended by management, or derecognized if the property is sold, allowed to lapse or abandoned.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance of historical characteristics of many resource properties. To the best of the Company's knowledge, title to the Company's mineral project claims are in good standing.

Upon disposal or abandonment, any consideration received is credited against the carrying amount of the exploration and evaluation assets, with any difference from the carrying amount included as a gain or loss in the statement of loss and comprehensive loss.

The change in accounting policy requires full retrospective application and has been applied consistently to both the Company's exploration and evaluation assets and the exploration and evaluation assets held through the Company's investment in a joint venture. IAS 1 – *Presentation of Financial Statements* also requires a third statement of financial position be presented. As at March 1, 2020 and February 28, 2021 the following adjustments were recorded to the consolidated statements of financial position:

(i) At March 1, 2020

	As previously reported	Effect of change of accounting policy	As currently reported
Exploration and evaluation assets	$ 1,529,562	$ (971,173)	$ 558,389
Investment in joint venture	15,805,900	(4,858,816)	10,947,084
Total non-current assets	17,447,230	(5,829,989)	11,617,241
Deficit	(34,528,978)	(5,829,989)	(40,358,967)
Total shareholder's equity	**$ 18,798,329**	**$ (5,829,989)**	**$ 12,968,340**

(ii) At February 28, 2021

	As previously reported	Effect of change of accounting policy	As currently reported
Exploration and evaluation assets	$ 2,077,196	$ (1,458,537)	$ 618,659
Investment in joint venture	16,503,912	(5,789,462)	10,714,450
Total non-current assets	19,137,765	(7,247,999)	11,889,766
Deficit	(35,230,502)	(7,247,999)	(42,478,501)
Total shareholder's equity	**$ 18,507,927**	**$ (7,247,999)**	**$ 11,259,928**

(Expressed in Canadian Dollars)

2. Significant accounting policies and basis of preparation (cont'd)

For the year ended February 28, 2021, the following adjustments were recorded to the consolidated statement of loss and comprehensive loss:

	As previously reported	Effect of change of accounting policy	As currently reported
Exploration and evaluation expenditures	$ -	$ (487,364)	$ (487,364)
Share of joint venture loss	(29,455)	(930,646)	(960,101)
Loss and comprehensive loss	**(701,524)**	**(1,418,010)**	**(2,119,534)**
Loss per share - basic and diluted	**$ (0.01)**	**$ (0.03)**	**$ (0.04)**

For the year ended February 28, 2021, the following adjustments were recorded to the consolidated statement of cash flows:

	As previously reported	Effect of change of accounting policy	As currently reported
Net Loss	$ (701,524)	$ (1,418,010)	$ (2,119,534)
Share of joint venture loss	29,455	930,646	960,101
Net cash flows used in operating activities	**(640,072)**	**(487,364)**	**(1,127,436)**
Exploration and evaluation assets	(532,325)	487,364	(44,961)
Net cash flows provided by (used in) investing activities	**$ (1,404,318)**	**$ 487,364**	**$ (916,954)**

f. Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, property, plant and equipment and the valuation of the investment in joint venture if indicators of impairment are identified and the valuation of share-based payments.

For the ten-months ended December 31, 2021 there were no indicators of impairment identified with respect to the Company's exploration and evaluation assets, property, plant and equipment and investment in joint venture requiring the estimation of a recoverable value.

In order to compute the fair value of share-based payments, the Company uses the Black-Scholes option pricing model which inherently requires management to make various estimates and assumptions in relation to the expected life of the award, expected volatility, risk-free rate and forfeiture rates. Changes in any of these inputs could cause a significant change in the share-based compensation expense charged in

2. Significant accounting policies and basis of preparation (cont'd)

the statement of loss and to equity reserves in a given period. Key assumptions with respect to the valuation of share-based payments is disclosed in Note 11.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Going concern

Management has determined that the Company will be able to continue as a going concern for the next twelve months (see Note 1).

ii) Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation assets and expenditures requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of its property interests will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies and there is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production.

For the ten months ended December 31, 2021 and the year ended February 28, 2021, there were no indicators of impairment on the Company's exploration and evaluation assets.

iii) Joint arrangements

Judgement is required to determine when the Company has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Company to assess their rights and obligations arising from the arrangement including whether the arrangement is structured through a separate vehicle, in which case, judgment is also required to assess the rights and obligations arising from the legal form of the separate vehicle, terms of the contractual arrangement, and other relevant facts and circumstances. This assessment often requires significant judgment, and a different conclusion on joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting. Management has assessed its investment in Kwanika Copper Corporation as a joint venture (Note 5).

iv) Accounting for acquisitions

Judgement is required in assessing whether an acquisition is a business combination or the acquisition of assets, in assessing the acquiror and in allocating the purchase price paid to mineral property interests acquired.

The Company considered the impact of the COVID-19 pandemic on the significant judgments and estimates made in these consolidated financial statements and determined that the effects of COVID-19 did not have a material impact on the estimates and judgments applied for the ten months ended December 31, 2021.

2. Significant accounting policies and basis of preparation (cont'd)

g. Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated to expense the cost of the assets to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

Class of property, plant and equipment	Depreciation rate
Computer equipment	30% declining balance basis
Furniture and equipment	30% declining balance basis
Leased office	Over remaining lease term

h. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset of a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest rate method, and is re-measured when there is a change in future lease payments. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in Property, plant and equipment, and lease liabilities in 'lease liabilities' in the statement of financial position. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months of less and leases of

2. Significant accounting policies and basis of preparation (cont'd)

low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

i. Investments in joint ventures

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in a joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive loss is reclassified to profit or loss where appropriate.

The Company's share of post-acquisition profit or loss is recognized in the consolidated statement of loss and comprehensive loss, and its share of post-acquisition movements in other comprehensive loss is recognized in other comprehensive loss with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Company determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognizes the amount in the consolidated statement of loss and comprehensive loss.

Profits and losses resulting from transactions between the Company and its joint venture are recognized in the Company's consolidated financial statements only to the extent of the unrelated investor's interest in the joint venture. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Company. Dilution gains and losses arising in investments in joint ventures are recognized in the consolidated statement of loss and comprehensive loss.

j. *Government Assistance*

The Company recognizes resource tax credit amounts as a receivable and a reduction to exploration and evaluation expenditures when the Company's application for such credits is approved by the relevant jurisdiction or when the amount to be received can be reasonably estimated and collection is reasonably assured.

k. Impairment of non-current assets

At each reporting date, property, plant and equipment and exploration and evaluation assets are evaluated for impairment by management whenever events or changes in circumstances indicate that the carrying value is impaired and may not be recoverable.

For property plant and equipment, if any such impairment indicators exist, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does

2. Significant accounting policies and basis of preparation (cont'd)

not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

For exploration and evaluation assets, the Company follows the guidance in *IFRS 6 – Exploration for and Evaluation of Mineral Resources* to determine whether exploration and evaluation assets are impaired. This determination requires significant judgment. Impairment indicators relevant for exploration and evaluation properties include whether the rights to explore the area of interest have expired during the period or will expire in the near future, and the rights are not expected to be renewed; substantive expenditure on further exploration and evaluation is not planned or budgeted; the exploration activities have not led to a discovery of commercial reserves and the Company has decided not to continue such activities in the area of interest being explored; or sufficient data exists to indicate that, although exploration in the area is likely to continue, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If an impairment indicator is identified, management will perform an impairment test. If the recoverable amount of the exploration and evaluation assets is less than the carrying amount, an impairment loss will be recorded in the financial statements. Recoverable amount is the higher of fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

L. Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes receivables and deposits on the date that they originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost.

Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired. A financial asset is measured at amortized cost, if it is not designated at FVPL, and it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the

2. Significant accounting policies and basis of preparation (cont'd)

financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company's non-derivative financial assets are its cash short term investments, amounts receivables, and reclamation and other deposits, all of which are classified as financial assets at amortized cost.

(ii) Impairment of Financial Assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balances of the Company's financial instrument assets the Company has no material loss allowance as at December 31, 2021, February 28, 2021 or March 1, 2020.

(iii) Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or they expire.

Such financial liabilities are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to their initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The Company's non-derivative financial liabilities are its trades payable and accrued liabilities and term loan payable.

2. Significant accounting policies and basis of preparation (cont'd)

m. Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees for goods or services received are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payment reserve. The Company determines the fair value of share-based payments in consideration of the quoted market price of the Company's common shares for direct share awards, or by using the Black-Scholes option pricing model for options or warrants issued.

Consideration received on the exercise of stock options or warrants is recorded as share capital and the related equity reserve amount is transferred to share capital. Where awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognized is proportionately reversed in the period the forfeiture occurs.

n. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at banks, and short-term highly liquid investments and bank overdrafts.

o. Loss per Share

Loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Under this method, the weighted average number of common shares used to calculate the dilutive effect in the statement of income (loss) assumes that the proceeds that could be obtained upon exercise of stock options, warrants and similar instruments would be used to purchase common shares at the average market price during the period.

In periods where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding stock options and warrants would be anti-dilutive.

p. *Provisions*

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when the amount has been reasonably estimated. Provisions are not recognized for future operating losses.

The amount recorded as a provision is the best estimate of the consideration required to settle the obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The Company records provisions for closure and reclamation on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation is estimated using expected cash flows and discounted, if material, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation, the offset of which is charged to the statement of income (loss), and any changes in the amount or timing of the underlying

2. Significant accounting policies and basis of preparation (cont'd)

future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation costs.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost. Expenditures of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of a mineral property project.

q. *Income Taxes*

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that the tax relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be realized.

r. Flow through Shares

The Company will from time to time, issue flow-through common shares to finance a portion of its Canadian exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into: i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. The Company derecognizes the flow-through share premium liability to the extent the qualifying resource expenditures have been made as of the reporting date and records such amount in determining in other income in the consolidated statement of loss.

Proceeds received from the issuance of flow-through shares are to be used only for Canadian resource property exploration expenditures within a set period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through expenditure commitments. The Company is also subject to Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a finance expense until paid.

(Expressed in Canadian Dollars)

3. Acquisition of Sun Metals Corp.

Pursuant to the Arrangement Agreement (Note 1), on March 5, 2021 the Company acquired, all of the issued and outstanding common shares of Sun Metals by way of a statutory plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement").

Pursuant to the terms of the Arrangement, shareholders of Sun Metals received 0.215 (the "Post-Consolidation Exchange Ratio") of a common share of NorthWest for every Sun Metals common share held, all outstanding stock options of Sun Metals were exchanged for stock options to purchase NorthWest common shares on the basis of the Post-Consolidation Exchange Ratio and all unexercised Sun Metals share purchase warrants were exchanged for warrants to purchase NorthWest common shares on the basis of the Post-Consolidation Exchange Ratio. Upon closing of the Arrangement, the Company issued 55,323,061 common shares, 2,866,523 stock options with a weighted average exercise price of $1.09, and 15,423,541 share purchase warrants with a weighted average exercise price of $1.05.

The Company determined that Sun Metals was not a business in accordance with the definition in *IFRS 3 Business Combinations* at the date of acquisition and therefore has accounted for the acquisition as an asset acquisition rather than a business combination. The following table provides details of the fair value of the consideration given and the fair value of the assets and liabilities acquired as a result of the Arrangement:

Purchase Consideration	
55,323,061 common shares	$ 55,323,061
15,423,541 share purchase warrants	5,824,943
2,866,523 stock options	1,046,386
Transaction costs	733,686
	$ 62,928,076

Net Assets Acquired	
Cash	$ 9,481,375
Working capital	(1,497,180)
Deposits	214,636
Property, plant & equipment	31,635
Exploration & evaluation assets	55,287,616
Other long-term liabilities	(590,006)
	$ 62,928,076

4. Receivables

	December 31, 2021	**February 28, 2021**	**March 1, 2021**
Exploration costs recoverable from KCC	$ -	$ 31,246	$ 43,099
Exploration costs receivable from Fjordland (Note 7)	48,836		
Management fee receivable from KCC	172,515	-	-
BC METC receivable (Note 7)	87,995	-	-
Goods and services tax receivable	382,914	10,960	53,023
Other receivables	70,007	4,004	5,248
	$ 762,267	**$ 46,210**	**$ 101,370**

5. Investment in joint venture – Kwanika Copper Corporation

On November 24, 2017, NorthWest completed a transaction whereby NorthWest, POSCO DAEWOO Corporation, since renamed Posco International Corporation ("POSCO") and Kwanika Copper Corporation ("KCC" or "Kwanika") (formerly Daewoo Minerals Canada Corporation) signed a definitive joint venture agreement (the "JVA") for the exploration and development of the Kwanika property (the "Project"). Pursuant to the JVA, the respective interests of NorthWest and POSCO in the Project were transferred to KCC, which serves as the vehicle for the joint venture. In 2017, POSCO contributed a total of $8,300,000 in cash and as a result of this and prior contributions, held 8,200,000 common shares of KCC (representing 35% of the total issued shares of KCC). NorthWest contributed its 95% ownership of the Kwanika property, in exchange for 15,228,571 common shares of KCC (representing 65% of the total issued shares of KCC).

During December 2019, $680,000 was solely contributed by NorthWest to KCC towards funding of the calendar 2020 work program. During the year ended February 28, 2021, the Company made an additional sole contribution of $853,200 to KCC for the calendar 2020 work program, for a total contribution of $1,533,200.

Upon completion of the calendar 2020 work program, and as a result of the sole-funding that exploration programs, NorthWest owned approximately 66.95% of KCC. As a consequence of POSCO electing not to participate in the 2020 program, they were diluted on a pro-rata basis to 33.05% ownership of KCC at February 28, 2021.

During the year ended February 28, 2021, a total of 38,700 of KCC common shares held by NorthWest was transferred to POSCO in relation to future tax benefits lost by POSCO as a result of the partial funding of the calendar 2020 work program using flow-through shares. The Company recorded a loss on disposal of investment of $38,700 as a result of the transfer.

On March 1, 2021, KCC's shareholders approved a formal budget for $3,476,000 and a work program at the Project which was submitted by NorthWest as operator. At the shareholders meeting of KCC, POSCO elected not to participate for its proportionate share of the 2021 Kwanika Project program and budget, NorthWest elected to participate for its proportionate share and NorthWest also elected to fund the shortfall resulting from POSCO's election not to participate. These elections by the shareholders have resulted in 100% of the 2021 Kwanika Project program and budget being funded by NorthWest.

During the four months ended June 30, 2021, NorthWest incurred $1,517,400 in costs on behalf of KCC. Following approval of the funding request by the KCC board, the amount owing from KCC to NorthWest was settled in common shares of KCC, and NorthWest and POSCO's corresponding ownership percentages were updated to 68.98% and 31.02%, respectively.

During the six months ended December 31, 2021, NorthWest incurred $2,668,298 in costs on behalf of KCC. Subsequent to December 31, 2021, the amount incurred by NorthWest on behalf of KCC for the remaining 2021 costs was settled in shares received by NorthWest.

NorthWest can remain as Project operator so long as it maintains a majority interest. As Project operator, NorthWest receives a 10% management fee on cumulative expenditures above $7,000,000. Management fee income of $98,039 (year ended February 28, 2021 – $42,967) earned from the joint venture during the period has been recorded as management income in the consolidated statements of loss and comprehensive loss. Subsequent to December 31, 2021, the management fee income due to NorthWest was settled by KCC issuing shares to NorthWest.

NorthWest may be granted a 1% net smelter return royalty ("NSR") if its Project interest is diluted below 50% and an additional 0.5% NSR if its interest is diluted below 33 ⅓%, subject to partial buyback provisions to POSCO. POSCO will have certain concentrate offtake rights from production on the Project, subject to NorthWest's ability to enter into separate streaming arrangements.

(Expressed in Canadian Dollars)

5. Investment in joint venture – Kwanika Copper Corporation (cont'd)

Pursuant to the JVA, the Company is entitled to the proceeds from the Mineral Exploration Tax Credit ("METC") to be paid to KCC. During the period ended December 31, 2021, the Company received $nil (year ended February 28, 2021 - $139,018) METC refund from KCC which is included in other income.

Summarized statement of financial position – Kwanika Copper Corporation

	December 31, 2021 (unaudited)	February 28, 2021 (unaudited) *Restated (Note 2e)*
Current assets	$ 136,054	$ 127,397
Non-current assets	16,433,179	16,628,199
Total assets	**$ 16,569,233**	**$ 16,755,596**
Current liabilities	$ 2,919,894	$ 157,374
Shareholders' equity		
Common shares		
NorthWest Copper Corp.	18,775,671	17,106,571
Posco International Corporation	8,445,200	8,445,200
Contributed Surplus	100,000	100,000
Deficit	(13,671,532)	(9,053,549)
Total shareholders' equity	13,649,339	16,598,222
Total equity and liabilities	**$ 16,569,233**	**$ 16,755,596**

In the above table, the non-current assets of KCC have been adjusted to conform with the Company's accounting policy of expensing exploration and evaluation expenditures.

During the ten months ended December 31, 2021, KCC's net loss was $4,618,378, of which $4,608,872 was exploration and evaluation expenditures (February 28, 2021 - $1,420,582 and $1,390,082, respectively). During the ten months ended December 31, 2021 NorthWest Copper has recorded $3,185,527 as a joint venture loss, being 68.98% (February 28, 2021 - $960,101, 66.95%).

Changes in the investment in joint venture for the ten-month period ended December 31, 2021 and year ended February 28, 2021 are as follows:

Balance March 1, 2020 *Restated (Note 2e)*	**$ 10,947,084**
Additional investment in joint venture	853,200
Disposition of investment	(38,700)
Share of joint venture loss from March 1, 2020 to February 28, 2021	(960,101)
66.949% of management fee income earned from joint venture from March 1, 2020 to February 28, 2021	(87,033)
Balance February 28, 2021 *Restated (Note 2e)*	**10,714,450**
Additional investment in joint venture	1,669,100
Costs incurred on behalf of KCC	2,668,298
Share of joint venture loss from March 1, 2021 to December 31, 2021	(3,185,527)
68.98% of management fee income earned from joint venture from March 1, 2021 to December 31, 2021	(217,961)
Balance December 31, 2021	**$ 11,648,360**

(Expressed in Canadian Dollars)

5. Investment in joint venture – Kwanika Copper Corporation (cont'd)

POSCO Purchase Agreement

On December 29, 2021 the Company entered into a share purchase agreement ("SPA") with POSCO whereby NorthWest will purchase all of POSCO's approximately 31% remaining interest in KCC for total consideration of $11 million, payable in common shares of NorthWest.

Pursuant to the terms of the SPA, NorthWest will issue to POSCO a total of $11 million in common shares in three tranches over a period of approximately four months as follows:

Tranche	Date of Issue	Value (C$)	NWST Share Price (C$)
Tranche 1	February 23, 2022	$4,000,000	$0.77
Tranche 2	60 days after Tranche 1	$4,000,000	Trailing 20-day VWAP at date of issue
Tranche 3	120 days after Tranche 1	$3,000,000	Trailing 20-day VWAP at date of issue

On February 23, 2022 the Company completed the first issuance of shares ("Tranche 1") to POSCO pursuant to the SPA by issuing 5,194,805 common shares. As part of the Tranche 1 closing, the shareholder joint venture agreement among the parties has been terminated and any interest or rights of POSCO with respect to the Kwanika Project under the shareholder joint venture agreement, including offtake rights, terminated. All common shares issued under the SPA are subject to a hold period of four months and one day from the date of issuance.

6. Property, plant and equipment

	Leased Office	Furniture and Equipment	Total
Cost			
Balance March 1, 2020	$ 81,564	$ 26,956	$ 108,520
Additions	-	9,345	9,345
Disposal	(23,357)	-	(23,357)
Balance February 28, 2021	58,207	36,301	94,508
Acquisition of Sun Metals	-	31,635	31,635
Additions	223,437	6,487	229,924
Disposal	(58,207)	-	(58,207)
Balance December 31, 2021	$ 223,437	$ 74,423	$ 297,860
Accumulated depreciation			
Balance March 1, 2020	$ 25,087	$ 25,887	$ 50,974
Additions	27,421	1,035	28,456
Balance February 28, 2021	52,508	26,922	79,430
Additions	41,448	11,507	52,955
Disposal	(58,207)	-	(58,207)
Balance December 31, 2021	$ 35,749	$ 38,429	$ 74,178
Net book value			
Balance March 1, 2020	$ 56,477	$ 1,069	$ 57,546
Balance February 28, 2021	$ 5,699	$ 9,379	$ 15,078
Balance December 31, 2021	$ 187,688	$ 35,994	$ 223,682

(Expressed in Canadian Dollars)

6. Property, plant and equipment (cont'd)

For the ten months ended December 31, 2021, depreciation of $5,679 (year ended February 28, 2021 - $nil) has been included in exploration and evaluation expenditures in the consolidated statements of loss.

On January 1, 2021, the Company revised the lease termination date of the office space being leased from April 2022 to May 2021, and the lease asset and lease liability were revalued to reflect changes in the future lease payments. As a result of the revaluations, the Company recorded a reduction of $25,303 in the lease liability, a reduction of $23,357 in the lease asset and a gain on disposition of the lease asset of $1,945 (Note 10) during the year ended February 28, 2021.

7. Exploration and evaluation assets and expenditures

a) ***Acquisition Costs***

Details of the Company's acquisition costs related to its projects are as follows:

	Milligan West	Top Cat	East Niv	Stardust	Lorraine	Other	Total
Balance - March 1, 2020	$ 43,111	$ 64,502	$ 11,422	$ -	$ -	$ 439,354	$ 558,389
Additions		50,000	30,326	-	-	-	80,326
Impairment	-	-	-	-	-	(20,056)	(20,056)
Balance - February 28, 2021	43,111	114,502	41,748	-	-	419,298	618,659
Additions	-	60,000	35,006	-	-	-	95,006
Acquisition of Sun Metals (Note 3)	-	-	-	52,635,218	2,652,398	-	55,287,616
Balance - December 31, 2021	**$ 43,111**	**$174,502**	**$ 76,754**	**$ 52,635,218**	**$ 2,652,398**	**$ 419,298**	**$ 56,001,281**

Following completion of the Arrangement on March 5, 2021, the Company now owns 100% of the Stardust copper-gold project, 100% of the Lorraine copper-gold project, and 100% of the OK copper-molybdenum project (the "OK Project"). No value was allocated to the OK Project, which is located near Powell River on the southern coast of British Columbia, as at the date of acquisition as the Company had no plans, intentions, or indications of value with respect to the mineral property interest.

b) ***Exploration and Evaluation Expenditures***

Details of the Company's exploration and evaluation expenditures, which have been cumulatively expensed in the statements of loss and comprehensive loss from the date of acquisition, are as follows:

(Expressed in Canadian Dollars)

7. Exploration and evaluation assets and expenditures (cont'd)

	Milligan West	Top Cat	East Niv	Stardust	Lorraine	Other	Total
Balance - March 1, 2020	$ 524,785	$176,013	$ 89,152	$ -	$ -	$ 181,223	$ 971,173
Costs incurred during period:							
Aircraft	-	-	32,693	-	-	-	32,693
Assaying	-	18,640	14,310	-	-	148	33,098
Camp and operations	-	26,601	28,487	-	-	2,376	57,464
Consulting	617	40,264	85,507	-	-	7,991	134,379
Geophysics	-	102,931	94,035	-	-	-	196,966
Software purchased	-	4,788	8,117	-	-	-	12,905
Travel and accommodation	-	9,901	9,958	-	-	-	19,859
	617	**203,125**	**273,107**	**-**	**-**	**10,515**	**487,364**
Balance - February 28, 2021	**525,402**	**379,138**	**362,259**	**-**	**-**	**191,738**	**1,458,537**
Costs incurred during period:							-
Admin	-	-	37,120	24,816	50,000	16,092	128,029
Aircraft	32,863	-	905,097	-	105,967	128,149	1,172,076
Camp and operations	9,855	6,506	565,792	151,787	187,077	30,966	951,983
Consulting	-	11,100	220,113	32,318	166,199	927	430,657
Drilling and assaying	-		607,700	298,887	35,827	2,872	945,286
Environmental	-	8,000	79,063	59,317	14,890	-	161,269
Geophysics	42,588		375,117	1,613	687,988	342,198	1,449,503
Salaries	17,089	31,021	757,015	313,092	436,654	101,616	1,656,486
Travel and accommodation	2,486	1,365	59,490	60,983	77,483	10,306	212,114
Costs due from JV partner	(48,836)	-	-	-	-	-	(48,836)
Government assistance	-	-	(69,414)	-	(18,581)	-	(87,995)
	56,045	57,992	3,537,093	942,813	1,743,503	633,126	6,970,571
Balance - December 31, 2021	**$ 581,447**	**$437,130**	**$ 3,899,352**	**$ 942,813**	**$ 1,743,503**	**$ 824,864**	**$ 8,429,108**

During the ten-months ended December 31, 2021, the Company accrued $87,995 in BC Mineral Exploration Tax Credits ("BCMETC") receivable, which was recorded as a reduction in exploration and evaluation expenditures. During the year ended February 28, 2021, the Company recorded $nil in BCMETC as all eligible expenditures were incurred under flow-through share agreements.

c) Exploration projects

(i) Stardust Project

Following completion of the Arrangement on March 5, 2021 (Note 1), the Company now owns 100% of the Stardust Project, located in British Columbia.

(ii) East Niv

The Company acquired East Niv, located in British Columbia, by staking in 2018. In 2021, the Company staked an additional 16 claims.

(iii) Lorraine Project

The Lorraine project comprises two contiguous properties in British Columbia, the Lorraine-Jajay and the Tam-Misty properties. Following completion of the Arrangement on March 5, 2021 (Note 1), the Company owns 100% of the Lorraine-Jajay property, and the Company owns 90% of the adjacent Tam-Misty property, and Commander Resources holds a 10% carried interest. The Tam-Misty property is subject to a 3% NSR royalty, which can be reduced to 1% NSR royalty, and is subject to a capped advanced royalty payment of $500,000, of which $500,000 has been paid as of December 31, 2021.

7. Exploration and evaluation assets and expenditures (cont'd)

Pursuant to the terms of an agreement between Sun Metals and Teck Resources Limited ("Teck" and the "Teck Agreement" respectively), dated November 26, 2020, Sun Metals acquired Teck's 51% joint venture interest in the Lorraine Project in exchange for $1,500,000 that was payable in cash or common shares over a two year period. At the date of acquisition of Sun Metals, $1,000,000 remained payable in two tranches to Teck. On November 25, 2021 the Company issued 555,672 common shares with a fair value of $500,000 to Teck to settle one of the two remaining tranches.

The Company is to make the final payment of $500,000 to Teck, in cash or common shares, on November 25, 2022 and the fair value of the remaining consideration, being $488,469 (discounted at a rate of 7%), has been included in accounts payable and accrued liabilities at December 31, 2021.

The Company will also make the following contingent milestone payments to Teck in either cash or common shares of the Company:

- $500,000 upon a Preliminary Economic Assessment;
- $2,000,000 upon a Feasibility Study; and
- $5,000,000 upon a construction decision.

Such contingent amounts are not accrued at December 31, 2021 and will be recorded only at such date that meeting the associated milestone is reasonably certain.

Pursuant to the terms of the acquisition, Teck has also retained a 1.0% net smelter return ("NSR") royalty on all claims that are not already burdened by a royalty and a 0.25% NSR royalty on all claims that are subject to existing royalties. Additionally, if the Company sells or options all or a portion of the property to a third party at any time during a 60-month period commencing from the date of the Teck Agreement, the Company will pay to Teck 20% of the sale proceeds, net of exploration expenses incurred on the property by the Company following closing.

(iv) Milligan West

The Company owns a 56.3% interest in the Milligan West property, an unincorporated joint venture with Fjordland Exploration Inc., an arm's-length company also listed on the TSX-V. The Company is entitled to act as Operator for so long as its interest is 50% or more.

(v) Top Cat

On July 19, 2019, the Company optioned the Top Cat claims.

The Company may earn a 100% interest by:

- Making staged cash payments totaling $340,000 over 5 years; $18,000 of which was paid on signing. On November 7, 2019, the Company issued 41,666 shares at a fair value of $18,333 in lieu of cash payment pursuant to the option agreement. On July 13, 2020, the Company paid $22,000, and on July 20, 2021, paid $25,000;
- Issuing a total of 750,000 common shares in stages over a 5-year period. On August 2, 2019, 50,000 shares with a fair value of $27,000 were issued upon TSX-V approval of the option agreement. On July 13, 2020, the Company issued 50,000 shares with fair value of $28,000, and on July 20, 2021, the Company issued 50,000 shares with a fair value of $35,000;
- Incurring a total of $1,250,000 in exploration expenditures over a 5-year period with a minimum of $100,000 to be spent before the first anniversary of the agreement, which expenditure was made;

(Expressed in Canadian Dollars)

7. Exploration and evaluation assets and expenditures (cont'd)

- Granting the optionors a 3% NSR on the property, subject to the Company's right to purchase a 2% NSR for $2,000,000 at any time prior to the first anniversary of commercial production.

(vi) Net Smelter Return Royalties – Thor Marmot and Deer Lake Properties

During the year ended February 28, 2019, the Company acquired NSR's of 0.75% on each of the Thor Marmot and Deer Lake Properties located in the Kemess and Kamloops Mining Districts from Electrum and received a payment of $10,000 in exchange for Portable Assessment Credits that the Company transferred to Electrum for the maximum allowable five-year period.

(vii) Other Properties

In addition to the OK Project discussed above, the Company also holds a 100% interest in several other properties located in British Columbia, including the Arjay, Tchentlo and Croy-Bloom properties. During the year ended February 28, 2021, the Company also recorded an impairment of $20,056 on the ATG property.

8. Reclamation deposits and closure and reclamation provision

The Company has posted bonds and investment certificates to provide for certain potential current and future reclamation liabilities as agreed with the Province of British Columbia – Ministry of Energy, Mines and Petroleum Resources. The deposits are considered long-term, regardless of their term, as the funds will remain on deposit until any potential obligation is extinguished.

	December 31, 2021	February 28, 2021	March 1, 2021
Balance, beginning	$ 55,260	$ 54,222	$ 31,760
Reclamation deposits acquired from Sun Metals	195,136	1,038	22,462
Balance, ending	**$ 250,396**	**$ 55,260**	**$ 54,222**

The Company has recorded a provision for closure and reclamation related primarily to its Stardust Project in the amount of $133,493, being the best estimate of the costs required in relation to disturbances to date. As the Company does not have a set timeline as to when any such reclamation activities will occur it has recognized the full amount of the provision and has not discounted the provision. The Company does not expect to incur and reclamation costs in the next year.

9. Short term loans

On December 21, 2020, the Company received an aggregate of $500,000 in short term loans. $30,000 of the short term loan was received from an officer of the Company. The loans were unsecured and bore interest of 1% per month and were due at maturity being the earlier of June 30, 2021 and fifth business day following the completion of the Arrangement (Note 1).

The Company repaid the loan principal and accrued interest in March 2021. During the ten months ended December 31, 2021, the Company recorded interest expense of $18,226 on the loan (year ended February 28, 2021 - $11,774).

10. Leases

The Company leases assets such as office space. These assets are classified as property, plant and equipment in the statement of financial position.

The Company's previously leased office was amortized on a straight-line basis over the lease term. On January 1, 2021, the Company revised the lease termination date of the office space being leased to May 31, 2021, and the lease asset and lease liability were revalued to reflect changes in the future lease

(Expressed in Canadian Dollars)

10. Leases (cont'd)

payments. As a result of the revaluations, the Company recorded a reduction of $25,303 in the lease liability, a reduction of $23,357 in the lease asset and a gain on disposition of the lease asset of $1,945.

The Company's current lease with respect to its head office premises is paid to Oxygen pursuant to the Oxygen Agreement (Note 12):

		December 31, 2021		February 28, 2021		March 1 2021
Current portion	$	105,390	$	4,669	$	24,250
Long term portion		84,744		-		30,373
	$	**190,134**	**$**	**4,669**	**$**	**54,623**

		December 31, 2021		February 28, 2021		March 1 2021
Balance, beginning	$	4,669	$	54,623	$	54,623
Principal payments		(43,600)		(27,641)		(27,641)
Recognition of liability		223,437		(25,303)		(25,303)
Finance charge		5,628		2,990		2,990
Balance, ending	**$**	**190,134**	**$**	**4,669**	**$**	**4,669**

Minimum lease payments in respect of the above head office lease liability and the effects of discounting are as follows:

	Up to 1 year	1 - 3 years	Total
Minimum lease payments	$ 116,792	$ 87,594	$ 204,386
Finance Charge	(11,402)	(2,850)	(14,252)
Total Payments	**$ 105,390**	**$ 84,744**	**$ 190,134**

Total undiscounted lease payments exclude leases that are classified as short-term and leases for low value assets, which are not recognized as lease liabilities. For the ten months ended December 31, 2021, the Company recognized $5,628 in interest expense on lease liabilities (year ended February 28, 2021 - $1,914). The Company's lease with respect to its head office premises includes variable payments that do not depend on an index or rate. As such, these payments have been excluded from the lease liability. Subsequent to signing the Oxygen Agreement, the Company expensed $25,668 of variable lease payments for the ten months ended December 31, 2021 (note 12).

11. Share capital and reserves

On March 5, 2021, the Company consolidated all the issued and outstanding common shares on a two for one basis. All shares, warrants, options, per share figures and references in the financial statement have been retroactively adjusted to reflect the share consolidation.

Authorized share capital

An unlimited number of common shares without par value and 20,000,000 preferred shares.

Issued share capital

Ten months ended December 31, 2021

At December 31, 2021, there were 145,359,629 issued and fully paid common shares, and nil preferred shares.

11. Share capital and reserves (cont'd)

i) Upon closing of the Arrangement with Sun Metals on March 5, 2021 (Note 3) the Company issued 55,323,061 common shares with a fair value of $55,323,061.

ii) On March 5, 2021, the Company issued 164,095 common shares in the capital of the Company at a deemed value of $0.61 per share in settlement of $100,000 of debt owing to an arm's length creditor. The fair value of the services, being $100,000, has been capitalized as a transaction cost of the Sun Metals acquisition (Note 3). As the fair value of the common shares at the date of settlement was $164,095, the Company has recorded a loss on debt settlement of $64,095.

iii) On March 31, 2021, the Company closed a private placement offering for aggregate proceeds of $13,005,000, consisting of:

- 3,750,000 common shares at a price of $0.80 per share;
- 5,000,000 flow-through common shares at a price of $1.00 per share; and
- 4,550,000 charity flow-through common shares at a price of $1.10 per share.

Flow-through premiums totaling $2,548,000, being the difference between the flow-through common shares and the charity flow-through common shares subscription prices and the market price of the Company's common shares on the date of issue, related to the sale of the associated tax benefits of the qualifying resource expenditures have been recorded as a flow-through premium liability in the consolidated statement of financial position. In connection with the private placement the Company paid commissions, legal fees and filing fees totaling $916,162.

iv) On July 20, 2021, the Company issued 50,000 common shares with a fair value of $35,000 pursuant to the option agreement on the Top Cat project (Note 7).

v) On November 25, 2021, the Company issued 555,672 common shares with a fair value of $500,000 pursuant to the agreement with Teck on the Lorraine project (Note 7).

vi) On December 2, 2021, the Company closed a private placement offering for aggregate proceeds of $20,001,000, consisting of 16,950,000 charity flow-through common shares at a price of $1.18 per share.

Flow-through premiums totaling $5,763,000, being the difference between the charity flow-through common shares and the flow-through common shares subscription prices and the market price of the Company's common shares on the date of issue, related to the sale of the associated tax benefits of the qualifying resource expenditures have been recorded as a flow-through premium liability in the consolidated statement of financial position. In connection with the private placement the Company paid commissions, legal fees and filing fees totaling $1,018,988.

vii) During the ten months ended December 31, 2021, 1,567,500 stock options were exercised for gross proceeds of $447,450 and 1,547,712 warrants were exercised for gross proceeds of $873,929. The weighted average share price on the date the stock options were exercised during the period was $0.76 and the weighted average share price on the date the warrants were exercised during the period was $0.80.

Year ended February 28, 2021

At February 28, 2021, there were 55,901,589 issued and fully paid common shares.

i) On June 24, 2020, the Company issued 136,052 common shares in the capital of the Company at a fair value of $0.38 per share in settlement of $51,700 of debt owing to certain creditors who are at arm's length.

ii) On July 13, 2020, the Company issued 50,000 common shares at a fair value of $28,000 pursuant to the option agreement on the Top Cat project (Note 7).

(Expressed in Canadian Dollars)

11. Share capital and reserves (cont'd)

iii) During the year ended February 28, 2021, 978,500 stock options were exercised for gross proceeds of $170,000 and 141,345 of warrants were exercised for gross proceeds of $72,260.

Warrants

The changes in warrants during the ten months ended December 31, 2021 and year ended February 28, 2021, are as follows:

	December 31, 2021		**February 28, 2021**	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Warrants outstanding, beginning	1,057,281	$ 0.52	1,198,626	$ 0.52
Warrants issued (Note 3)	15,423,541	1.05	-	-
Warrants exercised	(1,547,712)	0.56	(141,345)	0.51
Warrants expired	(130,720)	1.42	-	-
Warrants outstanding, ending	**14,802,384**	**$ 1.06**	**1,057,281**	**$ 0.52**

Warrants outstanding at December 31, 2021 are as follows:

Number of warrants	**Exercise price**	**Expiry date**
757,338	$0.56	May 25, 2022
567,040	$0.52	January 16, 2022
8,852,625	$0.84	December 17, 2022
4,625,381	$1.63	May 2, 2023
14,802,384		

The 15,423,541 share purchase warrants issued pursuant to the terms of the Arrangement (Note 3) had a fair value of $5,824,943 which was included in equity reserves in the Company's consolidated statement of financial position at the date of acquisition.

The fair value of issued share purchase warrants were calculated using the Black-Scholes option pricing model. For all grants, the assumed dividend yield and forfeiture rate were nil and nil, respectively. Other conditions and assumptions for share purchase warrants granted during the ten months ended December 31, 2021 were as follows:

Expected life of warrants in years	0.2-2.2
Annualized volatility[1]	59.9%-75.3%
Risk-free interest rate	0.2%
Weighted average Black-Scholes fair value	$0.38

[1] Volatility was determined using the average historic volatility of the Company's share price over the same period of time as the expected life of the warrant.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V policies, grant to directors, officers, employees and consultants of the Company, non-transferable stock options to purchase common

(Expressed in Canadian Dollars)

11. Share capital and reserves (cont'd)

shares. Such options may be exercisable for a period of up to five years from the date of grant. On February 26, 2021, the Company's shareholders approved a 10% rolling plan, which was subsequently adopted by the Board of Directors on March 5, 2021.

The changes in stock options during the ten months ended December 31, 2021 and the year ended February 28, 2021, are as follows:

	December 31, 2021		February 28, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	3,642,500	$ 0.36	4,660,000	$ 0.31
Options granted (Note 3)	11,341,523	0.91	95,000	0.60
Options exercised	(1,567,500)	0.29	(987,500)	0.17
Options expired	(882,983)	1.03	(100,000)	0.30
Options forfeited	-	-	(25,000)	0.46
Options outstanding, ending	**12,533,540**	**$ 0.82**	**3,642,500**	**$ 0.36**
Options exercisable, ending	**7,158,540**	**$ 0.80**	**3,642,500**	**$ 0.36**

Details of options outstanding as at December 31, 2021 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
$0.30 - $0.60	1.72 years	1,979,490	1,979,490
$0.61 - $0.90	4.34 years	9,210,300	3,835,300
$1.17 - $2.14	1.19 years	1,343,750	1,343,750
	3.59 years	**12,533,540**	**7,158,540**

The 2,866,523 stock options issued pursuant to the terms of the Arrangement (Note 3) had a fair value of $1,046,386 which has been included in equity reserves in the Company's consolidated statement of financial position at December 31, 2021.

The fair value of options granted during the ten months ended December 31, 2021 and the year ended February 28, 2021 was determined using the Black-Scholes option pricing model. For all grants, the assumed dividend yield and forfeiture rate were nil and nil, respectively. Other weighted average assumptions were as follows:

	Options Granted in Connection with Acquisition of Sun Metals	Options Granted in the Ten Months Ended December 31, 2021	Options Granted in the Year Ended February 28, 2021
Expected life of options in years	0.25-4.27	5	5
Annualized volatility[1]	65.2%-100.9%	86.4%-94.1%	121.0%
Risk-free interest rate	0.2%	0.9%-1.3%	0.4%
Weighted average Black-Scholes fair value	$0.37	$0.60	$0.53

[1] Volatility was determined using the average historic volatility of the Company's share price over the same period of time as the expected life of the option.

(Expressed in Canadian Dollars)

11. Share capital and reserves (cont'd)

Stock options granted are typically subject to vesting provisions whereby one third vest one year from the grant date, one third vest two years from the grant date, and one third vest three years from the grant date. The following option grants are subject to alternate vesting provisions:

1. 1,000,000 of the 4,675,000 options granted March 5, 2021 were granted to non-executive directors and vested immediately. The remaining 3,675,000 options were granted to employees and consultants and subject to typical vesting provisions. In connection with Mark O'Dea's transition from executive chair to chair, the board of directors approved a change in the vesting provisions of the options granted to him such that the 700,000 options vested on September 22, 2021.

2. 1,400,000 of the 3,575,000 options granted December 29, 2021 were granted to non-executive directors and vested immediately. The remaining 2,175,000 options were granted to employees and consultants and subject to typical vesting provisions.

The Company recorded share-based payment expense related to stock options for the ten months ended December 31, 2021 of $2,878,402 (year ended February 28, 2021 - $90,321).

Deferred Share Units ("DSU")

The Company has established a deferred share unit plan (the "DSU Plan") whereby the board of directors may, from time to time, grant DSUs to non-employee directors of the Company. The DSUs vest immediately and can be redeemed by the holder for no consideration during the period commencing immediately following a termination of the holders' position as a director and ending on the 90th day following such termination date.

A summary of DSU activity during the period is as follows:

	Number of DSUs
Outstanding balance – February 28, 2021	-
Granted	1,000,000
Outstanding balance – December 31, 2021	**1,000,000**

DSU expense for the ten months ended December 31, 2021 was $900,000 (February 28, 2021 - $nil).

Restricted Share Units ("RSU")

The Company has established a restricted share unit plan (the "RSU Plan") whereby the board of directors may, from time to time, grant RSUs to employees, consultants or directors of the Company. The board of directors may determine the time during which the RSUs shall vest and the method of vesting, or that no vesting restriction shall exist.

A summary of RSU activity during the period is as follows:

	Number of RSUs
Outstanding balance – February 28, 2021	-
Granted	3,350,000
Outstanding balance – December 31, 2021	**3,350,000**

RSUs granted are typically subject to vesting provisions whereby one third vest one year from the grant date, one third vest two years from the grant date, and one third vest three years from the grant date.

(Expressed in Canadian Dollars)

11. Share capital and reserves (cont'd)

RSU expense for the ten months ended December 31, 2021 was $940,333 (February 28, 2021 - $nil).

The current combined maximum number of common shares authorized for issue under the RSU and DSU plans is 5,510,964.

Reserves

The share-based payment reserve comprises share-based payments and warrant payments. When stock options or warrants are exercised, the corresponding amount is transferred to share capital. When stock options and warrants expire, the corresponding amount remains in share-based payment reserve.

Flow-through premium liability

For the purposes of calculating any premium related to the issuances of the flow-through shares, the Company compares the market price of its shares to the subscription price of flow-through shares to determine if there was a premium paid on the flow-through shares. As a result, the Company's flow-through liability on issuance of flow-through shares in connection with private placements is as follows:

		December 31, 2021		February 28, 2021
Balance, beginning	$	24,834	$	327,707
Additions		8,311,000		-
Recognition of flow-through share premium		(2,686,030)		(302,873)
Balance, ending	**$**	**5,649,804**	**$**	**24,834**

As at December 31, 2021, the Company is committed to incur qualifying Canadian exploration expenditures (as defined by the Income Tax Act (Canada)), on a best efforts basis, of approximately $19,608,000 in connection with its December 2, 2021 flow-through offering by December 31, 2022 (February 28, 2021 - $149,000 by December 31, 2021). If the Company does not spend these funds in compliance with the Government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill its flow-through commitments within the given time constraints.

12. Related party transactions

In addition to balances and transactions disclosed in Notes 9 and 10 to these consolidated financial statements, the Company has the following related party balances and transactions as at December 31, 2021 and February 28, 2021, and for the 10-month period ended December 31, 2021 and the year ended February 28, 2021.

Related party balances

Oxygen Capital Corp ("Oxygen") is a private company owned by two directors of the Company and provides technical and administrative services to the Company under a Technical and Administrative Services Agreement dated September 1, 2021 (the "Oxygen Agreement") at cost, including providing some staffing who are seconded to the Company, office facilities and other administrative functions. As at December 31, 2021, Oxygen holds a refundable security deposit of $112,500 on behalf of the Company (February 28, 2021 - $nil) which is recorded as a long-term deposit in the statement of financial position as there is no expectation such deposit will be refunded within the next year.

The Oxygen Agreement may be terminated by either party giving at least 180 days' prior written notice of such termination. Upon termination, by the Company, of the Oxygen Agreement, the Company shall pay to Oxygen an amount equal to the average general and administrative monthly costs incurred under the Agreement for the previous six month period, the Company's share of committed lease costs, any employee termination fees due under the Agreement as a result of the termination as such term is defined under the Agreement, and the Company's share of any contractual obligations entered into on its behalf by Oxygen.

(Expressed in Canadian Dollars)

12. Related party transactions (cont'd)

During the ten months ended December 31, 2021, a total of $340,964 was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company (year ended February 28, 2021 – $nil). Such amount includes the reimbursement of lease related expenses disclosed in Note 10. As at December 31, 2021, the Company has a payable amount to Oxygen of $27,954 (February 28, 2021 – $nil). This amount was paid subsequent to December 31, 2021.

Key management personnel compensation – paid or accrued

Key management includes the members of the Board of Directors, the President and Chief Executive Officer, the Chief Financial Officer, the Vice President, Exploration and the Vice President, Sustainability. The aggregate total compensation paid or payable to key management for services directly or via Oxygen is as follows:

	Ten months ended December 31, 2021	Year ended February 28, 2021
Salaries and management consulting fees [1]	$ 1,268,261	$ 282,431
Termination payment - D.Moore [2]	431,654	81,562
Director fees [3]	284,083	76,000
Non-cash share-based payments	3,925,286	26,282
	$ 5,909,284	**$ 466,275**

(1) The ten months ended December 31, 2021 includes $160,000 of bonuses relating to completion of the Arrangement

(2) David Moore's total termination payment was $513,216.

(3) The ten months ended December 31, 2021 includes $65,000 of bonuses relating to completion of the Arrangement

At December 31, 2021, $nil (February 28, 2021 - $167,486; March 1, 2020 - $62,233) is due to directors and officers of the Company and is included in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

13. Segmented information

The Company conducts its business in a single operating segment which is the mineral exploration business in Canada. The Company's exploration and evaluation assets are located in Canada.

14. Financial instruments

The Company's financial instruments consists of cash, short term investments, receivables, deposits, trade payables and term loan payable, with the carrying amounts presented in the statement of financial position approximating their respective fair values because of their relatively short-term nature on the instruments.

There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Company does not have any financial instrument assets or liabilities measured and recognized in the statement of financial position at fair value.

14. Financial instruments (cont'd)

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk is on its cash, short-term investments, receivables and deposits. The majority of cash and short-term investments is deposited in bank accounts at a major bank in Canada for which there is low credit risk. As most of the Company's cash and cash equivalents are held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

The Company is also exposed to credit risk with respect to receivables and deposits. To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. The Company historically has not had difficulty collecting its amounts receivable and has no provision for credit loss recorded at December 31, 2021, February 28, 2021, or March 1, 2020. The Company's deposits are with the government or financial institutions for reclamation and with a related party for which credit risk is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company aims to have sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from its ability to raise equity capital or borrowings sufficient funds and its holdings of cash and cash equivalents. See Note 1 Going Concern.

The Company's cash and short-term investments are liquid and available to meet the Company's ongoing obligations. The contractual maturities of the Company's trade payables and accrued liabilities are less than one year and the contractual maturities of the Company's lease obligations are disclosed in Note 10. The Company's term loan is in relation to the Canadian government's COVID-19 financial assistance program. The loan is due on December 25, 2025. The loan is interest free until December 31, 2022 and bears interest at 5% per annum thereafter. If at least 75% of the loan principal is paid on or before December 31, 2022, the balance of the loan will be forgiven.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is primarily exposed to interest rate risk with respect to interest earned on cash. Based on the cash balance at December 31, 2021, a 1% increase in interest rates at December 31, 2021 would have decreased net loss by approximately $247,000.

Capital Management

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to explore its mineral property interests and continue its operations for the benefit of its shareholders. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian Dollars)

15. Income tax

A reconciliation of income taxes at statutory rates with the reported income taxes is as follows:

	December 31, 2021	February 28, 2021
Net income (loss)	$ (16,328,716)	$ (2,119,534)
Expected income tax recovery	(4,408,753)	(572,274)
Deductible and non-deductible amounts	669,352	622,713
Share issuance cost	(522,491)	-
Change in unrecognized deductible temporary differences	4,100,272	(50,439)
Flow through shares	161,620	-
Income tax recovery	**$ -**	**$ -**

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2021	February 28, 2021
Deferred tax assets		
Exploration and evaluation assets	$ 1,298,955	$ 724,940
Investment tax credits	264,347	264,347
Equipment	114,082	75,963
Share issuance costs	754,920	36,767
Capital lease obligations	51,336	1,261
Non-capital losses	5,074,222	2,998,268
Capital losses	660,161	-
Reclamation obligation and other	36,043	-
Unrecognized	(8,200,279)	(4,100,007)
	53,789	1,539
Deferred tax liabilities		
Right-of-use asset	(50,675)	(1,539)
Other	(3,114)	-
Net deferred tax liability	**$ -**	**$ -**

The Canadian non-capital losses carry forward at December 31, 2021 are $18,793,416 and will expire between 2024 – 2041. The Canadian capital losses carryforward at December 31, 2021 are $4,890,082 and do not expire.

16. Subsequent events

Share capital transactions

a) Subsequent to December 31, 2021, 215,000 unvested stock options with a weighted average exercise price of $0.88 and 75,000 unvested RSUs were forfeited due to employee and consultant departures.

b) Subsequent to December 31, 2021, 475,000 stock options were exercised for gross proceeds of $153,300.

c) Subsequent to December 31, 2021, 552,446 warrants were exercised for gross proceeds of $287,272.

d) On March 14, 2022 the Company granted 400,000 stock options with an exercise price of $0.80 to a Director of the Company. The stock options vest immediately and expire after 5 years.

16. Subsequent events (cont'd)

e) On January 16, 2022, 14,594 warrants with an exercise price of $0.52 expired unexercised.

f) On March 5, 2022, 361,200 vested stock options with a weighted average exercise price of $1.13 expired unexercised.

g) OK option agreement

On March 11, 2022 the Company announced that it had received 267,159 common shares with a fair value of $250,000 from Alpha Copper Corp ("Alpha"), a CSE-listed company, representing the first payment under a property option agreement dated January 13, 2022 among Eastfield Resources Ltd., Alpha and the Company (the "Option Agreement").

Pursuant to the terms of the Option Agreement, Alpha may acquire a 100% interest in the OK Project, subject to 2% net smelter return to be retained by the Company (the "NSR Royalty"), by issuing the following additional common shares and incurring the following expenditures:

1. Issuing common shares with a value of $500,000 on or before the date which is 12 months from the closing date;
2. Issuing common shares with a value of $750,000 on or before the date which is 24 months from the closing date;
3. Issuing additional common shares such that NorthWest holds a 10% interest in Alpha on or before the date which is 36 months from the closing date; and
4. Incurring staged expenditures of not less than $5,000,000 on or before the date which is 36 months from the closing date.

The issuance of the next $500,000 in common shares and the first $500,000 in expenditures are obligations of Alpha pursuant to the Option Agreement. The NSR Royalty will entitle the Company to a 2% royalty on the sale of all ores, doré, concentrates, metals, minerals and mineral by-products that are produced or extracted by or on behalf of Alpha from the Property, which may be bought down by Alpha by one half with a cash payment of $1,000,000.