

# NorthWestcopper

Formerly Serengeti Resources Inc.

**Condensed Interim Consolidated Financial Statements**  
**For the three and seven months ended September 30, 2021**

*(Unaudited – Prepared by Management)*

*(Expressed in Canadian Dollars)*

**Notice of no Auditor Review of  
Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of NorthWest Copper Corp. (the "Company") as at September 30, 2021, and for the seven months ended September 30, 2021 and six months ended August 31, 2020, have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada ("CPA Canada") for a review of interim financial statements by an entity's auditor.

NorthWest Copper Corp. (Formerly Serengeti Resources Inc.)  
Condensed Interim Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)

	Notes	September 30, 2021	February 28, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 10,053,794	\$ 511,847
Short term investments		30,000	-
Receivables	4	3,264,400	46,210
Prepaid expenses		369,870	14,128
		13,718,064	572,185
<b>Non-current assets</b>			
Investment in joint venture	5	17,948,888	16,503,912
Deposits	8,12	362,896	55,260
Property, plant and equipment	6	253,655	15,078
Deferred transaction costs		-	486,319
Exploration and evaluation assets	7	64,942,200	2,077,196
		83,507,639	19,137,765
<b>TOTAL ASSETS</b>		<b>\$ 97,225,703</b>	<b>\$ 19,709,950</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	12	\$ 3,021,632	\$ 638,616
Short term loans	9	-	511,774
Current portion of lease payable	10	103,310	4,669
		3,124,942	1,155,059
<b>Non-current liabilities</b>			
Term loan payable		24,195	22,130
Closure and reclamation		133,493	-
Other long-term liabilities	7	480,276	-
Lease payable	10	111,884	-
Flow-through share premium liability	11	214,643	24,834
<b>TOTAL LIABILITIES</b>		<b>4,089,433</b>	<b>1,202,023</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	111,569,135	44,925,205
Share-based payment reserve	11	20,354,011	8,760,387
Equity portion of convertible debenture		52,837	52,837
Deficit		(38,839,713)	(35,230,502)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>93,136,270</b>	<b>18,507,927</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 97,225,703</b>	<b>\$ 19,709,950</b>

Subsequent events (Notes 15)

Approved by the Audit Committee of the Board of Directors on November 24, 2021:

*"Teo Dechev"*, Audit Committee Chair

*"Sean Tetzlaff"*, Director

See accompanying notes to the condensed interim consolidated financial statements.

NorthWest Copper Corp. (Formerly Serengeti Resources Inc.)  
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)

	Notes	Three months ended Sept 30, 2021	Three months ended Aug 31, 2020	Seven months ended Sept 30, 2021	Six months ended Aug 31, 2020
<b>Expenses</b>					
Share-based payments	11	978,294	11,946	3,345,358	37,642
Salaries and director fees		362,907	121,307	1,520,302	205,540
Investor relations		266,496	4,401	403,047	20,561
Professional fees		141,529	120,516	343,552	188,686
Office and miscellaneous		135,596	11,993	270,698	24,182
Transfer agent and filing fees		34,839	3,579	96,115	6,538
Depreciation	6	10,703	6,597	18,696	13,193
		(1,930,364)	(280,339)	(5,997,768)	(496,342)
<b>Other Items</b>					
Other income		-	5,196	-	8,620
Management income	5	47,901	-	98,039	-
Interest income		6,915	4,868	15,146	11,101
Accretion expense		(16,505)	-	(48,691)	-
Interest expense		(2,374)	(979)	(27,965)	(2,026)
Impairment		-	-	-	(20,056)
Share of joint venture loss	5	(562)	-	(6,163)	-
		35,375	9,085	30,366	(2,361)
<b>Net loss before tax</b>		<b>\$ (1,894,989)</b>	<b>\$ (271,254)</b>	<b>\$ (5,967,402)</b>	<b>\$ (498,703)</b>
Income tax recovery	11	1,910,035	43,507	2,358,191	47,177
<b>Net loss and comprehensive loss for the period</b>		<b>\$ 15,046</b>	<b>\$ (227,747)</b>	<b>\$ (3,609,211)</b>	<b>\$ (451,526)</b>
<b>Loss per share – basic and diluted</b>		<b>\$ 0.00</b>	<b>\$ (0.00)</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding<sup>(1)</sup></b>		<b>126,913,091</b>	<b>54,716,000</b>	<b>124,097,683</b>	<b>54,651,393</b>

<sup>(1)</sup> The number of shares outstanding at August 31, 2020 have been retroactively adjusted to reflect the 2 for 1 share consolidation (Note 1)

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

	Notes	Share capital		Share-based payment reserve	Equity portion of convertible debentures	Deficit	Total Shareholders' Equity
		Number of shares <sup>(1)</sup>	Amount				
<b>Balance at February 29, 2020<sup>1</sup></b>		<b>54,586,692</b>	<b>\$ 44,453,386</b>	<b>\$ 8,821,084</b>	<b>\$ 52,837</b>	<b>\$ (34,528,978)</b>	<b>\$ 18,798,329</b>
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
Share issuance costs	11	-	(1,159)	-	-	-	(1,159)
Share-based payments	11	-	-	37,642	-	-	37,642
Net loss for the period		-	-	-	-	(451,526)	(451,526)
<b>Balance at August 31, 2020<sup>1</sup></b>		<b>54,772,744</b>	<b>\$ 44,531,927</b>	<b>\$ 8,858,726</b>	<b>\$ 52,837</b>	<b>\$ (34,980,504)</b>	<b>\$ 18,462,986</b>
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
Reallocation of fair market value of warrants exercised	11	-	33,137	(33,137)	-	-	-
Reallocation of fair market value of stock options exercised	11	-	117,881	(117,881)	-	-	-
Share-based payments	11	-	-	52,679	-	-	52,679
Net loss for the period		-	-	-	-	(249,998)	(249,998)
<b>Balance at February 28, 2021<sup>1</sup></b>		<b>55,901,589</b>	<b>\$ 44,925,205</b>	<b>\$ 8,760,387</b>	<b>\$ 52,837</b>	<b>\$ (35,230,502)</b>	<b>\$ 18,507,927</b>
Shares issued to former Sun Metals shareholders	1	55,323,061	55,323,061	-	-	-	55,323,061
Warrants issued to former Sun Metals securityholders	1	-	-	7,805,369	-	-	7,805,369
Stock options issued to former Sun Metals securityholders	1	-	-	1,181,385	-	-	1,181,385
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
Share issuance costs	11	-	(916,162)	-	-	-	(916,162)
Flow-through premium liability		-	(2,548,000)	-	-	-	(2,548,000)
Shares issued for debt	11	164,095	100,000	-	-	-	100,000
Shares issued for cash - exercise of warrants	11	1,089,101	606,143	-	-	-	606,143
Shares issued for cash - exercise of stock options	11	1,185,000	300,400	-	-	-	300,400
Reallocation of fair market value of warrants exercised	11	-	523,316	(523,316)	-	-	-
Reallocation of fair market value of stock options exercised	11	-	215,172	(215,172)	-	-	-
Shares issued for acquisition of property interests	7	50,000	35,000	-	-	-	35,000
Share-based payments	11	-	-	3,345,358	-	-	3,345,358
Net loss for the year		-	-	-	-	(3,609,211)	(3,609,211)
<b>Balance at September 30, 2021</b>		<b>127,012,846</b>	<b>\$111,569,135</b>	<b>\$ 20,354,011</b>	<b>\$ 52,837</b>	<b>\$ (38,839,713)</b>	<b>\$ 93,136,270</b>

<sup>(1)</sup> The number of shares presented have been retroactively adjusted to reflect the 2 for 1 share consolidation (Note 1)

See accompanying notes to the condensed interim consolidated financial statements.

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

	Seven months ended Sept 30, 2021	Six months ended Aug 31, 2020
<b>Operating activities</b>		
Net loss	\$ (3,609,211)	\$ (451,526)
Adjustments for non-cash items:		
Depreciation	22,982	13,193
Share of joint venture loss	6,163	-
Interest expense	27,965	1,914
Accretion expense	48,691	-
Interest income	(15,146)	-
Management fee income	(98,039)	-
Deferred income tax recovery	(2,358,191)	(47,177)
Share-based payments	3,345,358	37,642
Impairment	-	20,056
Changes in		
Receivables	(2,793,492)	(65,292)
Prepaid expenses	(252,743)	(3,582)
Trade payables and accrued liabilities	456,657	43,006
Deferred transaction costs	486,319	-
<b>Net cash flows used in operating activities</b>	<b>(4,732,687)</b>	<b>(451,766)</b>
<b>Investing activities</b>		
Cash acquired from Sun Metals	9,481,375	-
Cash transaction costs - acquisition of Sun	(633,686)	-
Investment in joint venture	(1,517,400)	(383,500)
Exploration and evaluation assets	(5,426,962)	(244,998)
Deposits	(93,000)	(22,000)
Interest received	15,146	-
Property, plant and equipment	(6,487)	-
<b>Net cash flows provided by (used in) investing activities</b>	<b>1,818,986</b>	<b>(650,498)</b>
<b>Financing activities</b>		
Proceeds on issuance of common shares	13,005,000	-
Share issuance costs	(916,162)	(1,159)
Options exercised for cash	300,400	-
Warrants exercised	606,143	-
Repayment of short-term loan	(530,000)	-
CEBA loan received	-	40,000
Lease payable repayments	(9,733)	(13,731)
<b>Net cash flows provided by financing activities</b>	<b>12,455,648</b>	<b>25,110</b>
Net change in cash and cash equivalents	9,541,947	(1,077,154)
Cash and cash equivalents, beginning	511,847	1,802,817
<b>Cash and cash equivalents, ending</b>	<b>\$ 10,053,794</b>	<b>\$ 725,663</b>

See accompanying notes to the condensed interim 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 previously 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 will 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.

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.

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. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At September 30, 2021, the Company had a net loss of \$3,609,211 for the seven months ended September 30, 2021 and accumulated losses of \$38,839,713 (February 28, 2021 - \$35,230,502) 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 continuation as a going concern is dependent on its ability to raise equity capital or borrowings sufficient funds to meet its current and future 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.

Since March 31, 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 resulting in an economic slowdown. Global equity markets have experienced significant volatility. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

**2. Significant accounting policies and basis of preparation**

***Statement of compliance with International Financial Reporting Standards***

The Company prepares their annual financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”).

These condensed interim consolidated financial statements do not include all of the information required for full IFRS financial statements and therefore should be read in conjunction with the Company’s most recent annual consolidated financial statements as at and for the year ended February 28, 2021.

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the annual consolidated financial statements.

Certain comparative figures have been reclassified to conform to the current year’s presentation.

***Change in Year End***

During the seven months ended September 30, 2021, the Company changed its fiscal year end to December 31, from February 28. The Company’s interim transition period is the seven months ended September 30, 2021, and the comparative period is the six months ended August 31, 2020. 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.

***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.

***Consolidation***

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Province of incorporation	Percentage owned	
		September 30, 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.

***Significant accounting judgments, estimates and assumptions***

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.



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

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements.

The Company considered the impact of the COVID-19 pandemic on the significant judgments and estimates made in these condensed interim 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 seven months ended September 30, 2021.

**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 preliminary fair value of the consideration given and the preliminary fair value of the assets and liabilities acquired as a result of the Arrangement:

<b>Purchase Consideration</b>	
55,323,061 common shares	\$ 55,323,061
15,423,541 share purchase warrants	7,805,369
2,866,523 stock options	1,181,385
Transaction costs	733,686
	<b>\$ 65,043,501</b>
<b>Net Assets Acquired</b>	
Cash	\$ 9,481,375
Working Capital	(1,497,180)
Deposits	214,636
Property, Plant & Equipment	31,635
Exploration & Evaluation Assets	57,403,041
Other long-term Liabilities	(590,006)
	<b>\$ 65,043,501</b>

The Company is in the process of finalizing the fair value allocation between the exploration and evaluation assets acquired.

**4. Receivables**

	September 30, 2021	February 28, 2021
Exploration costs recoverable from KCC (Note 5)	\$ 2,498,151	\$ 31,246
Management fee receivable from KCC	172,515	-
BC METC receivable	197,654	-
Goods and services tax receivable	345,148	10,960
Other receivables	50,932	4,004
	<b>\$ 3,264,400</b>	<b>\$ 46,210</b>

The British Columbia Mining Exploration Tax Credits (“BC METC”) receivable balance of \$197,654 was acquired from Sun Metals. Sun Metals applied for BC METC with respect to qualifying exploration expenditures on the Stardust Project for the calendar year ended December 31, 2020 and the period January 1 to March 4, 2021 which remain outstanding but which can be reasonably estimated and collection is reasonably assured. The Company has committed to renounce the qualifying exploration expenditures for the seven months ended September 30, 2021 under flow-through share agreements and these expenditures therefore not eligible for the BC METC.

**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 (“PIC”) and Kwanika Copper Corporation (“KCC”) (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 PIC in the Project were transferred to KCC, which serves as the vehicle for the joint venture.

In 2017, PIC 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 calendar 2019, an additional \$590,000 was contributed to KCC on a pro-rata basis by the two parties to further engineering studies.

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. As at February 28, 2021, total sole contribution by NorthWest towards funding of the KCC calendar 2020 work program was \$1,533,200.

During the year ended February 28, 2021, a total of 38,700 of KCC common shares held by NorthWest was transferred to PIC. The Company recorded a loss on disposal of investment of \$38,700 as a result of the transfer.

As at February 28, 2021, total contributions by NorthWest to KCC were \$17,106,571.

Upon completion of the calendar 2020 work program, and as a result of sole-funding that program, NorthWest owned approximately 66.949% of KCC. As a consequence of PIC electing not to participate in the 2020 program, they have diluted on a pro-rata basis to 33.05% ownership of KCC.

On March 1, 2021, KCC’s shareholders approved a formal budget for CDN \$3,476,000 and a work program at the Company’s property which was submitted by NorthWest as operator. At the shareholders meeting, PIC elected not to participate for its proportionate share of the 2021 Kwanika program and budget, NorthWest elected to participate for its proportionate share and NorthWest also elected to fund the

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shortfall resulting from PIC's election not to participate. These elections by the shareholders has resulted in 100% of the 2021 Kwanika Program and Budget being funded by NorthWest, from time to time as funds are required. During the four months ended June 30, 2021, NorthWest incurred \$1,549,791 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 shares, and NorthWest and PIC's corresponding ownership percentages updated to 68.98% and 31.02%, respectively. During the three months ended September 30, 2021, NorthWest incurred \$2,418,609 in costs on behalf of KCC, and subsequent to the period end provided a funding request to KCC. Following approval of the funding request by the KCC board, the amount owing from KCC to NorthWest will be settled in shares, and NorthWest and PIC's corresponding ownership percentages updated.

NorthWest can remain as Project operator so long as it maintains a majority interest. As Project operator, NorthWest received a 10% management fee on expenditures above \$7,000,000. Management fee income of \$98,039 (August 31, 2020 – \$nil) earned from the joint venture during the period has been recorded in the consolidated statements of loss and comprehensive loss.

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 PIC. PIC will have certain concentrate offtake rights from production on the Project, subject to NorthWest's ability to enter into separate streaming arrangements.

**Summarized statement of financial position – Kwanika Copper Corporation**

	September 30, 2021 (unaudited)
Current assets	\$ 132,720
Non-current assets	29,703,824
<b>Total assets</b>	<b>\$ 29,836,544</b>
Current liabilities	\$ 2,712,578
Shareholders' equity	
Common shares	
NorthWest Copper Corp.	18,775,671
Posco International Corporation	8,445,200
Contributed Surplus	100,000
Deficit	(196,905)
Total shareholders' equity	27,123,966
<b>Total equity and liabilities</b>	<b>\$ 29,836,544</b>

Changes in the investment in joint venture for the seven months ended September 30, 2021 and the year ended February 28, 2021 are as follows:

NorthWest Copper Corp. (Formerly Serengeti Resources Inc.)  
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(Expressed in Canadian Dollars)

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

Balance February 29, 2020	15,805,900
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	(29,455)
66.949% of management fee income earned from joint venture from March 1, 2020 to February 28, 2021	(87,033)
<b>Balance February 28, 2021</b>	<b>\$ 16,503,912</b>
Additional investment in joint venture	1,669,100
Share of joint venture loss from March 1, 2021 to September 30, 2021	(6,163)
68.98% of management fee income earned from joint venture from March 1, 2021 to September 30, 2021	(217,961)
<b>Balance September 30, 2021</b>	<b>\$ 17,948,888</b>

**6. Property, plant and equipment**

	Leased Office	Furniture and Equipment	Total
<u>Cost</u>			
Balance February 29, 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 September 30, 2021	223,437	74,423	297,860
<u>Accumulated depreciation</u>			
Balance February 29, 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	14,636	8,346	22,982
Disposal	(58,207)	-	(58,207)
Balance September 30, 2021	8,937	35,268	44,205
<u>Net book value</u>			
Balance February 28, 2021	\$ 5,699	\$ 9,379	\$ 15,078
Balance September 30, 2021	\$ 214,500	\$ 39,155	\$ 253,655

For the seven months ended September 30, 2021, depreciation of \$4,286 (2020 - \$nil) has been capitalized to exploration and evaluation expenditures in the consolidated statements of financial position.

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**7. Exploration and evaluation assets**

The following is a description of the Company's exploration and evaluation assets and the related expenditures incurred for the seven months ended September 30, 2021.

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 Company is in the process of finalizing the fair value allocation between the exploration and evaluation assets acquired and as at September 30, 2021 has allocated the amount to the Stardust project.

**Other Projects**

The Company also holds a 100% interest in several other properties located in British Columbia, including the Arjay, Tchentlo and Croy-Bloom properties.

September 30, 2021	Milligan						Total
	West	Top Cat	East Niv	Stardust	Lorraine	Other	
<b>Property acquisition costs</b>							
Balance, beginning	\$ 43,111	\$114,502	\$ 41,748	\$ -	\$ -	\$ 439,354	\$ 638,715
Additions	-	60,000	35,006	57,403,041	-	-	57,498,047
<b>Balance, ending</b>	<b>43,111</b>	<b>174,502</b>	<b>76,754</b>	<b>57,403,041</b>	<b>-</b>	<b>439,354</b>	<b>58,136,762</b>
<b>Exploration and evaluation costs</b>							
Balance, beginning	525,402	379,138	362,259	-	-	171,682	1,438,481
Costs incurred during period:							
Admin	-	14,119	26,340	14,119	29,119	14,119	97,816
Aircraft	12,658	-	905,097	-	105,967	6,957	1,030,679
Camp and operations	-	5,677	498,545	102,015	126,171	4,940	737,348
Consulting	-	11,929	632,861	53,931	136,540	5,179	840,440
Drilling and assaying	-	-	441,432	271,270	21,140	-	733,842
Environmental	-	8,000	36,977	13,819	-	-	58,796
Geophysics	-	-	376,070	-	512,362	91,758	980,190
Salaries	11,072	69,961	152,055	140,750	250,760	86,999	711,597
Travel and accommodation	1,210	1,366	53,194	48,182	68,008	4,289	176,249
	24,940	111,052	3,122,571	644,086	1,250,067	214,241	5,366,957
Other Items:							
Impairment	-	-	-	-	-	-	-
<b>Balance, ending</b>	<b>550,342</b>	<b>490,190</b>	<b>3,484,830</b>	<b>644,086</b>	<b>1,250,067</b>	<b>385,923</b>	<b>6,805,438</b>
<b>Total</b>	<b>\$ 593,453</b>	<b>\$664,692</b>	<b>\$ 3,561,584</b>	<b>\$ 58,047,127</b>	<b>\$1,250,067</b>	<b>\$ 825,277</b>	<b>\$ 64,942,200</b>

The following is a description of the Company's exploration and evaluation assets and the related expenditures incurred for the year ended February 28, 2021:

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7. Exploration and evaluation assets (cont'd)

	Milligan West	Top Cat	East Niv	Other	Total
<b>Property acquisition costs</b>					
Balance, beginning	\$ 43,111	\$ 64,502	\$ 11,422	\$ 439,354	\$ 558,389
Additions	-	50,000	30,326	-	80,326
<b>Balance, ending</b>	<b>43,111</b>	<b>114,502</b>	<b>41,748</b>	<b>439,354</b>	<b>638,715</b>
<b>Exploration and evaluation costs</b>					
Balance, beginning	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
Other Items:					
Impairment	-	-	-	(20,056)	(20,056)
<b>Balance, ending</b>	<b>525,402</b>	<b>379,138</b>	<b>362,259</b>	<b>171,682</b>	<b>1,438,481</b>
<b>Total</b>	<b>\$ 568,513</b>	<b>\$ 493,640</b>	<b>\$ 404,007</b>	<b>\$ 611,036</b>	<b>\$ 2,077,196</b>

a) 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.

b) Milligan West

The Company owns a 56.3% interest in the Milligan West property in 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.

c) East Niv

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

d) 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

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

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 (Note 10);

- 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;
- 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.

e) 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 \$450,000 has been paid as of September 30, 2021. The remaining \$50,000 is due by December 31, 2021.

Pursuant to the terms of an agreement between Sun Metals and Teck Resources Limited (the "Teck Agreement"), dated November 26, 2020, the Company will make the following future payments to Teck in either cash or common shares of the Company:

- \$500,000 payable on the first anniversary of the closing date; and
- \$500,000 payable on the second anniversary of the closing date.

The fair value of the additional consideration payable, discounted at a rate of 7% has been recorded as a liability in the statement of financial position at September 30, 2021, with the current portion of \$503,819 included in accounts payable and accrued liabilities and the long-term portion of \$480,276 recorded in other liabilities.

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 September 30, 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.

f) ATTY and ATG Claims

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

The Company entered into option agreements to acquire a 100% interest in the Atty property from Finlay Minerals Ltd. ("Finlay") and adjacent claims ("ATG Claims") from Electrum Resource Corp. ("Electrum") on March 4, 2018 and the agreement was approved by the TSX-V on April 10, 2018.

In the prior year, upon review of the exploration results obtained in the 2019 drilling program, the Company made a decision to discontinue its option for the acquisition of a 100% interest in the Atty property from Finlay and adjacent ATG Claims from Electrum, returning these properties to the vendors. No further work payments were due at the time. The Atty property was impaired in full and recorded an impairment of \$1,474,973 during the year ended February 29, 2020. During the year ended February 28, 2021, the Company also recorded an impairment of \$20,056 on the ATG property.

g) 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 Kerness 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.

h) Other Properties

NorthWest holds a 100% interest in a number of other properties, all of which are located in British Columbia.

**8. Reclamation deposits**

The Company has posted bonds and investment certificates to provide for certain potential reclamation liabilities as agreed with the Province of British Columbia – Ministry of Energy, Mines and Petroleum Resources.

	September 30, 2021	February 28, 2021
Balance, beginning	\$ 55,260	\$ 31,760
Reclamation deposits acquired from Sun Metals	195,136	22,462
Balance, ending	\$ 250,396	\$ 54,222

**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 (Note 11). The loans were unsecured and bear 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 plan of arrangement financing (Note 1).

The Company repaid the loan principal and accrued interest in March 2021. During the seven months ended September 30, 2021, the Company recorded interest of \$18,226 (2020 - \$nil).

**10. Leases**

a) Right-of-use assets

The Company leases assets such as office space (Note 12) and equipment. 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 payments. As a result of the revaluations, the



**10. Leases (cont'd)**

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 by Oxygen pursuant to the Oxygen Agreement (Note 12):

Balance – February 28, 2021	\$ -
Recognition of Liability	223,437
Depreciation	(8,937)
<b>Balance – September 30, 2021</b>	<b>\$ 214,500</b>

b) Lease liabilities

The following table relates to the above head office lease liability:

Balance – February 28, 2021	\$ -
Recognition of Liability	223,437
Principal Payments	(9,733)
Finance Charge	1,491
<b>Balance – September 30, 2021</b>	<b>\$ 215,195</b>

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	\$ 116,792	\$ 233,584
Finance Charge	(13,482)	(4,907)	(18,389)
<b>Total Payments</b>	<b>\$ 103,310</b>	<b>\$ 111,885</b>	<b>\$ 215,195</b>

Total undiscounted lease payments excludes leases that are classified as short-term and leases for low value assets, which are not recognized as lease liabilities. For the seven months ended September 30, 2021, the Company recognized \$1,491 in interest expense on lease liabilities (2020 - \$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 \$6,419 of variable lease payments for the month ended September 30, 2021.

**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 (Note 1).

**Authorized share capital**

An unlimited number of common shares without par value.

**Issued share capital**

Seven months ended September 30, 2021

At September 30, 2021, there were 127,012,846 issued and fully paid common shares.

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.

On March 5, 2021, the Company issued 164,095 common shares in the capital of the Company at a fair value of \$0.61 per share in settlement of \$100,000 of debt owing to an arm's length creditor. The fair value

**11. Share capital and reserves (cont'd)**

of the common shares issued has been capitalized as a transaction cost of the Sun Metals acquisition (Note 3).

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 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 \$916,162.

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

During the seven months ended September 30, 2021, 1,185,000 stock options were exercised for gross proceeds of \$300,400 and 1,089,101 warrants were exercised for gross proceeds of \$606,143. The weighted average share price on the date the stock options 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.

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.

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

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 seven months ended September 30, 2021 and year ended February 28, 2021, are as follows:

	September 30, 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 1)	15,423,541	1.05	-	-
Warrants exercised	(1,089,101)	0.56	(141,345)	0.51
Warrants expired	(23,220)	0.42	-	-
Warrants outstanding, ending	15,368,501	\$ 1.05	1,057,281	\$ 0.52

**11. Share capital and reserves (cont'd)**

Warrants outstanding at September 30, 2021 are as follows:

Number of warrants	Exercise price	Expiry date
154,086	\$0.50	December 17, 2021
107,500	\$1.63	December 31, 2021
757,338	\$0.56	May 25, 2022
823,196	\$0.52	January 16, 2022
8,879,500	\$0.84	December 17, 2022
4,646,881	\$1.63	May 2, 2023
<b>15,368,501</b>		

The 15,423,541 share purchase warrants issued pursuant to the terms of the Arrangement (Note 1) had a fair value of \$7,805,369, which has been included in equity reserves in the Company's consolidated statement of financial position at September 30, 2021.

The fair value of issued share purchase warrants are 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 seven months ended September 30, 2021 were as follows:

Issue Date	Expected Life of Warrants in Years	Exercise Price	Risk-free Interest Rate	Volatility <sup>1</sup>	Weighted Average Black-Scholes Fair Value
March 5, 2021	0.2	\$0.42	0.24%	75.29%	\$0.58
March 5, 2021	0.8	\$1.63	0.24%	59.94%	\$0.07
March 5, 2021	1.2	\$0.56	0.24%	64.65%	\$0.50
March 5, 2021	1.8	\$0.84	0.24%	102.97%	\$0.55
March 5, 2021	2.2	\$1.63	0.24%	100.73%	\$0.43

<sup>1</sup> 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 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 seven months ended September 30, 2021 and the year ended February 28, 2021, are as follows:

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11. Share capital and reserves (cont'd)

	September 30, 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	7,766,523	0.97	95,000	0.60
Options exercised	(1,185,000)	0.25	(987,500)	0.17
Options expired	(845,358)	1.01	(100,000)	0.30
Options forfeited	-	-	(25,000)	0.46
Options outstanding, ending	9,378,665	\$ 0.82	3,642,500	\$ 0.36
Options exercisable, ending	6,178,665	\$ 0.78	3,642,500	\$ 0.36

Details of options outstanding as at September 30, 2021 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
\$0.30 - \$0.60	1.81 years	2,361,990	2,361,990
\$0.61 - \$0.90	4.17 years	5,656,800	2,456,800
\$1.17 - \$2.14	1.46 years	1,359,875	1,359,875
	3.11 years	9,378,665	6,178,665

The 2,866,523 stock options issued pursuant to the terms of the Arrangement (Note 1) had a fair value of \$1,181,385, which has been included in equity reserves in the Company's consolidated statement of financial position at September 30, 2021.

The fair value of options granted during the seven months ended September 30, 2021 was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

11. Share capital and reserves (cont'd)

Issue Date	Life of Options in Years	Exercise Price	Risk-free Interest Rate	Volatility	Weighted Average Black-Scholes Fair Value
March 5, 2021	0.25	\$1.17	0.24%	72.77%	\$0.09
March 5, 2021	1.00	\$1.17	0.24%	65.22%	\$0.20
March 5, 2021	2.16	\$1.17	0.24%	101.17%	\$0.51
March 5, 2021	0.25	\$1.31	0.24%	72.77%	\$0.05
March 5, 2021	1.00	\$1.31	0.24%	65.22%	\$0.16
March 5, 2021	2.81	\$1.31	0.24%	118.29%	\$0.63
March 5, 2021	3.06	\$2.14	0.24%	113.67%	\$0.55
March 5, 2021	1.00	\$0.61	0.24%	65.22%	\$0.45
March 5, 2021	1.00	\$0.42	0.24%	65.22%	\$0.60
March 5, 2021	1.00	\$0.52	0.24%	65.22%	\$0.52
March 5, 2021	3.23	\$2.56	0.24%	111.64%	\$0.52
March 5, 2021	0.25	\$0.84	0.24%	72.77%	\$0.23
March 5, 2021	1.00	\$0.84	0.24%	65.22%	\$0.32
March 5, 2021	4.27	\$0.84	0.24%	102.95%	\$0.74
March 8, 2021	5.00	\$0.90	0.91%	96.43%	\$0.65
April 27, 2021	5.00	\$0.75	0.93%	94.14%	\$0.54
June 15, 2021	5.00	\$0.77	0.92%	92.74%	\$0.51

<sup>1</sup> 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.

The fair value of options granted during year ended February 28, 2021 was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	February 28, 2021
Expected life of options	5 years
Annualized volatility	120.96%
Risk-free interest rate	0.36%
Dividend rate	0%

<sup>1</sup> 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 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:

- 1,000,000 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.

The Company recorded share-based payment expense related to stock options for the seven months ended September 30, 2021 of \$1,802,288 (August 31, 2020 - \$37,642).

**11. Share capital and reserves (cont'd)**

***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 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:

	<b>Number of DSUs</b>
Outstanding balance – February 28, 2021	-
Granted	1,000,000
Outstanding balance – September 30, 2021	1,000,000

DSU expense for the seven months ended September 30, 2021 was \$900,000 (August 31, 2020 - \$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.

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

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

	<b>Number of RSUs</b>
Outstanding balance – February 28, 2021	-
Granted	2,175,000
Outstanding balance – September 30, 2021	2,175,000

RSU expense for the seven months ended September 30, 2021 was \$643,070 (August 31, 2020 - \$nil).

***Reserves***

The share-based payment and warrant reserves comprise 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 is transferred to 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:

**11. Share capital and reserves (cont'd)**

	<b>September 30, 2021</b>	<b>February 28, 2021</b>
Balance, beginning	\$ 24,834	\$ 327,707
Additions	2,548,000	-
Reversal	(2,358,191)	(302,873)
Balance, ending	\$ 214,643	\$ 24,834

As at September 30, 2021, the Company is committed to incur, on a best efforts basis, approximately \$1,025,527 in connection with its March 31, 2021 flow-through offering (February 28, 2021 - \$148,996). 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**

***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 September 30, 2021, Oxygen holds a refundable security deposit of \$112,500 on behalf of the Company (February 28, 2021 - \$nil).

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.

During the seven months ended September 30, 2021, a total of \$254,532 was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company (August 31, 2020 - \$nil). As at September 30, 2021, the Company has a payable amount to Oxygen of \$39,254 (February 28, 2021 – \$nil). This amount was paid subsequent to September 30, 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:

NorthWest Copper Corp. (Formerly Serengeti Resources Inc.)  
Notes to the Condensed Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars)

**12. Related party transactions (cont'd)**

	Three months ended September 30, 2021	Three months ended August 31, 2020	Seven months ended September 30, 2021	Six months ended August 31, 2020
Salaries <sup>1</sup>	\$ 265,367	\$ 93,850	\$ 745,669	\$ 157,360
Termination payment - D.Moore <sup>2</sup>	-	-	431,654	-
Director fees <sup>3</sup>	59,583	19,000	199,583	38,000
Non-cash share-based payments	715,186	7,840	2,797,623	26,282
	\$ 1,040,136	\$ 120,690	\$ 4,174,529	\$ 221,642

<sup>(1)</sup> Seven months ended September 30, 2021 includes \$160,000 of bonuses relating to completion of the Arrangement

<sup>(2)</sup> Excludes amounts included in termination calculation that were accrued at February 28, 2021.

David Moore's total termination payment was \$513,216.

<sup>(3)</sup> Seven months ended September 30, 2021 includes \$65,000 of bonuses relating to completion of the Arrangement

**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, receivables, reclamation deposits, trade payables and short-term loans. The carrying values of cash, receivables, reclamation deposits, trade payables and short-term loans approximate their fair value 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 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.

All financial instruments other than cash and cash equivalents are measured using level 2 inputs. 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's primary exposure to credit risk is on its cash and cash equivalents held in bank accounts. The majority of cash is deposited in bank accounts at a major bank in Canada. 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 major banks that are high credit quality financial institutions as determined by rating agencies. 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



**14. Financial instruments (cont'd)**

from its ability to raise equity capital or borrowings sufficient funds and its holdings of cash and cash equivalents. Liquidity risk is assessed as high.

***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 not exposed to significant interest rate risk.

***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. 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.

**15. Subsequent events**

- a) Subsequent to September 30, 2021, 307,500 stock options were exercised for gross proceeds of \$112,450 and 207,250 warrants were exercised for gross proceeds of \$140,160.
- b) On November 9, 2021 the Company announced a bought-deal private placement, pursuant to which a syndicate of underwriters led by National Bank (together, the "Underwriters"), have agreed to purchase 16,950,000 charity flow-through common shares (the "Charity FT Shares") on a bought deal private placement basis (the "Offering"). The Charity FT Shares will be sold at a price of C\$1.18 per Charity FT Share for aggregate gross proceeds of C\$20,001,000.

The Company has also granted the Underwriters an option to cover over-allotments for the Charity FT Shares (the "Underwriters' Option"), which will allow the Underwriters to offer up to an additional 15% of the offered Charity FT Shares, on the same terms. The Underwriters' Option may be exercised in whole or in part at any time up 48 hours prior to the closing of the Offering. In consideration for their services, the Underwriters will receive a cash commission equal to 5.0% of the gross proceeds of the Offering, including any proceeds realized from the exercise of the Underwriters' Option.