

NorthWestcopper

Condensed Interim Consolidated Financial Statements

**For the three and nine months ended September 30, 2022, and three and ten months ended
September 30, 2021**

(Expressed in Canadian Dollars)

(Unaudited)

NorthWest Copper Corp.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	September 30, 2022	December 31, 2021
ASSETS			
Current assets			
Cash		\$ 3,631,874	\$ 24,682,958
Short term investments		30,000	30,000
Receivables	5	1,149,472	762,267
Marketable securities	7(c)(viii)	93,506	-
Prepaid expenses		561,972	213,227
		5,466,824	25,688,452
Non-current assets			
Investment in joint venture	4	-	11,648,360
Property, plant and equipment	6	166,236	223,682
Exploration and evaluation assets	7	78,218,535	56,001,281
Deposits	8,11	647,138	362,896
		79,031,909	68,236,219
TOTAL ASSETS		\$ 84,498,733	\$ 93,924,671
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	11	\$ 2,711,632	\$ 1,301,499
Flow-through share premium liability	10	140,138	5,649,804
Current portion of lease payable	9	111,884	105,390
		2,963,654	7,056,693
Non-current liabilities			
Closure and reclamation	8	133,493	133,493
Lease payable	9	-	84,744
Term loan payable		-	25,080
TOTAL LIABILITIES		3,097,147	7,300,010
SHAREHOLDERS' EQUITY			
Share capital	10	137,147,308	125,979,616
Share-based payment reserve	10	21,174,567	19,399,425
Other equity reserves		52,837	52,837
Deficit		(76,973,126)	(58,807,217)
TOTAL SHAREHOLDERS' EQUITY		81,401,586	86,624,661
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 84,498,733	\$ 93,924,671

Nature of operations and going concern (Note 1), Subsequent events (Notes 7c(ix))

Approved by the Audit Committee of the Board of Directors on November 21, 2022:

"Sean Tetzlaff", Director

"Teodora Dechev", Director

NorthWest Copper Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Three months ended Sept 30, 2022	Three months ended Sept 30 2021 <i>Restated (Note 2e)</i>	Nine months ended Sept 30, 2022	Ten months ended Sept 30 2021 <i>Restated (Note 2e)</i>
Expenses					
Exploration and evaluation expenditures	7	\$ 11,437,517	\$ 4,639,747	\$ 19,564,748	\$ 5,420,604
Share-based payments	10	595,909	978,294	2,152,087	3,346,514
Salaries, management consulting and director fees	11	399,855	362,907	1,201,082	1,724,262
Investor relations		111,586	266,496	402,246	415,707
Office and miscellaneous		115,785	135,596	358,726	285,447
Professional fees		67,990	141,529	295,676	386,536
Depreciation	6	28,578	10,703	85,735	27,166
Transfer agent and filing fees		23,944	34,839	79,872	123,968
		(12,781,164)	(6,570,111)	(24,140,172)	(11,730,204)
Other income (expense)					
Recognition of flow-through share premium	10	3,253,097	1,910,035	5,509,666	2,363,889
Other income		-	-	-	137,593
Management income		-	47,901	8,862	141,006
Interest income		50,241	6,915	86,714	15,888
Gain on option of mineral property	7	-	-	753,801	-
Loss on settlement of debt	10	-	-	-	(64,095)
Loss on marketable securities		(10,686)	-	(160,295)	-
Gain of disposition of lease asset		-	-	-	1,945
Finance expense		(26,548)	(18,879)	(119,215)	(89,624)
Share of joint venture loss	4	-	(1,804,098)	(105,270)	(3,434,241)
		3,266,104	141,874	5,974,263	(927,639)
Net loss and comprehensive loss for the period		\$ (9,515,060)	\$ (6,428,237)	\$ (18,165,909)	\$ (12,657,843)
Loss per share – basic and diluted		\$ (0.06)	\$ (0.05)	\$ (0.12)	\$ (0.11)
Weighted average number of common shares outstanding		159,657,191	126,913,091	154,612,055	120,236,184

See accompanying notes to the condensed interim consolidated financial statements.

NorthWest Copper Corp.
Condensed Interim Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Number of shares	Amount	Share-based payment reserve	Equity portion of convertible debentures	Deficit	Total Shareholders' Equity
Balance at November 30, 2020 Restated (Note 2e)		55,200,164	\$ 44,643,270	\$ 8,869,704	\$ 52,837	\$ (41,899,587)	\$ 11,666,224
Shares issued to former Sun Metals shareholders	4	55,323,061	55,323,061	-	-	-	55,323,061
Warrants issued to former Sun Metals securityholders	4	-	-	7,805,369	-	-	7,805,369
Stock options issued to former Sun Metals securityholders	4	-	-	1,181,385	-	-	1,181,385
Shares issued for cash - financing	10	3,750,000	3,000,000	-	-	-	3,000,000
Shares issued for cash - flow-through financing	10	5,000,000	5,000,000	-	-	-	5,000,000
Shares issued for cash - charity flow-through financing	10	4,550,000	5,005,000	-	-	-	5,005,000
Share issuance costs	10	-	(916,162)	-	-	-	(916,162)
Flow-through premium liability	10	-	(2,548,000)	-	-	-	(2,548,000)
Shares issued for debt		164,095	164,095	-	-	-	164,095
Shares issued for cash - exercise of warrants	10	1,190,526	658,355	-	-	-	658,355
Shares issued for cash - exercise of stock options	10	1,785,000	419,650	-	-	-	419,650
Reallocation of fair market value of warrants exercised		-	547,688	(547,688)	-	-	-
Reallocation of fair market value of stock options exercised		-	301,274	(301,274)	-	-	-
Shares issued for acquisition of property interests	7	50,000	35,000	-	-	-	35,000
Share-based payments	10	-	-	3,346,514	-	-	3,346,514
Net loss for the period		-	-	-	-	(12,657,843)	(12,657,843)
Balance at September 30, 2021 Restated (Note 2e)		127,012,846	\$111,633,231	\$ 20,354,010	\$ 52,837	\$ (54,557,430)	\$ 77,482,648
Balance at December 31, 2021		145,359,629	\$125,979,616	\$ 19,399,425	\$ 52,837	\$ (58,807,217)	\$ 86,624,661
Shares issued for cash - exercise of warrants	10	552,446	287,272	-	-	-	287,272
Shares issued for cash - exercise of stock options	10	475,000	153,300	-	-	-	153,300
Reallocation of fair market value of warrants exercised	10	-	85,915	(85,915)	-	-	-
Reallocation of fair market value of stock options exercised	10	-	111,030	(111,030)	-	-	-
Shares issued on exercise of DSUs	10	200,000	180,000	(180,000)	-	-	-
Shares issued to acquire remaining JV interest	4	18,358,439	10,324,675	-	-	-	10,324,675
Shares issued for acquisition of property interests	7	100,000	25,500	-	-	-	25,500
Share-based payments	10	-	-	2,152,087	-	-	2,152,087
Net loss for the period		-	-	-	-	(18,165,909)	(18,165,909)
Balance at September 30, 2022		165,045,514	\$137,147,308	\$ 21,174,567	\$ 52,837	\$ (76,973,126)	\$ 81,401,586

See accompanying notes to the condensed interim consolidated financial statements.

NorthWest Copper Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

Notes	Nine months ended Sept 30, 2022	Ten months ended Sept 30 2021 <i>Restated (Note 2e)</i>
Operating activities		
Net loss	\$ (18,165,909)	\$ (12,657,843)
Adjustments for non-cash items:		
Depreciation	6 89,918	31,452
Share of joint venture loss	4 105,270	3,434,241
Finance expense	119,215	89,624
Interest income	(86,714)	(15,888)
Management income	-	(141,006)
Loss on settlement of debt	-	64,095
Recognition of flow-through share premium	10 (5,509,666)	(2,363,889)
Share-based payments	10 2,152,087	3,346,514
Gain on option of mineral property	(753,801)	-
Loss on marketable securities	160,295	-
Gain on disposition of lease asset	-	(1,945)
Changes in		
Receivables	(44,933)	(2,716,073)
Prepaid expenses	(336,223)	(258,154)
Trade payables and accrued liabilities	1,217,886	836,819
Net cash flows used in operating activities	(21,052,575)	(10,352,053)
Investing activities		
Cash acquired from Kwanika	4 89,185	-
Cash acquired from Sun Metals	3 -	9,481,375
Cash transaction costs - Sun Metals	-	(633,686)
Investment in joint venture	4 (178,800)	(1,667,400)
Exploration and evaluation assets	7 (62,372)	(48,577)
Deposits	(223,742)	(72,038)
Interest received	86,714	15,146
Property, plant and equipment	(32,472)	(10,135)
Net cash flows (used in) provided by investing activities	(321,487)	7,064,685
Financing activities		
Proceeds on issuance of common shares	10 -	13,005,000
Share issuance costs	10 -	(916,162)
Proceeds from exercise of options	10 153,300	419,650
Proceeds from exercise of warrants	10 287,272	658,355
Repayment of short-term loan	-	(30,000)
Repayment of term loan	(30,000)	-
Lease payable repayments	(87,594)	(16,724)
Net cash flows provided by financing activities	322,978	13,120,119
Net change in cash and cash equivalents	(21,051,084)	9,832,751
Cash and cash equivalents, beginning	24,682,958	221,043
Cash and cash equivalents, ending	\$ 3,631,874	\$ 10,053,794

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. 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 #2200 – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8.

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 condensed interim consolidated financial statements to reflect the share consolidation.

Going concern

These condensed interim 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 September 30, 2022, the Company had not achieved profitable operations, had a net loss of \$18,165,910 for the nine months ended September 30, 2022 (ten months ended September 30, 2021 - \$12,657,843) and accumulated losses of \$76,962,426 (December 31, 2021 - \$58,807,217) 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. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Basis of preparation

(a) Statement of compliance

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 consolidated financial statements as at and for the ten-month period ended December 31, 2021.

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company’s most recent consolidated audited financial statements as at December 31, 2021.

NorthWest Copper Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
(Unaudited)

2. Basis of preparation (cont'd)

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

(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 interim periods are the three and nine months ended September 30, 2022, and the interim comparative periods are the three and ten months ended September 30, 2021.

(c) 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. Subsidiaries are all entities over which the Company has control. NorthWest controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Details of controlled entities are as follows:

	Province of incorporation	Percentage owned	
		September 30, 2022	December 31, 2021
Kwanika Copper Corp.	British Columbia	100%	68.98%
Sun Metals Corp. ("Sun Metals")	British Columbia	100%	100%
Tsayta Resources Corporation*	British Columbia	100%	100%
0790202 BC Ltd.**	British Columbia	100%	100%

*Subsidiary of Sun Metals, holds the Stardust, Lorraine, and Okeover projects.

**This company is inactive.

(d) Significant accounting judgments, estimates and assumptions

The preparation of 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 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.

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, and disclosed in, the audited consolidated financial statements for the period ended December 31, 2021.

2. **Basis of preparation (cont'd)**

(e) Change in Accounting Policy

Exploration and Evaluation Expenditures

As disclosed in the Company's consolidated financial statements as at December 31, 2021, 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 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 elected to change this accounting policy to expense exploration and evaluation expenditures as incurred, effective with the presentation of the December 31, 2021, consolidated financial statements, on a retrospective basis.

The change in accounting policy required full retrospective application and was applied consistently to both the Company's exploration and evaluation assets and the exploration and evaluation assets which were held through the Company's investment in a joint venture.

For the three months ended September 30, 2021, the following adjustments were recorded to the condensed interim consolidated statement of loss and comprehensive loss:

	As previously reported	Effect of change of accounting policy	As currently reported
Exploration and evaluation expenditures	\$ -	\$ (4,639,747)	\$ (4,639,747)
Share of joint venture loss	(562)	(1,803,536)	(1,804,098)
Income (loss) and comprehensive income (loss)	15,046	(6,443,283)	(6,428,237)
Income (loss) per share – basic and diluted	\$ 0.00	\$ (0.05)	\$ (0.05)

For the ten months ended September 30, 2021, the following adjustments were recorded to the condensed interim consolidated statement of loss and comprehensive loss:

	As previously reported	Effect of change of accounting policy	As currently reported
Exploration and evaluation expenditures	\$ -	\$ (5,420,604)	\$ (5,420,604)
Share of joint venture loss	(35,618)	(3,398,623)	(3,434,241)
Loss and comprehensive loss	(3,838,616)	(8,819,227)	(12,657,843)
Loss per share – basic and diluted	\$ (0.03)	\$ (0.07)	\$ (0.11)

For the ten months ended September 30, 2021, the following adjustments were recorded to the condensed interim consolidated statement of cash flows:

NorthWest Copper Corp.
Notes to the Condensed Interim Consolidated Financial Statements
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2. **Basis of preparation (cont'd)**

	As previously reported	Effect of change of accounting policy	As currently reported
Net loss for the period	\$ (3,838,616)	\$ (8,819,227)	\$ (12,657,843)
Share of joint venture loss	35,618	3,398,623	3,434,241
Net cash flows used in operating activities	(4,931,449)	(5,420,604)	(10,352,053)
Exploration and evaluation assets	(5,469,181)	5,420,604	(48,577)
Net cash flows provided by investing activities	\$ 1,644,081	\$ 5,420,604	\$ 7,064,685

3. **Acquisition of Sun Metals Corp.**

Pursuant to a plan of arrangement under the Business Corporations Act British Columbia (the "Arrangement"), on March 5, 2021, the Company acquired all of the issued and outstanding common shares of Sun Metals Corp. ("Sun Metals"), following which Sun Metals became a wholly owned subsidiary of the Company.

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. Kwanika Copper Corporation

On December 29, 2021, the Company entered into a Share Purchase Agreement (“SPA”) with POSCO whereby NorthWest will purchase all of POSCO’s remaining interest in Kwanika Copper Corporation (“KCC”) for total consideration of \$11 million, payable in common shares of NorthWest. KCC’s primary asset is the Kwanika Project (Note 7c) and was previously presented as an equity accounted for joint venture.

On February 23, 2022, following receipt of all required approvals, the Company completed the first issuance of shares (“Tranche 1”) to POSCO pursuant to the SPA by issuing 5,194,805 common shares with a fair value of \$3,324,675 (at a deemed value of \$4,000,000). 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.

On April 25, 2022, the Company completed the second issuance of shares (“Tranche 2”) to POSCO pursuant to the SPA by issuing 5,934,718 common shares with a value of \$4,000,000.

On September 6, 2022, the Company completed the third issuance of shares (“Tranche 3”) to POSCO pursuant to the SPA by issuing 7,228,916 common shares with a value of \$3,000,000. All common shares issued under the SPA are subject to a hold period of four months and one day from the date of issuance.

Following the first close of the SPA and the dissolution of the shareholder joint venture agreement in February 2022, the Company has assessed it has control over KCC and have consolidated KCC from such point, resulting in the Company consolidating 100% of KCC’s working capital of \$0.1 million and interest in the Kwanika Project of \$16.4 million at such time as an exploration and evaluation asset.

The fair value of the total consideration of \$10.3 million exceeded POSCO’s share of the net assets of KCC at the time of the transaction by \$5.7 million and this has been recorded as an addition to the cost of the consolidated Kwanika mineral property in the Company’s consolidated statement of financial position, to bring the overall value of the Kwanika exploration and evaluation asset to \$22.1 million.

During the period January 1, 2022, to February 23, 2022, NorthWest incurred \$178,800 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. During the same period, KCC’s net loss was \$146,075, of which \$145,574 was exploration and evaluation expenditures. NorthWest Copper recorded \$105,270 as a joint venture loss for the three months ended March 31, 2022, being 72.07% of KCC’s loss prior to consolidation (three and ten months ended September 30, 2021, \$1,804,098, 68.98% and \$3,434,241, 68.98% respectively). All expenses of KCC since February 23, 2022, which are comprised principally of exploration and evaluation expenditures, are consolidated and recorded in the appropriate line items within the statement of loss.

Changes in the investment in joint venture for the three months ended March 31, 2022, and period ended December 31, 2021, are as follows:

NorthWest Copper Corp.
Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited)

4. Kwanika Copper Corporation (cont'd)

Balance February 28, 2021 <i>Restated (Note 2e)</i>	\$	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
Additional investment in joint venture		343,100
Share of joint venture loss from January 1, 2022 to February 23, 2022		(105,270)
Elimination on consolidation		(11,886,190)
Balance March 31, 2022 and September 30, 2022	\$	-

5. Receivables

	September 30, 2022	December 31, 2021
Exploration costs receivable from Fjordland	\$ -	\$ 48,836
BC METC receivable	87,995	87,995
Goods and services tax receivable	535,386	382,914
Consideration receivable from Alpha (Note 7c(viii))	500,000	-
Other receivables	26,091	242,522
	\$ 1,149,472	\$ 762,267

6. Property, plant and equipment

	Leased Office	Furniture and Equipment	Total
<u>Cost</u>			
Balance December 31, 2021	\$ 223,437	\$ 74,423	\$ 297,860
Additions	-	32,472	32,472 ¹
Balance September 30, 2022	\$ 223,437	\$ 106,895	\$ 330,332
<u>Accumulated depreciation</u>			
Balance December 31, 2021	\$ 35,749	\$ 38,429	\$ 74,178
Additions	80,436	9,482	89,918 ¹
Balance September 30, 2022	\$ 116,185	\$ 47,911	\$ 164,096
<u>Net book value</u>			
Balance December 31, 2021	\$ 187,688	\$ 35,994	\$ 223,682
Balance September 30, 2022	\$ 107,252	\$ 58,984	\$ 166,236

For the three and nine months ended September 30, 2022, depreciation of \$1,465 and \$4,183, respectively (three and ten months ended September 30, 2021 - \$1,395 and \$4,286) has been included in exploration and evaluation expenditures in the consolidated statements of loss.

NorthWest Copper Corp.
Notes to the Condensed Interim Consolidated Financial Statements
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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		Top Cat	East Niv	Kwanika	Stardust	Lorraine	Other	Total
	West								
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 1)	-	-	-	-	-	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	
Consolidation on acquisition of control (Note 4)	-	-	-	22,129,382	-	-	-	-	22,129,382
Additions	-	85,500	-	-	-	-	-	2,372	87,872
Balance - September 30, 2022	\$ 43,111	\$ 260,002	\$ 76,754	\$ 22,129,382	\$ 52,635,218	\$ 2,652,398	\$ 421,670	\$ 78,218,535	

b) Exploration and Evaluation Expenditures

The nature of exploration expenditures during the three and nine months ended September 30, 2022, and three and ten months ended September 30, 2021, are as follows:

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Ten months ended September 30, 2021
Camp and operations	\$ 3,167,708	\$ 728,149	\$ 5,966,281	\$ 733,842
Drilling and assaying	3,706,930	725,276	5,856,172	884,249
Aircraft	1,919,003	944,785	2,374,221	1,030,679
Salaries	1,119,387	393,938	2,175,461	711,597
Geophysics	997,749	887,283	1,956,731	980,190
Resource studies	166,787	-	627,823	-
Environmental	160,036	35,586	308,493	58,796
Travel and accommodation	111,758	171,471	225,900	176,249
Admin	69,158	53,024	143,287	102,537
Consulting	19,000	700,236	19,000	742,465
Costs recovered	-	-	(88,620)	-
Total	\$ 11,437,517	\$ 4,639,747	\$ 19,564,748	\$ 5,420,604

*Camp and operations expenditures include lodging, meals, fuel, supplies and road maintenance

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

	Milligan	Top Cat	East Niv	Kwanika ¹	Stardust	Lorraine	Other	Total
Balance - December 31, 2021	\$ 581,447	\$ 437,130	\$ 3,899,352	\$ -	\$ 942,813	\$ 1,743,503	\$ 824,864	\$ 8,429,108
Costs incurred during period:								-
Camp and operations	-	80,788	1,383,049	1,559,665	1,160,318	1,745,435	37,026	5,966,281
Drilling and assaying	3,173	-	972,840	3,220,669	1,141,432	508,121	9,937	5,856,172
Aircraft	-	81,289	1,396,452	405,536	-	438,245	52,700	2,374,221
Salaries	3,311	81,877	138,076	1,008,902	471,793	424,064	47,438	2,175,461
Geophysics	-	-	402,081	1,176,083	47,117	182,660	148,790	1,956,731
Resource studies	-	-	-	292,395	282,426	53,002	-	627,823
Environmental	-	-	101,915	67,561	61,657	52,182	25,177	308,493
Travel and accommodation	-	-	22,498	203,402	-	-	-	225,900
Admin	-	-	34,393	38,768	39,474	30,651	-	143,287
Consulting	-	-	19,000	-	-	-	-	19,000
Costs recovered	-	-	-	-	-	-	(88,620)	(88,620)
	6,484	243,954	4,470,304	7,972,981	3,204,218	3,434,360	232,447	19,564,748
Balance - September 30, 2022	\$ 587,931	\$ 681,084	\$ 8,369,656	\$ 7,972,981	\$ 4,147,030	\$ 5,177,863	\$ 1,057,312	\$ 27,993,857

¹ Excludes expenditures prior to consolidation on February 23, 2022

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

	Milligan						Total
	West	Top Cat	East Niv	Stardust	Lorraine	Other	
Balance - November 30, 2020	\$ 525,402	\$373,198	\$ 336,250	\$ -	\$ -	\$ 170,040	\$ 1,404,890
Costs incurred during period:							
Aircraft	12,658	-	905,097	-	105,967	6,957	1,030,679
Geophysics	-	-	376,070	-	512,362	91,758	980,190
Consulting	-	13,916	654,627	53,931	136,540	25,235	884,249
Camp and operations	-	7,270	500,427	102,015	126,171	6,582	742,465
Drilling and Assaying	-	-	441,432	271,270	21,140	-	733,842
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
Admin	-	16,479	28,701	14,119	29,119	14,119	102,537
Environmental	-	8,000	36,977	13,819	-	-	58,796
	24,940	116,992	3,148,580	644,086	1,250,067	235,939	5,420,604
Balance - September 30, 2021	\$ 550,342	\$490,190	\$ 3,484,830	\$ 644,086	\$ 1,250,067	\$ 405,979	\$ 6,825,494

c) **Exploration projects**

(i) Stardust Project

The Company owns 100% of the Stardust Project, a carbonate replacement deposit located in north-central British Columbia.

(ii) Kwanika Project

The Kwanika Project is a porphyry deposit located in north-central British Columbia. Pursuant to the SPA (Note 4), the Company has purchased POSCO's remaining interest in KCC, the company which owns the Kwanika Project.

(iii) East Niv

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

(iv) Lorraine Project

The Lorraine project comprises two contiguous properties in British Columbia, the Lorraine-Jajay and the Tam-Misty properties. The Company owns 100% of the Lorraine-Jajay property, and the Company owns 90% of the adjacent Tam-Misty property, with Commander Resources holding a 10% carried interest. The Tam-Misty property is subject to a 3% NSR royalty, which can be reduced to 1% NSR royalty.

Pursuant to the terms of an agreement between the Company's subsidiary 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 such amount has been included in accounts payable and accrued liabilities at September 30, 2022.

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

The Company may 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, 2022, 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% 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.

(v) 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.

(vi) Top Cat

On July 12, 2019, the Company optioned the Top Cat claims, and 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, on July 20, 2021, paid \$25,000, and on July 13, 2022, paid \$60,000;
- 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, on July 20, 2021, the Company issued 50,000 shares with a fair value of \$35,000, and on July 13, 2022, the Company issued 100,000 shares with a fair value of \$25,500;
- 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 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.

(vii) Net Smelter Return Royalties ("NSRs") – Thor Marmot and Deer Lake Properties

During the year ended February 28, 2019, the Company acquired NSRs 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.

(viii) Okeover Property

On March 11, 2022, the Company received 267,159 common shares with a fair value of \$253,801 (and a deemed value of \$250,000) from Alpha Copper Corp. ("Alpha"), a CSE-listed company (the "Alpha

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

Shares”), 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 Okeover property, subject to 2% NSR 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 March 11, 2023;
2. Issuing common shares with a value of \$750,000 on or before March 11, 2024;
3. Issuing additional common shares such that NorthWest holds a 10% interest in Alpha on or before March 11, 2025; and
4. Incurring staged expenditures of not less than \$5,000,000 on or before March 11, 2025.

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 Company has recorded a receivable for the next \$500,000 in shares at September 30, 2022. 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.

As there was no capitalized cost associated with the Okeover property, the value of the Alpha Shares received, and the committed receivable was recorded as a gain on option of mineral property in the statement of loss during the 3 months ended March 31, 2022. The Alpha Shares are classified as fair value through profit and loss financial instruments and are recorded as a marketable security in the statement of financial position, with gains and losses resulting from the change in fair value recorded in the loss for the period. The fair value of the Alpha Shares at September 30, 2022, was \$93,506, which was determined by reference to their quoted closing market price at the reporting date.

(ix) **Other Properties**

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

On September 13, 2022, the Company entered into an agreement to option the Asitka claims, located in British Columbia, and may earn a 100% interest, subject to a 1.5% NSR, by:

- Making staged cash payments totaling \$230,000 over 4 years;
- Issuing common shares with a total fair value of \$200,000 in stages over a 4-year period;

The Company is under no obligation to issue any of the common shares or make any cash payments. The Company can decide to not to proceed with the option at any time.

Subsequent to September 30, 2022, the agreement received all required approvals and on October 18, 2022, the Company made the first option payments, comprised of \$10,000 and 46,568 common shares.

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.

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8. Reclamation deposits and closure and reclamation provision (cont'd)

	September 30,	
	2022	
Balance, beginning	\$	250,396
Additional reclamation deposits required		223,742
Reclamation deposits acquired on consolidation of Kwanika		60,500
Balance, ending	\$	534,638

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 any reclamation costs in the next year.

9. 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 current lease with respect to its head office premises is paid to Oxygen pursuant to the Oxygen Agreement (Note 11):

	September 30		December 31,	
	2022		2021	
Current portion	\$	111,884	\$	105,390
Long term portion		-		84,744
	\$	111,884	\$	190,134

	September 30	
	2022	
Balance, beginning	\$	190,134
Principal payments		(87,594)
Recognition of liability		-
Finance charge		9,344
Balance, ending	\$	111,884

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	\$	116,791	\$	-	\$	116,791
Finance Charge		(4,907)		-		(4,907)
Total Payments	\$	111,884	\$	-	\$	111,884

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 three and nine months ended September 30, 2022, the Company recognized \$2,593 and \$9,344, respectively, in interest expense on lease liabilities (three and ten months ended September 30, 2021 - \$1,491 and \$3,405 respectively). 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. The Company expensed \$15,527 and

9. Leases (cont'd)

\$49,785, respectively, of variable lease payments for the three and nine months ended September 30, 2022 (three and nine months ended September 30, 2021 – \$nil and \$6,419 respectively).

10. Share capital and reserves

Authorized share capital

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

Issued share capital

Nine months ended September 30, 2022

At September 30, 2022, there were 165,045,514 issued and fully paid common shares, and nil preferred shares.

- i) On February 23, 2022, the Company issued 5,194,805 common shares with a fair value of \$3,324,675 pursuant to the SPA with POSCO (Note 4).
- ii) On April 25, 2022, the Company issued 5,934,718 common shares with a value of \$4,000,000 pursuant to the SPA with POSCO (Note 4).
- iii) On September 6, 2022, the Company issued 7,228,916 common shares with a value of \$3,000,000 pursuant to the SPA with POSCO (Note 4).
- iv) On July 13, 2022, the Company issued 100,000 shares with a fair value of \$25,500 pursuant to the option agreement on the Top Cat project (Note 7c(vi)).
- v) On July 25, 2022, the Company issued 200,000 common shares as a result of a DSU exercise by a former Director.
- vi) During the nine months ended September 30, 2022, 475,000 stock options were exercised for gross proceeds of \$153,300 and 552,446 warrants were exercised for gross proceeds of \$287,272. The weighted average share price on the date the stock options were exercised during the period was \$0.65 and the weighted average share price on the date the warrants were exercised during the period was \$0.70.

Ten months ended September 30, 2021

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

- 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 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;

10. Share capital and reserves (cont'd)

- 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 shares with a fair value of \$35,000 pursuant to the option agreement on the Top Cat project (Note 7c(vi)).
- v) During the ten months ended September 30, 2021, 1,785,000 stock options were exercised for gross proceeds of \$419,650 and 1,190,526 warrants were exercised for gross proceeds of \$658,355. The weighted average share price on the date the stock options were exercised during the period was \$0.74 and the weighted average share price on the date the warrants were exercised during the period was \$0.76.

Warrants

The changes in warrants during the nine months ended September 30, 2022, are as follows:

	September 30, 2022	
	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	14,802,384	\$ 1.06
Warrants exercised	(552,446)	0.52
Warrants expired	(771,932)	0.56
Warrants outstanding, ending	13,478,006	\$ 1.11

Warrants outstanding at September 30, 2022, are as follows:

Number of warrants	Exercise price	Expiry date
8,852,625	\$0.84	December 17, 2022
4,625,381	\$1.63	May 2, 2023
13,478,006		

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 September 30, 2021, were as follows:

10. Share capital and reserves (cont'd)

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 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, and re-approved by the shareholders on June 24, 2022.

The changes in stock options during the nine months ended September 30, 2022, are as follows:

	September 30, 2022	
	Number of options	Weighted average exercise price
Options outstanding, beginning	12,533,540	\$ 0.82
Options granted	650,000	0.61
Options exercised	(475,000)	0.32
Options expired	(900,532)	1.13
Options forfeited	(288,333)	0.87
Options outstanding, ending	11,519,675	\$ 0.82
Options exercisable, ending	7,191,342	\$ 0.81

Details of options outstanding as at September 30, 2022, are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
\$0.30 - \$0.60	1.76 years	1,500,000	1,400,000
\$0.61 - \$0.90	3.78 years	9,143,550	4,915,217
\$1.17 - \$2.14	0.92 years	876,125	876,125
	3.30 years	11,519,675	7,191,342

The fair value of options granted 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 for the options granted in the nine months ended September 30, 2022, and ten months ended September 30, 2021, were as follows:

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10. Share capital and reserves (cont'd)

	Options Granted in the Nine Months Ended September 30, 2022	Options Granted in Connection with Acquisition of Sun Metals	Options Granted in the Ten Months Ended September 30, 2021
Expected life of options in years	5	0.25-4.27	5
Annualized volatility ¹	85.0%-85.5%	65.2%-100.9%	92.7%-96.4%
Risk-free interest rate	0.2%-0.3%	0.2%	0.9%
Weighted average Black-Scholes fair value	\$0.41	\$0.37	\$0.64

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.

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 grant is subject to alternate vesting provisions:

1. The 400,000 options granted on March 14, 2022, were granted to a non-executive director and vested immediately.

The Company recorded share-based payment expense related to stock options for the three and nine months ended September 30, 2022, of \$318,534 and \$1,233,127, respectively (three and ten months ended September 30, 2021 - \$684,121 and \$1,803,444).

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 – December 31, 2021	1,000,000
Exercised	(200,000)
Outstanding balance – September 30, 2022	800,000

DSU expense for the three and nine months ended September 30, 2022, was \$nil (three and ten months ended September 30, 2021 - \$nil and \$900,000).

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:

10. Share capital and reserves (cont'd)

	Number of RSUs
Outstanding balance – December 31, 2021	3,350,000
Forfeited	(75,000)
Granted	50,000
Outstanding balance – September 30, 2022	3,325,000

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.

RSU expense for the three and nine months ended September 30, 2022, was \$277,375 and \$918,960, respectively (three and ten months ended September 30, 2021 - \$294,174 and \$643,071).

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:

	September 30 2022
Balance, beginning	\$ 5,649,804
Additions	-
Recognition of flow-through share premium	(5,509,666)
Balance, ending	\$ 140,138

As at September 30, 2022, 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 \$486,000 in connection with its December 2, 2021, flow-through offering by December 31, 2022 (September 30, 2021 - \$1,025,000 in connection with its March 31, 2021, flow through offering 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.

11. Related party transactions

In addition to balances and transactions disclosed in Note 9 to these condensed interim consolidated financial statements, the Company has the following related party balances and transactions as at September 30, 2022, and December 31, 2021, and for the nine months ended September 30, 2022, and ten months ended September 30, 2021.

11. Related party transactions (cont'd)

Related party balances

Oxygen Capital Corp (“Oxygen”) is a private company majority 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, 2022, Oxygen holds a refundable security deposit of \$112,500 on behalf of the Company (December 31, 2021 - \$112,500) 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.

During the three and nine months ended September 30, 2022, a total of \$55,103 and \$189,789, respectively, was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company (three and ten months ended September 30, 2021 – \$95,037 and \$254,532, respectively). Such amount includes the reimbursement of lease related expenses disclosed in Note 9. As at September 30, 2022, the Company has a payable amount to Oxygen of \$18,774 (December 31, 2021 – \$27,954). This amount was paid subsequent to September 30, 2022.

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 is as follows:

	Three Months ended September 30, 2022	Three Months ended September 30, 2021	Nine Months ended September 30, 2022	Ten Months ended September 30, 2021
Salaries and management consulting fees ¹	\$ 225,000	\$ 265,367	\$ 670,417	\$ 866,791
Termination payment - D.Moore ²	-	-	-	434,654
Director fees ³	76,250	59,583	240,417	218,583
Non-cash share-based payments	387,235	715,186	1,488,764	2,797,623
	\$ 688,485	\$ 1,040,136	\$ 2,399,598	\$ 4,317,651

⁽¹⁾ The ten months ended September 30, 2021, includes \$160,000 of bonuses relating to completion of the Arrangement (Note 3)

⁽²⁾ David Moore's total termination payment was \$513,216, including \$81,562 prior to the comparative period presented above.

⁽³⁾ The ten months ended September 30, 2021, includes \$65,000 of bonuses relating to completion of the Arrangement

12. 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.

13. Financial instruments

The Company’s financial instruments consists of cash, short term investments, receivables, marketable securities, deposits, and trade payables, with the carrying amounts presented in the statement of financial

13. Financial instruments (cont'd)

position approximating their respective fair values because of the relatively short-term nature of 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 Alpha Shares (Note 7(c)(viii)) are a financial instrument measured at fair value through profit and loss using Level 1 inputs as Alpha Copper is listed on the CSE market. Other than the impact of the change in Alpha's share price, no factors affecting the fair value of the Alpha Shares in the time from the initial recognition to the period end were identified. Other than the Alpha Shares, the Company does not have any financial instrument assets or liabilities measured and recognized in the statement of financial position at fair value.

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 September 30, 2022, or December 31, 2021. 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 9.

13. Financial instruments (cont'd)

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. A 1% change in the interest rate during the nine months ended September 30, 2022, or ten months ended September 30, 2021, would not have had a material impact on the Company.

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.