NorthWestcopper

Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2023, and 2022

(Expressed in Canadian Dollars)

(Unaudited)

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, 2023, and for the three and nine months ended September 30, 2023 and September 30, 2022, 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.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	September 30, 2023	December 31, 2022
ASSETS			
Current assets			
Cash		$ 213,518	$ 378,353
Short term investments		30,000	30,000
Receivables	4	1,107,830	1,583,900
Deposits	10	-	69,000
Marketable securities	6(c)(vii)	-	53,432
Prepaid expenses		180,780	246,720
		1,532,128	2,361,405
Non-current assets			
Property, plant and equipment	5	37,680	132,695
Exploration and evaluation assets	6	78,529,317	78,435,042
Deposits	7	482,638	482,638
		79,049,635	79,050,375
TOTAL ASSETS		**$ 80,581,763**	**$ 81,411,780**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	10	$ 1,096,269	$ 1,756,095
Current portion of lease payable	8	-	84,744
		1,096,269	1,840,839
Non-current liabilities			
Closure and reclamation	7	327,500	327,500
TOTAL LIABILITIES		1,423,769	2,168,339
SHAREHOLDERS' EQUITY			
Share capital	9	143,234,555	137,659,808
Share-based payment reserve	9	21,976,550	21,767,921
Other equity reserves		52,837	52,837
Deficit		(86,105,948)	(80,237,125)
TOTAL SHAREHOLDERS' EQUITY		**79,157,994**	**79,243,441**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 80,581,763**	**$ 81,411,780**

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

Approved by the Audit Committee of the Board of Directors on November 28, 2023:

"*Braam Jonker*", Director   "*John Theobald*", Director

NorthWest Copper Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Notes	Three months ended Sept 30, 2023	Three months ended Sept 30, 2022	Nine months ended Sept 30, 2023	Nine months ended Sept 30, 2022
Expenses					
Exploration and evaluation expenditures	6	$ 420,010	$ 11,437,517	$ 1,482,099	$ 19,564,748
Salaries and director fees	10	473,130	399,855	1,454,557	1,201,082
Professional fees		701,252	67,990	1,299,989	295,676
Share-based payments	9	350,908	595,909	711,762	2,152,087
Office and miscellaneous		133,464	115,785	376,362	358,726
Investor relations		67,257	111,586	272,103	402,246
Transfer agent and filing fees		61,158	23,944	173,710	79,872
Depreciation	5	30,723	28,578	92,516	85,735
		(2,237,902)	(12,781,164)	(5,863,098)	(24,140,172)
Other income (expense)					
Recognition of flow-through share premium		-	3,253,097	-	5,509,666
Management income	3	-	-	-	8,862
Interest income		9,719	50,241	18,861	86,714
Gain on option of mineral property	6(c)(vii)	-	-	-	753,801
Loss on marketable securities	6(c)(vii)	-	(10,686)	(21,736)	(160,295)
Finance expense		(388)	(26,548)	(2,850)	(119,215)
Share of joint venture loss	3	-	-	-	(105,270)
		9,331	3,266,104	(5,725)	5,974,263
Net loss and comprehensive loss for the period		**$ (2,228,571)**	**$ (9,515,060)**	**$ (5,868,823)**	**$ (18,165,909)**
Loss per share – basic and diluted		**$ (0.01)**	**$ (0.06)**	**$ (0.03)**	**$ (0.12)**
Weighted average number of common shares outstanding		**190,075,553**	**159,657,191**	**186,925,959**	**154,612,055**

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

	Notes	Share capital: Number of shares	Share capital: Amount	Share-based payment reserve	Equity portion of convertible debentures	Deficit	Total Shareholders' Equity
Balance at 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	9	552,446	287,272	-	-	-	287,272
Shares issued for cash - exercise of stock options	9	475,000	153,300	-	-	-	153,300
Reallocation of fair market value of warrants exercised	9	-	85,915	(85,915)	-	-	-
Reallocation of fair market value of stock options exercised	9	-	111,030	(111,030)	-	-	-
Shares issued on exercise of DSUs	9	200,000	180,000	(180,000)			
Shares issued to acquire remaining JV interest	3	18,358,439	10,324,675	-	-	-	7,324,675
Shares issued for acquisition of property interests	6	100,000	25,500	-	-	-	-
Share-based payments	9	-	-	2,152,087	-	-	2,152,087
Net loss for the period		-	-	-	-	(18,165,909)	(18,165,909)
Balance at Sept 30, 2022		**165,045,514**	**137,147,308**	**21,174,567**	**52,837**	**(76,973,126)**	**78,376,086**
Balance at December 31, 2022		**167,228,834**	**$ 137,659,808**	**$ 21,767,921**	**$ 52,837**	**$ (80,237,125)**	**$ 79,243,441**
Units issued for cash - financing	9	21,997,086	5,059,330	-	-	-	5,059,330
Fair value of warrants issued - financing	9		(630,201)	630,201			-
Share issuance costs	9	-	(27,216)	-	-	-	(27,216)
Shares issued on exercise of RSUs	9	1,066,666	953,334	(953,334)	-	-	-
Shares issued on exercise of DSUs	9	200,000	180,000	(180,000)	-		-
Shares issued for acquisition of property interests	6	218,027	39,500	-	-	-	39,500
Share-based payments	9	-	-	711,762	-	-	711,762
Net loss for the period		-	-	-	-	(5,868,823)	(5,868,823)
Balance at Sept 30, 2023		**190,710,613**	**$ 143,234,555**	**$ 21,976,550**	**$ 52,837**	**$ (86,105,948)**	**$ 79,157,994**

(Expressed in Canadian Dollars)

	Notes	Nine months ended Sept 30, 2023	Nine months ended Sept 30, 2022
Operating activities			
Net loss		$ (5,868,823)	$ (18,165,909)
Adjustments for non-cash items:			
Depreciation	5	95,015	89,918
Share of joint venture loss	3	-	105,270
Finance expense		2,850	119,215
Interest income		(18,861)	(86,714)
Recognition of flow-through share premium		-	(5,509,666)
Share-based payments	9	711,762	2,152,087
Gain on option of mineral property		-	(753,801)
Loss on marketable securities		21,736	160,295
Changes in			
Receivables		424,069	(44,933)
Prepaid expenses		65,940	(336,223)
Trade payables and accrued liabilities		(590,826)	1,217,886
Net cash flows used in operating activities		(5,157,138)	(21,052,575)
Investing activities			
Proceeds from disposal of marketable	6(c)(vii)	31,697	-
Cash acquired from Kwanika	3	-	89,185
Investment in joint venture	3	-	(178,800)
Exploration and evaluation assets	6	(54,775)	(62,372)
Deposits		-	(223,742)
Deposits returned		52,000	-
Interest received		18,861	86,714
Property, plant and equipment		-	(32,472)
Net cash flows provided by (used in) investing activities		47,783	(321,487)
Financing activities			
Proceeds on issuance of units	9	5,059,330	-
Share issuance costs	9	(27,216)	-
Proceeds from exercise of options	9	-	153,300
Proceeds from exercise of warrants	9	-	287,272
Repayment of term loan		-	(30,000)
Lease payable repayments	8	(87,594)	(87,594)
Net cash flows provided by financing activities		4,944,520	322,978
Net change in cash		(164,835)	(21,051,084)
Cash, beginning		378,353	24,682,958
Cash, ending		**$ 213,518**	**$ 3,631,874**

ii. **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 address of the Company is PO Box 95010 Vancouver RPO Kingsgate, BC, Canada V5T 4T8. The Company’s registered and records office address is #2200 – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8.

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 its assets and discharge its liabilities in the ordinary course of operations. The Company had a net loss of $5,868,823 for the nine months ended September 30, 2023 (nine months ended September 30, 2022 - $18,165,909) and at September 30, 2023 had accumulated losses of $86,105,948 (December 31, 2022 - $80,237,125) 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 pay for its expenditures and obligations. Based on the Company’s current and forecast cash position, it is required to raise additional funds by December 31, 2023. 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 condensed interim consolidated 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. Significant accounting policies and basis of preparation

(a) Statement of compliance

The Company prepares their annual financial statements in accordance with IFRS Accounting 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 year ended December 31, 2022.

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, 2022. The following accounting amendments were adopted by the Company in the current period:

The Company adopted the IASB published amendments to *IAS 12 – Income Taxes* at January 1, 2023. The amendments narrowed the scope of the recognition exemption to require an entity to recognize deferred tax on initial recognition of particular transactions, to the extent that transaction gives rise to equal taxable and deductible temporary differences. These amendments apply to transactions for which an entity recognizes both an asset and liability, for example leases and decommissioning liabilities. The Company

(Expressed in Canadian Dollars)

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

has concluded that the adoption of the amendments had no significant impact on its condensed interim consolidated financial statements.

The Company adopted the IASB published amendments to *IAS 8 – Accounting Policies – Changes in Accounting Estimates and Errors* at January 1, 2023. The amendments introduce a new definition of "accounting estimates" to replace the definition of "change in accounting estimates" and include clarifications intended to help entities distinguish changes in accounting policies from changes in accounting estimates. The Company has concluded that the adoption of the amendments had no significant impact on its condensed interim consolidated financial statements.

(b) Consolidation

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

		Percentage owned	
	Province of incorporation	**September 30, 2023**	**December 31, 2022**
Kwanika Copper Corp. (Note 3)	British Columbia	N/A	100%
Tsayta Resources Corporation*(Previously Sun Metals Corp.)	British Columbia	100%	100%
0790202 BC Ltd.**	British Columbia	100%	100%

*Kwanika Copper Corp., Tsayta Resources Corp., and Sun Metals Corp. were amalgamated on March 31, 2023. The continuing legal entity, Sun Metals Corp., subsequently changed its name to Tsayta Resources Corp. Tsayta Resources Corp. holds the Stardust, Lorraine, Kwanika and Okeover properties.
**This company is inactive.

I 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 year ended December 31, 2022.

3. Investment in joint venture – Kwanika Copper Corporation

On December 29, 2021, the Company entered into a Share Purchase Agreement ("SPA") with POSCO whereby NorthWest purchased 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 was the Kwanika Project (Note 6c (i)) and prior to the transaction, NorthWest accounted for its interest in KCC as an equity accounted for joint venture.

(Expressed in Canadian Dollars)

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

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 was terminated and any interest or rights of POSCO with respect to the Kwanika Project under the shareholder joint venture agreement, including offtake rights, were 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 fair 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 fair value of $3,000,000. All common shares issued under the SPA were 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 on February 23, 2022, the Company assessed that it had control over KCC and has 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 PO'CO'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 period from January 1, 2022 to February 23, 2022, being 72.07% of KCC's loss prior to consolidation. 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. Prior to February 23, 2022 NorthWest was the operator of the project and earned management fee income of $8,862.

4. Receivables

		Sept 30, 2023		**December 31, 2022**
Goods and services tax receivable	$	52,651	$	601,037
Consideration receivable from Alpha (Note 6(c)(vii))		500,000		500,000
BC METC receivable		524,529		413,757
Other receivables		30,650		69,106
	$	**1,107,830**	**$**	**1,583,900**

(Expressed in Canadian Dollars)

5. Property, plant and equipment

	Leased Office	Furniture and Equipment	Total
Cost			
Balance December 31, 2022	$ 223,437	$ 112,093	$ 335,530
Additions	-	-	-
Balance Sept 30, 2023	$ 223,437	$ 112,093	$ 335,530
Accumulated depreciation			
Balance December 31, 2022	$ 142,997	$ 59,838	$ 202,835
Additions	80,440	14,575	95,015
Balance Sept 30, 2023	$ 223,437	$ 74,413	$ 297,850
Net book value			
Balance December 31, 2022	$ 80,440	$ 52,255	$ 132,695
Balance Sept 30, 2023	**$ -**	**$ 37,680**	**$ 37,680**

For the three and nine months ended September 30, 2023, depreciation of $833 and $2,499, respectively (three and nine months ended September 30, 2022 - $1,465 and $4,183) has been included in exploration and evaluation expenditures in the consolidated statements of loss.

6. Exploration and evaluation assets and expenditures

a) ***Exploration and Evaluation Assets***

Details of the Company's exploration and evaluation assets, including acquisition costs related to its projects, are as follows:

	Milligan West	Top Cat	East Niv	Kwanika	Stardust	Lorraine	Other	Total
Balance - December 31, 2022	$ 43,111	$ 260,002	$ 109,254	$ 22,249,382	$ 52,581,725	$ 2,747,398	$ 444,170	$ 78,435,042
Additions	-	52,000	-	10,017	-	-	32,258	94,275
Balance - September 30, 2023	$ 43,111	$ 312,002	$ 109,254	$ 22,259,399	$ 52,581,725	$ 2,747,398	$ 476,428	$ 78,529,317

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

The nature of exploration expenditures during the three and nine months ended September 30, 2023 and 2022 are as follows:

	Three months ended Sept 30, 2023	Three months ended Sept 30, 2022	Nine months ended Sept 30, 2023	Nine months ended Sept 30, 2022
Salaries	$ 316,713	$ 1,119,387	$ 1,066,077	$ 2,175,461
Drilling and assaying	2,551	3,706,930	194,350	5,856,172
ESG	57,788	160,036	179,958	308,493
Software and admin	42,641	69,158	168,316	143,287
Resource studies	-	166,787	97,156	627,823
Camp and operations	87,860	3,167,709	95,654	5,966,281
Travel and accommodation	39,156	111,758	85,311	225,900
Geophysics	16,306	1,016,749	77,980	1,975,731
Aircraft	20,721	1,919,003	41,826	2,374,220
Costs recovered	-	-	-	(88,620)
Government Assistance	(163,726)	-	(524,529)	-
Total	**$ 420,010**	**$ 11,437,517**	**$ 1,482,099**	**$ 19,564,748**

(Expressed in Canadian Dollars)

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

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 West	Top Cat	East Niv	Kwanika	Stardust	Lorraine	Other	Total
Balance - December 31, 2022	$ 588,441	$ 729,045	$ 8,550,544	$ 8,683,247	$ 4,485,394	$ 5,676,394	$ 1,071,705	$ 29,784,770
Costs incurred during period:								
Salaries	2,228	33,508	86,520	361,568	209,226	335,530	37,497	1,066,077
Drilling and assaying	-	(14,484)	(14,819)	20,419	-	203,234	-	194,350
ESG	-	-	46,650	46,705	40,648	45,955	-	179,958
Software and admin	-	-	25,978	44,282	47,083	45,268	5,705	168,316
Resource studies	-	-	-	48,578	48,578	-	-	97,156
Camp and operations	-	-	13,773	28,700	-	53,181	-	95,654
Travel and accommodation	-	-	13,854	26,950	24,082	20,425	-	85,311
Geophysics	-	-	24,510	17,265	14,909	21,296	-	77,980
Aircraft	-	-	20,720	-	-	21,106	-	41,826
Government Assistance	-	-	(112,781)	(113,975)	(111,728)	(186,045)	-	(524,529)
	2,228	19,024	104,405	480,492	272,798	559,950	43,202	1,482,099
Balance - September 30, 2023	**$ 590,669**	**$ 748,069**	**$ 8,654,949**	**$ 9,163,739**	**$ 4,758,192**	**$ 6,236,344**	**$ 1,114,907**	**$ 31,266,869**

	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**

ii) During the three and nine months ended September 30, 2023, the Company accrued $163,726 and $524,529 respectively in BC Mineral Exploration Tax Credits ("BCMETC") receivable, which was recorded as a reduction in exploration and evaluation expenditures (three and nine months ended September 30, 2022 - $nil ***Exploration projects***

(i) Kwanika-Stardust Project

The Company owns 100% of the copper-gold Kwanika-Stardust project, located in north-central British Columbia. The Kwanika-Stardust project is comprised of the adjacent Stardust and Kwanika properties. The Company acquired the Stardust property following completion of the arrangement agreement with Sun Metals Corp on March 5, 2021. The Company purchased POSCO's remaining interest in KCC, the entity which owned the Kwanika property, in 2022.

(ii) East Niv

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

(iii) Lorraine Project

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

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 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 by paying $1,000,000 per each 1% for a total of $2,000,000 dollars, and is subject to a capped advanced royalty payment of $500,000, of which $500,000 had been paid by December 31, 2021. In addition, a 2% NSR royalty exists relating to claims known as the Lorraine and Dorothy claims and 2% NSR royalties exist in relation to certain claims known as the Steelhead and Steele claims.

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 paid in common shares over a two-year period, with the final payment made in November 2022.

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, 2023, 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.

(iv) Milligan West

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

(v) Top Cat

On July 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

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

July 20, 2021, the Company issued 50,000 shares with a fair value of $35,000, on July 13, 2022, the Company issued 100,000 shares with a fair value of $25,500, and on July 31, 2023 issued 150,000 common shares with a fair value of $27,000.

- Incurring a total of $1,250,000 in exploration expenditures over a 5-year period with a minimum of $100,000 to be spent before the first anniversary of the agreement, which minimum expenditure was made prior to the first anniversary;
- 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.

(ii) The Company entered into an amendment to the Top Cat option agreement dated July 19, 2023, to amend certain terms related to the fourth tranche cash payment. As a result of the amendment, the Company paid $25,000 in July 2023, and the following cash payments totaling $185,000 remain owini) $60,000 on or before February 1, 2024; and

(ii) $125,000 on or before August 1, 2024.

(vi) 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.

(vii) 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 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, the issuance of additional shares with a value of $500,000 on or before March 11, 2023 was an obligation of Alpha upon entering into the Option Agreement. In March 2023, the Company received notice of termination from Alpha of the Option Agreement. The common shares with a value of $500,000 were not received, and in September 2023, the Company entered into a property sale agreement with Alpha, whereby Alpha will acquire a 100% interest in the Okeover property, subject to a 2% NSR to be retained by the Company (the "NSR Royalty") and by issuing common shares with a value of $500,000 (Note 13).

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 six months ended June 30, 2022. The Alpha Shares were classified as fair value through profit and loss financial instruments and were recorded as marketable securities in the statement of financial position, with gains and losses resulting from the change in fair value recorded in the consolidated statement of loss for the period. In June 2023, the Company disposed of the 267,159 Alpha Shares for proceeds of $31,697 and recorded a loss of $21,735 in the statement of loss for the nine month period ended September 30, 2023. The Company recorded a loss of from the change in fair value of the 267,159 Alpha Shares of $200,369 in the year ended December 31, 2022 (loss of $157,624 and $149,609 for the three and nine month periods ended September 30, 2022).

(Expressed in Canadian Dollars)

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

(viii) 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 not to proceed with the option at any time.

Subsequent to the agreement receiving all required approvals, on October 18, 2022, the Company made the first option payments, comprised of $10,000 and 46,568 common shares with a fair value of $12,500. In July 2023, the Company made the second option payments, comprised of $15,000 and 68,027 common shares with a fair value of $12,500.

7. 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.

		Sept 30, 2023
Balance, December 31, 2022 and Sept 30, 2023	**$**	**482,638**

The Company has recorded a provision for closure and reclamation in the amount of $327,500 (December 31, 2022 - $327,500), 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.

8. Leases

The Company leases assets such as office space. The associated right-of-use asset is classified as property, plant and equipment in the statement of financial position.

The Company's lease with respect to its head office premises was paid to Oxygen pursuant to the Oxygen Agreement (Note 10):

		Sept 30, 2023		December 31, 2022
Current portion	$	-	$	84,744
Long term portion		-		-
	$	**-**	**$**	**84,744**

(Expressed in Canadian Dollars)

8. Leases (cont'd)

		Sept 30, 2023		December 31, 2022
Balance, beginning	$	84,744	$	190,134
Principal payments		(87,594)		(116,792)
Recognition of liability		-		-
Finance charge		2,850		11,402
Balance, ending	**$**	**-**	$	84,744

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, 2023, the Company recognized $388 and $2,850, respectively, in interest expense on lease liabilities (three and nine months ended September 30, 2022 – $2,593 and $9,344). The Company's lease with respect to its head office premises included variable payments that do not depend on an index or rate. As such, these payments were excluded from the lease liability. The Company expensed $13,553 and $49,633, respectively, of variable lease payments for the three and nine months ended September 30, 2023 (three and nine months ended September 30, 2022 - $15,527 and $49,785) (Note 10).

9. 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

<u>*Nine Months ended September 30, 2023*</u>

At September 30, 2023, there were 190,710,613 issued and fully paid common shares, and nil preferred shares.

i) During the nine months ended September 30, 2023, 1,066,666 RSUs were exercised by employees and consultants and settled in common shares of the Company.

ii) During the nine months ended September 30, 2023, 200,000 DSUs were exercised by a former Director and settled in common shares of the Company.

iii) On July 31, 2023, the Company issued 150,000 shares with a fair value of $27,000 pursuant to the option agreement on the Top Cat project (Note 6c(v)).

iv) On July 31, 2023, the Company issued 68,027 shares with a fair value of $12,500 pursuant to the option agreement on the Asitka claims (Note 6c(viii)).

v) On February 3, 2023, the Company closed the first tranche of a private placement offering for aggregate proceeds of $4,332,730, consisting of 18,837,955 units at a price of $0.23 per unit. Each unit consists of one common share of the Company and one-half of one non-transferable common share purchase warrant, with each whole warrant exercisable to purchase one additional common share until February 3, 2025, at an exercise price of $0.30.

vi) On February 9, 2023, the Company closed the second and final tranche of a private placement offering for aggregate proceeds of $726,600, consisting of 3,159,131 units at a price of $0.23 per unit. Each unit consists of one common share of the Company and one-half of one non-transferable common share purchase warrant, with each whole warrant exercisable to purchase one additional common share until February 9, 2025, at an exercise price of $0.30. In connection with the private placement the Company paid commissions and legal fees totaling $27,216.

(Expressed in Canadian Dollars)

9. Share capital and reserves (cont'd)

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.

vii) 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 3).

viii) 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 3).

ix) 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 3).

x) 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 6c(vi)).

xi) On July 25, 2022, the Company issued 200,000 common shares as a result of a DSU exercise by a former Director.

xii) 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.

Warrants

The changes in warrants during the nine months ended September 30, 2023, are as follows:

	September 30, 2023	
	Number of warrants	**Weighted average exercise price**
Warrants outstanding, beginning	4,625,381	$ 1.63
Warrants issued	10,998,548	0.30
Warrants expired	(4,625,381)	1.63
Warrants outstanding, ending	**10,998,548**	**$ 0.30**

Warrants outstanding at September 30, 2023 are as follows:

Number of warrants	**Exercise price**	**Expiry date**
9,418,982	$0.30	February 3, 2025
1,579,566	$0.30	February 9, 2025
10,998,548		

(Expressed in Canadian Dollars)

9. Share capital and reserves (cont'd)

The proceeds from the private placement of units in February 2023 were allocated on a relative fair value basis between the common shares and warrants that comprise each unit. The fair value of warrants granted during the nine months ended September 30, 2023, and used in the relative fair value calculation, was determined using the Black-Scholes option pricing model. The assumed dividend yield and forfeiture rate were nil and nil, respectively. Other weighted average assumptions were as follows:

Expected life of warrants in years	2
Annualized volatility[1]	60.3%-60.9%
Risk-free interest rate	3.9%

[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 equity incentive plan (the "EIP"), 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. On September 26, 2023, the Company's shareholders approved the EIP, which is a 10% rolling plan.

The changes in stock options during the nine months ended September 30, 2023, are as follows:

	September 30, 2023	
	Number of options	**Weighted average exercise price**
Options outstanding, beginning	11,519,675	$ 0.82
Options granted	4,240,625	0.20
Options forfeited	(1,552,083)	0.51
Options expired	(1,671,667)	0.82
Options outstanding, ending	**12,536,550**	**$ 0.65**
Options exercisable, ending	**9,043,008**	**$ 0.70**

Details of options outstanding as at September 30, 2023 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
$0.20 - $0.60	3.56 years	4,546,875	2,758,333
$0.65 - $0.90	2.79 years	7,543,550	5,838,550
$1.31 - $2.14	0.24 years	446,125	446,125
	2.98 years	**12,536,550**	**9,043,008**

The fair value of options granted during the nine months ended September 30, 2023, and 2022 was determined using the Black-Scholes option pricing model. The assumed dividend yield and forfeiture rate were nil and nil, respectively. Other weighted average assumptions were as follows:

(Expressed in Canadian Dollars)

9. Share capital and reserves (cont'd)

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Expected life of options in years	5	5
Annualized volatility[1]	84.8%-85.2%	85.0%-85.5%
Risk-free interest rate	3.1%-3.9%	0.2%-0.3%
Weighted average Black-Scholes fair value	$0.14	$0.41

[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 grants are 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.
2. 1,300,000 of the 3,540,625 options granted January 6, 2023, were granted to non-executive directors and vested immediately. The remaining 2,240,625 options were granted to employees and consultants and subject to typical vesting provisions.
3. The 300,000 options granted on May 12, 2023, were granted to interim chief executive officer David Moore and vest one year from the grant date. These options were forfeited on September 28, 2023.
4. The 400,000 options granted on September 6, 2023, 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, 2023, of $178,140 and $473,107, respectively (three and nine months ended September 30, 2022 - $595,909 and $2,512,087). The net expense related to stock options for the three and nine months ended September 30, 2023, reflects a reversal of expense recorded in prior periods of $5,506 and $255,925, respectively, relating to the forfeiture of 300,000 and 1,552,083 unvested options, respectively, by departing employees.

Deferred Share Units ("DSU")

Under the Company's EIP, 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 nine months ended September 30, 2023, is as follows:

	Number of DSUs
Outstanding balance – December 31, 2022	800,000
Exercised	(200,000)
Granted	300,000
Outstanding balance – September 30, 2023	900,000

(Expressed in Canadian Dollars)

9. Share capital and reserves (cont'd)

DSU expense for the three and nine months ended September 30, 2023, was $51,000 (three and nine months ended September 30, 2022 - $nil).

Restricted Share Units ("RSU")

Under the Company's EIP, 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, subject to TSX-V policies.

A summary of RSU activity during the nine months ended September 30, 2023, is as follows:

	Number of RSUs
Outstanding balance – December 31, 2022	3,325,000
Exercised	(1,066,666)
Granted	757,813
Forfeited	(633,334)
Outstanding balance – September 30, 2023	**2,382,813**

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. The RSUs granted on January 6, 2023, and May 12, 2023, vest one year from the grant date. The 200,000 RSUs granted on May 12, 2023 were forfeited on September 28, 2023.

RSU expense for the three and nine months ended September 30, 2023, was $121,768 and $187,655, respectively (three and nine months ended September 30, 2022 - $277,375 and $918,960). The net expense related to RSUs for the three and nine months ended September 30, 2023, reflects a reversal of expense recorded in prior periods of $6,183 and $286,051, respectively, relating to the forfeiture of 200,000 and 633,334 unvested RSUs, respectively, by departing employees.

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.

10. Related party transactions

In addition to balances and transactions disclosed in Notes 8 and 9 to these condensed interim consolidated financial statements, the Company has the following related party balances and transactions as at September 30, 2023 and December 31, 2022, and for the three and nine months ended September 30, 2023 and 2022.

Related party balances

Oxygen Capital Corp ("Oxygen") is a private company owned by two former directors of the Company and provided 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 office facilities and other administrative functions. As at September 30, 2023, Oxygen holds a refundable security deposit of $nil on behalf of the Company (December 31, 2022 - $69,000) which was recorded as a current deposit in the statement of financial position.

The 10-year lease the Company sublet from Oxygen (the "Lease"), ended on September 30, 2023, and the Company and Oxygen mutually gave notice to terminate the Oxygen Agreement, effective September 30, 2023.

(Expressed in Canadian Dollars)

10. Related party transactions (cont'd)

During the three and nine months ended September 30, 2023, a total of $67,931 and $183,165 was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company (three and nine months ended September 30, 2022 – $55,103 and $189,789). Such amounts include the reimbursement of lease related expenses disclosed in Note 8. As at September 30, 2023, the Company has a payable amount to Oxygen of $29,714 (December 31, 2022 – $25,961).

Key management personnel compensation – paid or accrued

Key management includes the members of the former Board of Directors (from January 1 to September 26, 2023), the current Board of Directors (from September 26, 2023 to current), the President and Chief Executive Officer (from January 1 to April 25, 2023), the Interim President and Chief Executive Officer (from April 26, 2023 to September 28, 2023), 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 Sept 30, 2023	Three Months ended Sept 30, 2022	Nine Months ended Sept 30, 2023	Nine Months ended Sept 30, 2022
Salaries	$ 234,013	$ 225,000	$ 728,827	$ 670,417
Termination payments	162,500	-	389,100	-
Director fees	69,583	76,250	222,083	240,417
Non-cash share-based payments	189,764	387,235	669,600	1,488,764
	$ 655,860	**$ 688,485**	**$ 2,009,610**	**$ 2,399,598**

At September 30, 2023, director fees includes $145,833 of accrued fees, salaries includes deferred salaries of $44,147, and termination payments includes an accrued severance payment of $162,500 that the Company is disputing. These amounts are included in trade payables and accrued liabilities at September 30, 2023 (December 31, 2022 – director fees includes $76,250 of accrued fees and salaries includes $85,938 of accrued employee bonuses, which were paid subsequent to December 31, 2022).

11. 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.

12. Financial instruments

The Company's financial instruments consists of cash, short term investments, receivables, deposits, and trade payables, with the carrying amounts presented in the statement of financial position approximating their respective fair values because of their relatively short-term nature of such 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 6(c)(vii)) were a financial instrument measured at fair value through profit and loss using Level 1 inputs as Alpha 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

12. Financial instruments (cont'd)

the date of sale were identified. Following the sale of the Alpha Shares in June 2023, the Company does not have any financial instrument assets or liabilities measured and recognized in the statement of financial position at fair value at September 30, 2023.

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 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, 2023 or December 31, 2022. 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 8.

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 three and nine months ended September 30, 2023, or 2022, would not have had a material impact on the Company's financial results.

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.

13. Subsequent events

a) Subsequent to September 30, 2023, 99,584 unvested stock options with a weighted average exercise price of $0.48 were forfeited.

b) Subsequent to September 30, 2023, 200,000 RSUs were exercised by a former director and settled in common shares of the Company.

c) On October 11, 2023, the Company completed the sale of the Okeover property to Alpha, and received 5,675,369 common shares of Alpha with a fair value of $500,000 (Note 6(c)(vii)). Subsequent to October 11, 2023, Alpha's share price declined, and the common shares currently have an approximate fair value of $200,000.

d) On November 27, 2023 the Company announced a rights offering and concurrent private placement. Pursuant to the rights offering, the Company will be offering 31,818,435 rights (the "Rights") to holders (the "Shareholders) of common shares in the capital of NorthWest (the "NorthWest Shares") at the close of business on the record date of December 5, 2023 (the "Record Date") on the basis of one (1) Right for each six (6) NorthWest Shares held. Each one (1) Right will entitle the holder to subscribe for one NorthWest Share at the subscription price of $0.105 per NorthWest Share.

   Concurrently with the rights offering, the Company intends to conduct a concurrent private placement of no more than 38,095,238 NorthWest Shares at a price of $0.105 per NorthWest Share for gross proceeds of up to $4,000,000 less the gross proceeds of the rights offering. The total amount raised by the Company pursuant to the rights offering and the concurrent private placement will not exceed $4,000,000. In connection with the concurrent private placement, the Company may pay cash commissions to registered brokers and a finder's fee to arm's length finders. The broker fee will be 5% on gross proceeds from a brokerage firm up to $250,000, 7% on gross proceeds from a brokerage firm when up to $500,000 is raised and 8% on gross proceeds from a brokerage firm when over $750,000 is raised. The finder's fee will be 1.5% of the gross proceeds.