

NorthWestcopper

**Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2024, and 2023
(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 March 31, 2024, and for the three months ended March 31, 2024 and March 31, 2023, 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	March 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash		\$ 2,211,736	\$ 231,037
Short term investments		30,000	30,000
Receivables	3	511,914	455,094
Share subscriptions receivable	3	-	1,170,225
Marketable securities	5	158,910	141,884
Prepaid expenses		93,246	85,932
		3,005,806	2,114,172
Non-current assets			
Property, plant and equipment	4	30,734	33,212
Exploration and evaluation assets	5	78,446,173	78,446,173
Deposits	6	482,638	482,638
		78,959,545	78,962,023
TOTAL ASSETS		\$ 81,965,351	\$ 81,076,195
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	8	\$ 563,248	\$ 1,236,258
Provisions	8	90,000	-
		653,248	1,236,258
Non-current liabilities			
Closure and reclamation	6	327,500	327,500
TOTAL LIABILITIES		980,748	1,563,758
SHAREHOLDERS' EQUITY			
Share capital	7	148,009,308	145,244,718
Share-based payment reserve	7	21,172,780	21,835,912
Other equity reserves		52,837	52,837
Deficit		(88,250,322)	(87,621,030)
TOTAL SHAREHOLDERS' EQUITY		80,984,603	79,512,437
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 81,965,351	\$ 81,076,195

Nature of operations and going concern (Note 1)
Subsequent events (Note 11)

Approved by the Audit Committee of the Board of Directors on May 28, 2024:

"Enrico De Pasquale", Director

"Maryantonett Flumian", Director

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

	Notes	Three months ended March 31, 2024	Three months ended March 31, 2023
Expenses			
Salaries and director fees	8	\$ 260,156	\$ 379,556
Exploration and evaluation expenditures	5	205,253	744,836
Professional fees		167,909	88,596
Office and miscellaneous		113,442	153,772
Transfer agent and filing fees		38,583	88,336
Investor relations		31,604	99,908
Depreciation	4	2,066	31,199
Share-based payments	7	(171,235)	604,266
		(647,778)	(2,190,469)
Other income (expense)			
Interest income		1,460	2,074
Gain (loss) on marketable securities	5	17,026	(13,358)
Finance expense		-	(1,511)
		18,486	(12,795)
Net loss and comprehensive loss for the period		\$ (629,292)	\$ (2,203,264)
Loss per share – basic and diluted		\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding		223,912,899	180,841,597

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)

<u>Share capital</u>							
	Notes	Number of shares	Amount	Share-based payment reserve	Other equity reserves	Deficit	Total Shareholders' Equity
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	7	21,997,086	5,059,330	-	-	-	5,059,330
Fair value of warrants issued - financing	7	-	(630,201)	630,201	-	-	-
Share issuance costs	7	-	(27,216)	-	-	-	(27,216)
Shares issued on exercise of RSUs	7	533,333	480,000	(480,000)	-	-	-
Share-based payments	7	-	-	604,266	-	-	604,266
Net loss for the period		-	-	-	-	(2,203,264)	(2,203,264)
Balance at March 31, 2023		189,759,253	\$ 142,541,721	\$ 22,522,388	\$ 52,837	\$ (82,440,389)	\$ 82,676,557
Balance at December 31, 2023		207,152,859	145,244,718	21,835,912	52,837	(87,621,030)	79,512,437
Shares issued for cash - financing	7	22,051,905	2,315,450	-	-	-	2,315,450
Share issuance costs	7	-	(42,757)	-	-	-	(42,757)
Shares issued on exercise of RSUs	7	1,007,814	491,897	(491,897)	-	-	-
Share-based payments	7	-	-	(171,235)	-	-	(171,235)
Net loss for the year		-	-	-	-	(629,292)	(629,292)
Balance at March 31, 2024		230,212,578	\$ 148,009,308	\$ 21,172,780	\$ 52,837	\$ (88,250,322)	\$ 80,984,603

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

	Notes	Three months ended March 31, 2024	Three months ended March 31, 2023
Operating activities			
Net loss		\$ (629,292)	\$ (2,203,264)
Adjustments for non-cash items:			
Depreciation	4	2,478	31,502
Finance expense		-	1,511
Interest income		(1,460)	(2,074)
Share-based payments	7	(171,235)	604,266
Loss (gain) on marketable securities	5	(17,026)	13,358
Changes in			
Receivables		(56,819)	(293,388)
Prepaid expenses		(7,315)	29,415
Trade payables and accrued liabilities		(693,010)	(1,098,845)
Provisions		90,000	-
Net cash flows used in operating activities		(1,483,679)	(2,917,519)
Investing activities			
Exploration and evaluation assets	5	-	(4,758)
Deposits returned		-	52,000
Interest received		1,460	2,074
Net cash flows provided by investing activities		1,460	49,316
Financing activities			
Proceeds on issuance of units	7	-	5,059,330
Proceeds on issuance of shares	7	3,485,675	-
Share issuance costs	7	(22,757)	(27,216)
Lease payable repayments	7	-	(29,198)
Net cash flows provided by financing activities		3,462,918	5,002,916
Net change in cash		1,980,699	2,134,713
Cash, beginning		231,037	378,353
Cash, ending		\$ 2,211,736	\$ 2,513,066

See accompanying notes to the condensed interim consolidated financial statements.

1. Nature of operations and going concern

NorthWest Copper Corp. (the “Company” or “NorthWest”) 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 principal 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 \$629,292 for the three months ended March 31, 2024 (three months ended March 31, 2023 - \$2,203,264) and at March 31, 2024 had accumulated losses of \$88,250,332 (December 31, 2023 - \$87,621,030) 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. 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. Material accounting policies and 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 year ended December 31, 2023.

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, 2023.

(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:

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

	Province of incorporation	Percentage owned	
		March 31, 2024	December 31, 2023
Tsayta Resources Corporation*	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 and Kwanika properties.

**This company is inactive.

(c) 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, 2023.

3. Receivables

		March 31, 2024	December 31, 2023
Goods and services tax receivable	\$	17,985	\$ 36,406
BC METC receivable		477,914	402,673
Other receivables		16,015	16,015
	\$	511,914	\$ 455,094

During the three months ended March 31, 2024, the Company received \$1,170,225 in share subscriptions receivable related to a rights offering financing and a tranche of a private placement offering, which were held in trust with the Company's transfer agent and legal counsel, respectively, at December 31, 2023.

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

4. **Property, plant and equipment**

	Furniture and Equipment		Total
<u>Cost</u>			
Balance December 31, 2023	\$	112,093	\$ 112,093
Additions		-	-
Balance March 31, 2024	\$	112,093	\$ 112,093
<u>Accumulated depreciation</u>			
Balance December 31, 2023	\$	78,881	\$ 78,881
Additions		2,478	2,478
Balance March 31, 2024	\$	81,359	\$ 81,359
<u>Net book value</u>			
Balance December 31, 2023	\$	33,212	\$ 33,212
Balance March 31, 2024	\$	30,734	\$ 30,734

For the three months ended March 31, 2024, depreciation of \$412 (three months ended March 31, 2023 - \$303) has been included in exploration and evaluation expenditures in the condensed interim consolidated statements of loss.

5. **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, 2023								
and March 31, 2024	\$ 43,111	\$ 372,002	\$ 109,254	\$ 22,259,399	\$ 52,581,725	\$ 2,747,398	\$ 333,284	\$ 78,446,173

b) **Exploration and Evaluation Expenditures**

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, 2023	\$ 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	-	3,441	976	74,734	46,185	27,961	591	153,888
ESG	-	8,798	8,798	8,798	8,798	8,798	8,798	52,788
Software, storage and admin	-	4,407	4,993	4,407	4,818	6,658	4,407	29,690
Travel and accommodation	-	1,545	-	5,224	1,545	5,495	-	13,809
Geophysics	-	-	-	-	-	12,401	-	12,401
Aircraft	-	-	-	3,021	-	3,021	5,619	11,661
Camp and operations	-	-	2,400	993	-	297	2,567	6,257
Government Assistance	-	(4,135)	(3,652)	(27,831)	(16,958)	(17,393)	(5,272)	(75,241)
	-	14,056	13,515	69,346	44,388	47,238	16,710	205,253
Balance - March 31, 2024	\$ 588,441	\$ 743,101	\$ 8,564,059	\$ 8,752,593	\$ 4,529,782	\$ 5,723,632	\$ 1,088,415	\$ 29,990,023

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

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

	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	\$	29,784,769
Costs incurred during year:									
Salaries	2,228	8,301	35,371	117,148	87,602	98,544	23,378		372,572
Drilling and assaying	-	-	8,362	4,896	-	256,063	-		269,321
Resource studies	-	-	-	46,401	46,401	-	-		92,802
Admin	-	-	11,908	18,800	16,661	23,489	1,610		72,468
ESG	-	-	14,199	19,253	13,197	18,504	-		65,153
Geophysics	-	-	21,073	6,836	8,381	21,296	-		57,586
Travel and accommodation	-	-	3,548	12,256	-	20,425	-		36,229
Aircraft	-	-	-	-	-	21,105	-		21,105
Camp and operations	-	-	1,227	5,315	-	1,530	-		8,072
Government Assistance	-	-	(48,644)	(45,752)	(78,038)	(78,038)	-		(250,472)
	2,228	8,301	47,044	185,153	94,204	382,918	24,988		744,836
Balance - March 31, 2023	\$ 590,669	\$ 737,346	\$ 8,597,588	\$ 8,868,400	\$ 4,579,598	\$ 6,059,312	\$ 1,096,693	\$	30,529,605

During the three months ended March 31, 2024, the Company accrued \$75,241 in BC Mineral Exploration Tax Credits ("BCMETC") receivable, which was recorded as a reduction in exploration and evaluation expenditures (three months ended March 31, 2023 - \$250,472).

c) 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

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 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 comprising certain 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 Tsayta and Teck Resources Limited ("Teck" and the "Teck Agreement" respectively), dated November 26, 2020, Tsayta 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.

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

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

- \$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 March 31, 2024, 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 a cash payment of \$15,000 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, 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 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.

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, \$60,000 in January 2024 and the following final cash payment remains owing:

- \$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.

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

(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 Option Agreement, Alpha had the right to acquire a 100% interest in the Okeover property, subject to a 2% NSR, by issuing common shares and incurring staged expenditures over a three year period.

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, and \$500,000 in expenditures were an obligation of Alpha upon entering into the Option Agreement and as such at December 31, 2022, the Company had recorded a receivable from Alpha of \$500,000. 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 in March 2023 and the Company notified Alpha of their obligation under the Option Agreement to issue the common shares.

In September 2023, the Company entered into a property sale agreement with Alpha, whereby Alpha acquired 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, in settlement of the outstanding receivable.

On October 6, 2023, the Company completed the sale of the Okeover property to Alpha and received 5,675,369 common shares with a fair value of \$482,406 (and a deemed value of \$500,000). Subsequent to October 11, 2023, Alpha completed two common share consolidations, as a result of which NorthWest now holds 567,536 common shares of Alpha (the "Second Alpha Shares").

The Alpha Shares and Second 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.

The fair value of the Second Alpha Shares at March 31, 2024 is \$158,910, determined by reference to their quoted closing market price at the reporting date.

(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; and
- 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.

6. 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.

	March 31,
	2024
Balance, December 31, 2023 and March 31, 2024	\$ 482,638

The Company has recorded a provision for closure and reclamation in the amount of \$327,500 (December 31, 2023 - \$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.

7. 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

Three Months ended March 31, 2024

At March 31, 2024, there were 230,212,578 issued and fully paid common shares, and nil preferred shares.

- i) During the three months ended March 31, 2024, 1,007,814 RSUs were exercised by employees and former employees and settled in common shares of the Company.
- ii) On January 24, 2024, the Company closed the fourth and final tranche of the private placement announced on November 27, 2023, for aggregate gross proceeds of \$2,315,450, consisting of 22,051,905 common shares of the Company. In connection with the final tranche of the private placement the Company paid legal fees totaling \$42,757.

Three Months ended March 31, 2023

At March 31, 2023, there were 189,759,253 issued and fully paid common shares, and nil preferred shares.

- iii) During the three months ended March 31, 2023, 533,333 RSUs were exercised by employees and consultants and settled in common shares of the Company.
- iv) 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.
- v) 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.

7. Share capital and reserves (cont'd)

Warrants

The changes in warrants during the three months ended March 31, 2024, are as follows:

	March 31, 2024	
	Number of warrants	Weighted average exercise price
Warrants outstanding, December 31, 2023 and March 31, 2024	10,998,548	\$ 0.30

Warrants outstanding at March 31, 2024 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		

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 three months ended March 31, 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 three months ended March 31, 2024, are as follows:

7. Share capital and reserves (cont'd)

	March 31, 2024	
	Number of options	Weighted average exercise price
Options outstanding, beginning	12,006,967	\$ 0.67
Options expired	(549,458)	0.90
Options forfeited	(483,334)	0.61
Options outstanding, ending	10,974,175	\$ 0.61
Options exercisable, ending	9,453,758	\$ 0.64

Details of options outstanding as at March 31, 2024 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
\$0.20 - \$0.60	1.86 years	4,373,958	3,313,541
\$0.65 - \$0.80	1.51 years	3,243,333	2,783,333
\$0.84 - \$0.90	1.37 years	3,356,884	3,356,884
	1.67 years	10,974,175	9,453,758

The fair value of options granted during the three months ended March 31, 2023 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 options in years	5
Annualized volatility ¹	84.8%
Risk-free interest rate	3.1%
Weighted average Black-Scholes fair value	\$0.14

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:

- 1,300,000 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.

The Company recorded a recovery of share-based payment expense related to stock options for the three months ended March 31, 2024, of \$106,824 (three months ended March 31, 2023 – expense of \$396,754). The net recovery reflects a reversal of expense recorded in prior periods of \$177,788, relating to the forfeiture of 483,334 unvested options, by departing employees.

7. Share capital and reserves (cont'd)

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 three months ended March 31, 2024, is as follows:

	Number of DSUs
Outstanding balance – December 31, 2023 and March 31, 2024	-

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 three months ended March 31, 2024 is as follows:

	Number of RSUs
Outstanding balance – December 31, 2023	2,382,813
Exercised	(1,007,814)
Forfeited	(149,999)
Expired	(166,667)
Outstanding balance – March 31, 2024	1,058,333

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, vest one year from the grant date.

RSU expense recovered for the three months ended March 31, 2024, was \$64,411 (three months ended March 31, 2023 – expense of \$207,512). The net expense related to RSUs for the year ended December 31, 2023, reflects a reversal of expense recorded in prior periods of \$107,100, relating to the forfeiture of 149,999 unvested RSUs by former 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.

8. 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 March 31, 2024, and for the three months ended March 31, 2024 and March 31, 2023.

Related party balances

During the three months ended March 31, 2023, a total of \$55,389 was paid or accrued to Oxygen Capital Corp. a private company owned by two former directors of the Company who provided technical and administrative services until September 30, 2023.

During the three months ended March 31, 2024, the Company reimbursed costs of \$35,713 incurred in regard to the proxy contest by a shareholder of the Company. The Company also made an offer to a shareholder to reimburse costs of approximately \$90,000 incurred in regard to the proxy contest, and has recorded a related provision in these financial statements.

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 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 March 31, 2024	Three months ended March 31, 2023
Salaries	\$ 156,825	\$ 241,800
Director fees	78,750	76,250
Non-cash share-based payments	40,970	423,374
	\$ 276,545	\$ 741,424

Trade payables and accrued liabilities at March 31, 2024 includes \$22,500 of accrued fees to a current director, \$145,833 of accrued fees to former directors, and deferred salaries of \$16,250. The \$22,500 due to a current director was paid subsequent to March 31, 2024. The Company is disputing a possible severance payment of \$162,500, and has not recorded a related provision at March 31, 2024. No provision has been made in these financial statements with respect to the possible severance payment as Management does not consider that there is any probable loss.

9. 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.

10. 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 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:

10. Financial instruments (cont'd)

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 Second Alpha Shares (Note 5(c)(vii)) 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 Second Alpha Shares in the time from the initial recognition to the period end were identified. Other than the Second 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 carrying value of such accounts in the statement of financial position represents the Company's maximum exposure to credit risk.

Cash and short-term investments are deposited in bank accounts at major banks 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 March 31, 2024 or December 31, 2023. 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.

10. 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 three months ended March 31, 2024, or March 31, 2023, 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.

11. Subsequent events

- a) Subsequent to March 31, 2024, 450,000 RSUs were exercised by employees and settled in common shares of the Company.