Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2023, and 2022

(Expressed in Canadian Dollars)

(Unaudited)

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

	Notes		March 31, 2023		December 31, 2022
ASSETS					
Current assets					
Cash		$	2,513,066	$	378,353
Short term investments			30,000		30,000
Receivables	4		1,825,288		1,583,900
Deposits	10		69,000		69,000
Marketable securities	6(c)(vii)		40,074		53,432
Prepaid expenses			217,305		246,720
			4,694,733		2,361,405
Non-current assets					
Property, plant and equipment	5		101,193		132,695
Exploration and evaluation assets	6		78,439,800		78,435,042
Deposits	7		482,638		482,638
			79,023,631		79,050,375
TOTAL ASSETS		**$**	**83,718,364**	**$**	**81,411,780**
LIABILITIES					
Current liabilities					
Trade payables and accrued liabilities	10	$	657,250	$	1,756,095
Current portion of lease payable	8		57,057		84,744
			714,307		1,840,839
Non-current liabilities					
Closure and reclamation	7		327,500		327,500
TOTAL LIABILITIES			1,041,807		2,168,339
SHAREHOLDERS' EQUITY					
Share capital	9		142,541,721		137,659,808
Share-based payment reserve	9		22,522,388		21,767,921
Other equity reserves			52,837		52,837
Deficit			(82,440,389)		(80,237,125)
TOTAL SHAREHOLDERS' EQUITY			**82,676,557**		**79,243,441**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**83,718,364**	**$**	**81,411,780**

Nature of operations and going concern (Note 1)
Subsequent events (Notes 10 and 13)

Approved by the Audit Committee of the Board of Directors on May 30, 2023:

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

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

	Notes	Three months ended March 31, 2023	Three months ended March 31, 2022
Expenses			
Exploration and evaluation expenditures	6	$ 744,836	$ 1,153,246
Share-based payments	9	604,266	968,437
Salaries, management consulting and director fees	10	379,556	410,171
Office and miscellaneous		153,772	125,247
Investor relations		99,908	116,889
Professional fees		88,596	87,492
Transfer agent and filing fees		88,336	16,408
Depreciation	5	31,199	28,578
		(2,190,469)	(2,906,468)
Other income (expense)			
Recognition of flow-through share premium		-	333,391
Management income	3	-	8,862
Interest income		2,074	6,857
Gain on option of mineral property	6(c)(vii)	-	753,801
Gain (Loss) on marketable securities		(13,358)	8,015
Finance expense		(1,511)	(44,918)
Share of joint venture loss	3	-	(105,270)
		(12,795)	960,738
Net loss and comprehensive loss for the period		**$ (2,203,264)**	**$ (1,945,730)**
Loss per share – basic and diluted		**$ (0.01)**	**$ (0.01)**
Weighted average number of common shares outstanding		**180,841,597**	**148,190,306**

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 to acquire remaining JV interest	3	5,194,805	3,324,675	-	-	-	3,324,675
Share-based payments	9	-	-	968,437	-	-	968,437
Net loss for the period		-	-	-	-	(1,945,730)	(1,945,730)
Balance at March 31, 2022		**151,581,880**	**$ 129,941,808**	**$ 20,170,917**	**$ 52,837**	**$ (60,752,947)**	**$ 89,412,615**
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	533,333	480,000	(480,000)	-	-	-
Share-based payments	9	-	-	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**

(Expressed in Canadian Dollars)

	Notes	Three months ended March 31, 2023	Three months ended March 31, 2022
Operating activities			
Net loss		$ (2,203,264)	$ (1,945,730)
Adjustments for non-cash items:			
Depreciation	5	31,502	29,973
Share of joint venture loss	3	-	105,270
Finance expense		1,511	44,918
Interest income		(2,074)	(6,857)
Management income		-	(8,862)
Recognition of flow-through share premium		-	(333,391)
Share-based payments	9	604,266	968,437
Gain on option of mineral property		-	(753,801)
Loss (Gain) on marketable securities		13,358	(8,015)
Changes in			
Receivables		(293,388)	243,449
Prepaid expenses		29,415	(796,152)
Trade payables and accrued liabilities		(1,098,845)	385,346
Net cash flows used in operating activities		(2,917,519)	(2,075,415)
Investing activities			
Cash acquired from Kwanika	3	-	89,185
Investment in joint venture	3	-	(178,800)
Exploration and evaluation assets	6	(4,758)	-
Deposits returned		52,000	-
Interest received		2,074	6,857
Net cash flows provided by (used in) investing activities		49,316	(82,758)
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
Lease payable repayments		(29,198)	(29,198)
Net cash flows provided by financing activities		5,002,916	411,374
Net change in cash		2,134,713	(1,746,799)
Cash, beginning		378,353	24,682,958
Cash, ending		**$ 2,513,066**	**$ 22,936,159**

1. Nature of operations and going concern

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

The head office and principal address of the Company is 1055 West Hastings Street, Suite 1900, Vancouver, British Columbia, Canada, V6C 2E9. The Company's registered and records office address is #2200 – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8.

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 $2,203,264 for the three months ended March 31, 2023 (three months ended March 31, 2022 - $1,945,730) and at March 31, 2023 had accumulated losses of $82,440,389 (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. 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 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, 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 has concluded that the adoption of the amendments had no significant impact on its condensed interim consolidated financial statements.

(Expressed in Canadian Dollars)

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

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	**March 31, 2023**	**December 31, 2022**
Kwanika Copper Corp. (Note 3)	British Columbia	N/A	100%
Sun Metals Corp.	British Columbia	N/A	100%
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, Kwanika and Okeover 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, 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 (ii)) and prior to the transaction, NorthWest accounted for its interest in KCC as an equity accounted for joint venture.

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

(Expressed in Canadian Dollars)

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

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

During the period January 1, 2022, to February 23, 2022, NorthWest incurred $178,800 in costs on behalf of KCC. Following approval of the funding request by the KCC board, the amount owing from KCC to NorthWest was settled in common shares of KCC. During the same period, KCC's net loss was $146,075, of which $145,574 was exploration and evaluation expenditures. NorthWest Copper recorded $105,270 as a joint venture loss for the 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

		March 31, 2023		December 31, 2022
Goods and services tax receivable	$	644,779	$	601,037
Consideration receivable from Alpha (Note 6c(vii))		500,000		500,000
BC METC receivable		664,229		413,757
Other receivables		16,280		69,106
	$	**1,825,288**	**$**	**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 March 31, 2023	$ 223,437	$ 112,093	$ 335,530
Accumulated depreciation			
Balance December 31, 2022	$ 142,997	$ 59,838	$ 202,835
Additions	26,812	4,690	31,502
Balance March 31, 2023	$ 169,809	$ 64,528	$ 234,337
Net book value			
Balance December 31, 2022	$ 80,440	$ 52,255	$ 132,695
Balance March 31, 2023	**$ 53,628**	**$ 47,565**	**$ 101,193**

For the three months ended March 31, 2023, depreciation of $303 (three months ended March 31, 2022 - $1,395) has been included in exploration and evaluation expenditures in the condensed interim 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	-	-	-	-	-	-	4,758	4,758
Balance - March 31, 2023	$ 43,111	$ 260,002	$ 109,254	$ 22,249,382	$ 52,581,725	$ 2,747,398	$ 448,928	$ 78,439,800

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

The nature of exploration expenditures during the three months ended March 31, 2023 and March 31, 2022, are as follows:

	Three Months ended March 31, 2023	Three Months ended March 31, 2022
Salaries	$ 372,572	$ 294,538
Drilling and assaying	269,321	298,124
Resource studies	92,802	156,126
Admin	72,468	27,197
ESG	65,153	54,095
Geophysics	57,586	67,547
Travel and accommodation	36,229	16,876
Aircraft	21,105	-
Camp and operations*	8,072	327,363
Costs recovered	-	(88,620)
Government Assistance	(250,472)	-
Total	**$ 744,836**	**$ 1,153,246**

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

(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	$ 29,784,769
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**

	Milligan West	Top Cat	East Niv	Kwanika	Stardust	Lorraine	Other	Total
Balance - December 31, 2021	$ 581,447	$ 437,130	$ 3,899,352	$ -	$ 942,813	$ 1,743,503	$ 824,863	$ 8,429,108
Costs incurred during period:								
Admin	-	-	6,346	6,346	8,159	6,346	-	27,197
Aircraft	-	-	-	-	-	-	-	-
Camp and operations	-	-	10,145	273,490	23,030	13,336	7,362	327,363
Consulting	-	-	-	-	-	-	-	-
Drilling and assaying	3,173	-	54,574	201,117	9,681	24,385	5,194	298,124
ESG	-	-	12,750	23,845	8,750	8,750	-	54,095
Geophysics	-	-	4,132	16,068	21,257	26,090	-	67,547
Resource studies	-	-	-	78,063	78,063	-	-	156,126
Salaries	2,550	6,951	29,625	101,396	87,852	30,835	35,329	294,538
Travel and accommodation	-	-	-	16,876	-	-	-	16,876
Costs recovered	-	-	-	-	-	-	(88,620)	(88,620)
	5,723	6,951	117,572	717,201	236,792	109,742	(40,735)	1,153,246
Balance - March 31, 2022	**$ 587,170**	**$ 444,081**	**$ 4,016,924**	**$ 717,201**	**$ 1,179,605**	**$ 1,853,245**	**$ 784,128**	**$ 9,582,354**

During the three months ended March 31, 2023, the Company accrued $250,472 in BC Mineral Exploration Tax Credits ("BCMETC") receivable, which was recorded as a reduction in exploration and evaluation expenditures (three months ended March 31, 2022 - $nil).

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

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

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 Sun Metals and Teck Resources Limited ("Teck" and the "Teck Agreement" respectively), dated November 26, 2020, Sun Metals acquired Teck's 51% joint venture interest in the Lorraine Project in exchange for $1,500,000 that was payable in cash or common shares over a two-year period.

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 March 31, 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 July 20, 2021, the Company issued 50,000 shares with a fair value of $35,000, and on July 13, 2022, the Company issued 100,000 shares with a fair value of $25,500;
- Incurring a total of $1,250,000 in exploration expenditures over a 5-year period with a minimum of $100,000 to be spent before the first anniversary of the agreement, which minimum was made prior to the first anniversary;

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

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

(vi) Net Smelter Return Royalties ("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, Alpha had the right to acquire a 100% interest in the Okeover property, subject to 2% NSR to be retained by the Company (the "NSR Royalty"), by issuing the following additional common shares and incurring the following expenditures:

1. Issuing common shares with a value of $500,000 on or before March 11, 2023;
2. Issuing common shares with a value of $750,000 on or before March 11, 2024;
3. Issuing additional common shares such that NorthWest holds a 10% interest in Alpha on or before March 11, 2025; and
4. Incurring staged expenditures of not less than $5,000,000 on or before March 11, 2025.

The issuance of the $500,000 in common shares on or before March 11, 2023, and the first $500,000 in expenditures were obligations of Alpha upon entering into the Option Agreement. The Company has recorded a receivable for the next $500,000, to be received in shares of Alpha, at the time of entering into the Option Agreement. During the three months ended March 31, 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 has notified Alpha of their obligation under the Option Agreement to issue the common shares.

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 three months ended March 31, 2022. The Alpha Shares are classified as fair value through profit and loss financial instruments and are 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. The fair value of the Alpha Shares at March 31, 2023, was $40,074, which was 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;
- Issuing common shares with a total fair value of $200,000 in stages over a 4-year period;

(Expressed in Canadian Dollars)

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

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.

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.

		March 31, 2023
Balance, December 31, 2022 and March 31, 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 current lease with respect to its head office premises is paid to Oxygen pursuant to the Oxygen Agreement (Note 10):

		March 31, 2023		December 31, 2022
Current portion	$	57,057	$	84,744
Long term portion		-		-
	$	**57,057**	**$**	**84,744**

		March 31, 2023
Balance, beginning	$	84,744
Principal payments		(29,198)
Recognition of liability		-
Finance charge		1,511
Balance, ending	**$**	**57,057**

(Expressed in Canadian Dollars)

8. Leases (cont'd)

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

	Up to 1 year	1 - 3 years	Total
Minimum lease payments	$ 58,396	$ -	$ 58,396
Finance Charge	(1,339)	-	(1,339)
Total liability	**$ 57,057**	**$ -**	**$ 57,057**

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 months ended March 31, 2023, the Company recognized $1,511 in interest expense on lease liabilities (three months ended March 31, 2022 – $3,632). The Company's lease with respect to its head office premises includes variable payments that do not depend on an index or rate. As such, these payments have been excluded from the lease liability. The Company expensed $18,794 of variable lease payments for the three months ended March 31, 2023 (three months ended March 31, 2022 - $20,744) (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>Three Months ended March 31, 2023</u>

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

i) 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.

ii) 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.

iii) 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.

<u>Three months ended March 31, 2022</u>

At March 31, 2022, there were 151,581,880 issued and fully paid common shares, and nil preferred shares.

i) On February 23, 2022, the Company issued 5,194,805 common shares with a fair value of $3,324,675 pursuant to the SPA with POSCO (Note 3).

ii) During the three months ended March 31, 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.

(Expressed in Canadian Dollars)

9. Share capital and reserves (cont'd)

Warrants

The changes in warrants during the three months ended March 31, 2023, are as follows:

	March 31, 2023	
	Number of warrants	**Weighted average exercise price**
Warrants outstanding, beginning	4,625,381	$ 1.63
Warrants issued	10,998,548	0.30
Warrants outstanding, ending	**15,623,929**	**$ 0.69**

Warrants outstanding at March 31, 2023 are as follows:

Number of warrants	Exercise price	Expiry date
4,625,381	$1.63	May 2, 2023
9,418,982	$0.30	February 3, 2025
1,579,566	$0.30	February 9, 2025
15,623,929		

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 incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V policies, grant to directors, officers, employees and consultants of the Company, non-transferable stock options to purchase common shares. Such options may be exercisable for a period of up to five years from the date of grant. On February 26, 2021, the Company's shareholders approved a 10% rolling plan, which was subsequently adopted by the Board of Directors on March 5, 2021.

The changes in stock options during the three months ended March 31, 2023, are as follows:

(Expressed in Canadian Dollars)

9. Share capital and reserves (cont'd)

	March 31, 2023	
	Number of options	**Weighted average exercise price**
Options outstanding, beginning	11,519,675	$ 0.82
Options granted	3,540,625	0.20
Options outstanding, ending	**15,060,300**	**$ 0.67**
Options exercisable, ending	**10,106,342**	**$ 0.74**

Details of options outstanding as at March 31, 2023 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
$0.20 - $0.60	3.73 years	5,040,625	2,700,000
$0.65 - $0.90	3.28 years	9,143,550	6,530,217
$1.17 - $2.14	0.42 years	876,125	876,125
	3.27 years	**15,060,300**	**10,106,342**

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. 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.

The Company recorded share-based payment expense related to stock options for the three months ended March 31, 2023, of $396,754 (three months ended March 31, 2022 - $609,694).

(Expressed in Canadian Dollars)

9. Share capital and reserves (cont'd)

Deferred Share Units ("DSU")

The Company has established a deferred share unit plan (the "DSU Plan") whereby the board of directors may, from time to time, grant DSUs to non-employee directors of the Company. The DSUs vest immediately and can be redeemed by the holder 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, 2023, is as follows:

	Number of DSUs
Outstanding balance – December 31, 2022 and March 31, 2023	**800,000**

DSU expense for the three months ended March 31, 2023, was $nil (three months ended March 31, 2022 - $nil).

Restricted Share Units ("RSU")

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

A summary of RSU activity during the three months ended March 31, 2023 is as follows:

	Number of RSUs
Outstanding balance – December 31, 2022	3,325,000
Exercised	(533,333)
Granted	557,813
Outstanding balance – March 31, 2023	**3,349,480**

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 for the three months ended March 31, 2023, was $207,512 (three months ended March 31, 2022 - $358,743).

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

Reserves

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

(Expressed in Canadian Dollars)

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 March 31, 2023 and December 31, 2022, and for the three months ended March 31, 2023 and March 31, 2022.

Related party balances

Oxygen Capital Corp ("Oxygen") is a private company owned by two directors of the Company and provides technical and administrative services to the Company under a Technical and Administrative Services Agreement dated September 1, 2021 (the "Oxygen Agreement") at cost, including providing office facilities and other administrative functions. As at March 31, 2023, Oxygen holds a refundable security deposit of $69,000 on behalf of the Company (December 31, 2022 - $69,000) which is recorded as a current deposit in the statement of financial position.

The Oxygen Agreement may be terminated by either party giving at least 180 days' prior written notice of such termination. Upon termination, by the Company, of the Oxygen Agreement, the Company shall pay to Oxygen an amount equal to the average general and administrative monthly costs incurred under the Agreement for the previous six month period, the Company's share of committed lease costs, any employee termination fees due under the Agreement as a result of the termination as such term is defined under the Agreement, and the Company's share of any contractual obligations entered into on its behalf by Oxygen. The 10-year lease the Company sublets from Oxygen (the "Lease"), ends on September 30, 2023. Oxygen has notified the Company that it does not intend to extend or renew the Lease, as such, the Company has given notice to terminate the Oxygen Agreement, effective September 30, 2023.

During the three months ended March 31, 2023, a total of $55,389 was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company (three months ended March 31, 2022 – $80,511). Such amount includes the reimbursement of lease related expenses disclosed in Note 8. As at March 31, 2023, the Company has a payable amount to Oxygen of $18,534 (December 31, 2022 – $25,961). This amount was paid subsequent to March 31, 2023.

Key management personnel compensation – paid or accrued

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

	Three Months ended March 31, 2023	**Three Months ended March 31, 2022**
Salaries and management consulting fees	$ 241,800	$ 211,250
Director fees	76,250	77,917
Non-cash share-based payments	428,374	708,093
	$ 746,424	**$ 997,260**

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, marketable securities, deposits, and trade payables, with the carrying amounts presented in the statement of financial

12. Financial instruments (cont'd)

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

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk 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's receivable from Alpha Copper (Note 6(c)(vii)) is past due at March 31, 2023. The Company is pursuing collection of this obligation, which is payable in common shares of Alpha and thus credit risk is reduced. The Company historically has not had difficulty collecting its amounts receivable and has no provision for credit loss recorded at March 31, 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.

12. Financial instruments (cont'd)

The Company's cash and short-term investments are liquid and available to meet the Company's ongoing obligations. The contractual maturities of the Company's trade payables and accrued liabilities are less than one year and the contractual maturities of the Company's lease obligations are disclosed in Note 10.

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, 2023, or March 31, 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

Share capital transactions

a) Subsequent to March 31, 2023, 1,252,083 unvested stock options with a weighted average exercise price of $0.58 and 577,709 unvested RSUs were forfeited due to employee departures.

b) Subsequent to March 31, 2023, 826,600 vested stock options with a weighted average exercise price of $0.78 expired.

c) 4,625,381 warrants with an exercise price of $1.63 expired on May 2, 2023.

d) On May 12, 2023, the Company granted 300,000 stock options with an exercise price of $0.23 and 200,000 RSUs to David Moore, the Company's interim President and CEO.