Northwest Arm Capital Inc.
(a Capital Pool Company)
Unaudited Condensed Interim
Financial Statements
As at September 30, 2016

November 22, 2016

Management's Report

The accompanying interim unaudited financial statements of Northwest Arm Capital Inc. (the "Corporation") are the responsibility of management and have been approved by the Board of Directors. The financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's financial statements and recommended their approval by the Board of Directors.

These interim unaudited financial statements have not been reviewed by the external auditor of the Company.

(signed) "*Daniel Whittaker*"
Chief Executive Officer
Halifax, Nova Scotia

(signed) "*Jim Megann*"
Director
Halifax, Nova Scotia

Northwest Arm Capital Inc.
(a Capital Pool Company)
Unaudited Condensed Interim Statement of Financial Position
As at September 30, 2016

	2016
	$
Assets	
Current assets	
Cash	621,048
Amounts recoverable	9,211
	630,259
Deferred share issuance costs	10,750
	641,009
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	63,031
Shareholders' Equity	
Capital stock (note 4)	592,195
Warrants	15,698
Deficit	(29,915)
Total Shareholders' Equity	577,978
	641,009

Going Concern (note 1)

The accompanying notes form an integral part of these financial statements.

Approved on behalf of the Board of Directors

(signed) "*Jim Megann*", Director

(signed) "*James Davison*", Director

Northwest Arm Capital Inc.
(a Capital Pool Company)
Unaudited Condensed Interim Statement of Loss and Comprehensive Loss
For the period March 23, 2016, date of incorporation, to September 30, 2016

	Three months ended September 30, 2016	Period ended September 30, 2016
	$	$
Expenses		
Professional fees	25,000	26,750
Regulatory and exchange fees	665	3,165
Loss and comprehensive loss for the period	25,665	29,915
Weighted average number of shares outstanding during the period	8,993,407	6,513,089
Basic and diluted loss per share	(0.003)	(0.005)

The accompanying notes form an integral part of these financial statements.

	Common Shares	Share capital	Warrant s	Deficit	Total equity
	#	$	$	$	$
Balance – March 23, 2016	-	-	-	-	-
Loss and comprehensive loss for the period	-	-	-	(4,250)	(4,250)
Shares issued for cash, net of share issuance costs (note 4)	8,400,000	418,538	-	-	418,538
Balance – June 30, 2016	8,400,000	418,538	-	(4,250)	414,288
Shares issued for cash, net of share issuance costs (note 4)	3,000,000	189,355	-	-	189,355
Warrants issued for compensation	-	(15,698)	15,698	-	-
Loss and comprehensive loss for the period	-	-	-	(29,915)	(29,915)
Balance – September 30, 2016	11,400,000	592,195	15,698	(29,915)	577,978

The accompanying notes form an integral part of these financial statements.

Northwest Arm Capital Inc.
(a Capital Pool Company)
Unaudited Condensed Interim Statement of Cash Flows
For the period March 23, 2016, date of incorporation, to September 30, 2016

	Period ended September 30, 2016 $
Cash provided by (used in)	
Operating activities	
Net loss for the period	(29,915)
Net changes in non-cash working capital balances related to operations	
Increase in amounts recoverable	(9,211)
Increase in accounts payable and accrued liabilities	63,031
	23,905
Financing activities	
Proceeds from issuance of common shares	607,893
Decrease (increase) in deferred share issuance costs	(10,750)
	597,143
Cash – Beginning of period	-
Cash – End of period	621,048

The non-cash fair value of issuing the warrants of $15,698 is recorded as a share issuance cost and as outstanding warrants (see note 4).

The accompanying notes form an integral part of these financial statements.

1. Nature of operations and going concern

Nature of operations

Northwest Arm Capital Inc. (the "Corporation") was incorporated under the Canada Business Corporations Act on March 23, 2016. The Corporation is classified as a Capital Pool Company as defined in the TSX Venture Exchange (the “Exchange”) Policy 2.4. The principal business of the Corporation is the identification and evaluation of a Qualifying Transaction (“QT”) and once identified and evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

The head office and the registered head office of the Corporation are located at 1969 Upper Water Street, Suite 1300, Halifax, Nova Scotia B3J 3R7.

The Corporation's Common Shares were listed for trading on the Exchange as a Capital Pool Company (“CPC”) at the close of business on September 9, 2016, and on September 12, 2016, the Corporation completed its Initial Public Offering (“IPO”) of 3,000,000 Common Shares at $0.10 per common share qualified by the Corporation's prospectus dated August 19, 2016 (see note 4).

The financial statements were approved by the Board of Directors on November 22, 2016.

Going concern

These financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that Northwest Arm Capital Inc. will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Corporation incurred a net loss of $29,915 for the period March 23, 2016, date of incorporation, to September 30, 2016 and has no operations at this time which will generate revenue. These circumstances have resulted in a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of the actions taken or planned, some of which are described above, which management believes will mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing these financial statements. There is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

Management cannot provide assurance that the Corporation will ultimately achieve profitable operations, become cash flow positive, or raise additional debt and/or equity capital. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, adjustments would be necessary to the carrying values of assets and liabilities.

2. Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

These financial statements are in compliance with the International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. These financial statements should be read in conjunction with the Corporation's audited financial statements for the period from incorporation, March 23, 2016, to June 30, 2016.

These financial statements include all adjustments considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results of the interim periods are not necessarily indicative of results that may be expected for any other interim period or full year.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results may differ from those estimates.

3. Capital management

The Corporation manages its capital structure and makes adjustments to it, based on the funds available to the Corporation, in order to support the identification and evaluation of a QT and continue as a going concern. The Corporation considers capital to be shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the business. Additional funds may be required to finance the Corporation's QT.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Corporation in respect of the sale of its securities, or $210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange. The Corporation is required to complete its QT on or before two years from the date the Corporation receives regulatory approval to list its shares on the Exchange.

4. Shareholders' equity

i) Capital stock

Authorized
Unlimited number of common shares, without nominal or par value

	Number of Shares	Value $
Balance – March 23, 2016	-	-
Shares issued for cash, net of issue costs	8,400,000	418,538
Balance – June 30, 2016	8,400,000	418,538
Shares issued for cash, net of cash issue costs	3,000,000	189,355
Broker warrants issued	-	(15,698)
Balance – September 30, 2016	11,400,000	592,195

During the period March 23, 2016, date of incorporation, to June 30, 2016, the Corporation issued a total of 8,400,000 common shares at a price of $0.05 per common share for gross proceeds of $420,000 to the Corporation. Share issuance costs of $1,462 have been deducted from the gross proceeds to arrive at the net capital stock value. These common shares will be held in escrow pursuant to the requirements of the Exchange and terms of escrow agreement and will be released from escrow in stages over a period of up to three years after the date of the Company receiving the final Exchange acceptance of the QT.

On September 12, 2016, the Corporation completed its IPO, which consisted of the issuance of 3,000,000 common shares at $0.10 per share qualified by the Corporation's prospectus dated August 19, 2016.

In addition to the fair value of the Warrants (see Note 4(iii)), the Corporation incurred total cash share issuance costs of $110,645.

ii) Stock options

The Corporation has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Corporation unless shareholder and regulatory approvals are obtained. Options granted under the Plan have a ten-year term and are non-transferable. Unless otherwise determined by the Board of Directors, options vest immediately upon granting and may be exercised until the greater of twelve months after the completion of the QT and ninety days following the date of termination of employment or holding office as a director or officer of the Corporation and, in the case of death, expire within one year thereafter. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the TSX Venture Exchange at the time of the grant.

No options were issued during the period ended September 30, 2016.

iii) Warrants

Pursuant to the Agency Agreement, the Corporation appointed Haywood as its agent for the IPO and paid Haywood a cash commission of 10% of the gross proceeds of the IPO, for an aggregate commission of $30,000, a corporate finance fee of $10,000, and the expenses of Haywood in connection with the IPO, including the legal fees and disbursements of Haywood's counsel. The Corporation also granted Haywood the Agent's Option to purchase up to 300,000 Common Shares at a price of $0.10 per Common Share, expiring September 12, 2018.

These broker's warrants are recorded at their fair value which has been estimated at the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in the pricing model for warrants are as follows:

Risk free interest rate	0.58%
Expected volatility	100%
Expected dividend yield	-
Expected life	2 years

The fair value of $0.052 per warrant or total value of $15,698 has been recorded as a non-cash share issuance cost and a capital stock item.

The following table summarizes the changes in the Corporation's warrants during the period from March 23, 2016, date of incorporation, to June 30, 2016 and the three month period ended September 30, 2016:

	Expiry Date	Exercise Price $	Number	Ascribed Value $
Balance – March 23, 2016			-	-
Warrants to agent in connection with initial public offering	Sept. 12, 2018	$0.10	300,000	15,698
Balance – September 30, 2016			300,000	15,698

iv) Financing Arrangement

As part of the Agency Agreement, the corporation granted to Haywood the right of first refusal to act as financial advisor, lead agent or lead underwriter with respect to a minimum 60% syndicate participation in any future financings by the Corporation until the earlier of (a) completion of the Corporation's Qualifying Transaction, and (b) 24 months from the date of closing of the IPO (the "ROFR").

5. Related party transactions

There were no transactions with related parties and no remuneration paid to key management personnel during the period from March 23, 2016, date of incorporation, to September 30, 2016.

6. Financial instruments

Credit risk

The Corporation's financial asset is cash. The Corporation's maximum exposure to credit risk, as at period-end, is the carrying value of its financial asset. The Corporation manages credit risk by maintaining its cash in trust with the Corporations lawyer.

Liquidity risk

The Corporation’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2016, the Corporation had a cash balance of $621,048. The Corporation’s ability to continue to meet its liabilities when due, beyond the current cash balance, is dependent on future support of shareholders through public or private equity offerings.

7. Income taxes

a) Losses
The Corporation has non-capital tax losses of approximately $29,915 available for carry-forward to reduce future years’ taxable income. These non-capital tax losses expire in 2036.

b) The Corporation’s effective income tax rate differs from the amount that would be computed from applying the federal and provincial statutory rate of 31% to the pre-tax net loss for the period. The reasons for the difference are as follows:

	2016 **$**
Loss before income taxes	29,915
Income tax recovery based on substantively enacted rates	9,274
Current year loss for which no asset recognized	(9,274)
	-

c) The following deductible temporary difference and non-capital losses have not been recognized in the financial statements:

	2016 **$**
Non-capital loss carry-forwards	9,274

8. Subsequent Events

On November 8, 2016, the Corporation completed its QT, which consisted of the acquisition from Altius Mineral Corporation (“Altius”) of an option to acquire a 100% interest, subject to a 2% royalty, in the Wilding Lake Property, by issuing 4,500,000 Common Shares to Altius and by incurring a minimum of $500,000 of Exploration Expenses within 12 months from the Closing Date. In connection with the QT, the Corporation also completed a non-brokered private placement consisting of the issuance of 6,600,000 common shares at a price of $0.25 per common share for aggregate gross proceeds to the Corporation of $1,650,000 (the “Financing”).

In consideration of Haywood waiving the ROFR with respect to the Financing (see Note 4(iv)), the Corporation entered into the Haywood Letter Agreement on September 22, 2016, pursuant to which it paid to Haywood on November 8, 2016 compensation of $27,500, 50% of which was payable in cash and 50% of which was payable through the issuance by the Corporation to Haywood of 55,000 common shares. In addition, Haywood has the right to participate as agent for a minimum 35% syndicate participation in any financing proposed by the Corporation after the closing of the Financing until the earlier of (i) a financing or group of financings which will raise gross proceeds of at least $5,000,000, and (ii) March 16, 2018.

The Corporation is now a Tier 2 Issuer on the Exchange.