NWest Energy Corp.

Consolidated Financial Statements

September 30, 2016 and 2015

November 4, 2016

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of **NWest Energy Corp.** (the "Company") have been prepared by the Company's management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and contain estimates based on management's judgment. Internal control systems are maintained by management to provide reasonable assurances that assets are safeguarded and financial information is reliable.

The Board of Directors of the Company is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and the accompanying management discussion and analysis. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and a majority of its members are independent directors. It meets with the Company's management and auditors and reviews internal control and financial reporting matters to ensure that management is properly discharging its responsibilities before submitting the consolidated financial statements to the Board of Directors for approval.

Manning Elliott LLP, appointed as the Company's auditors by the shareholders, has examined these consolidated financial statements and their report follows.

(signed) "*Kevin Aylward*"
President and Chief Executive Officer
St. John's, Newfoundland and Labrador

(signed) "*Bill Fleming*"
Chief Financial Officer
Halifax, Nova Scotia

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
NWest Energy Corp.

We have audited the accompanying consolidated financial statements of NWest Energy Corp., which comprise the consolidated statement of financial position as at September 30, 2016, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, and the related notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of NWest Energy Corp. as at September 30, 2016, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the Accounting Standards Board.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of NWest Energy Corp. to continue as a going concern.

Other Matter
The consolidated financial statements of NWest Energy Corp. as of September 30, 2015 and for the year ended September 30, 2015 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 19, 2016.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
November 4, 2016

NWest Energy Corp.

Consolidated Statements of Financial Position

As at September 30, 2016 and 2015

(in Canadian dollars)

	2016 $	2015 $
Assets		
Current assets		
Cash and cash equivalents	1,022,552	4,493
Amounts receivable	12,625	7,725
Prepaid expenses	6,025	6,020
	1,041,202	18,238
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	731,441	392,384
Loans and other amounts payable (note 5)	75,675	-
	807,116	392,384
Shareholder's Equity (Shareholder's Deficiency)		
Share capital (note 6)	10,361,596	9,407,596
Warrants	68,000	4,000
Contributed surplus	2,243,051	2,239,051
Deficit	(12,438,561)	(12,024,793)
	234,086	(374,146)
	1,041,202	18,238

Nature of operations and going concern (note 1)

Contingency (note 13)

Subsequent event (note 14)

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board of Directors

(signed) "*Kevin Aylward*", Director

(signed) "*Bill Fleming*", Director

NWest Energy Corp.

Consolidated Statements of Comprehensive Loss

For the years ended September 30, 2016 and 2015

(in Canadian dollars)

	2016 $	2015 $
Operating expenses		
Directors fees (note 9)	72,000	72,000
Consulting fees (note 9)	72,000	72,000
Consulting fees - other	–	24,000
Wages and benefits (note 9)	90,000	120,000
Professional fees	126,648	121,198
Travel	1,408	24,005
Regulatory and compliance	37,019	26,288
Interest on shareholder loans	4,700	–
Property investigation	–	14,025
Other	9,993	15,441
	413,768	488,957
Other income		
Interest income	–	318
Net loss and comprehensive loss	(413,768)	(488,639)
Net loss per share – Basic and diluted	(0.21)	(0.25)
Weighted average common shares outstanding (note 6)	2,000,063	1,990,311

The accompanying notes are an integral part of these consolidated financial statements.

NWest Energy Corp.

Consolidated Statements of Changes in Equity

For the years ended September 30, 2016 and 2015

(in Canadian dollars)

	Share capital #	Share capital $	Warrants #	Warrants $	Contributed surplus $	Deficit $	Total $
Balance – September 30, 2014	1,990,311	9,407,596	688,731	4,000	2,239,051	(11,536,154)	114,493
Net loss and comprehensive loss	–	–	–	–	–	(488,639)	(488,639)
Balance – September 30, 2015	1,990,311	9,407,596	688,731	4,000	2,239,051	(12,024,793)	(374,146)
Units issued for private placement	5,550,000	1,110,000	5,550,000	–	–	–	1,110,000
Share issue costs		(156,000)	444,000	68,000	–	–	(88,000)
Expiry of warrants	–	–	(688,731)	(4,000)	4,000	–	–
Net loss and comprehensive loss	–	–	–	–	–	(413,768)	(413,768)
Balance – September 30, 2016	7,540,311	10,361,596	5,994,000	68,000	2,243,051	(12,438,561)	234,086

On September 30, 2016, the Company completed a seven-to-one common share consolidation. All current and comparative references to the number of shares, warrants, options, weighted average number of common shares and loss per share have been restated to give effect to the seven-for-one share consolidation (Note 6)

NWest Energy Corp.

Consolidated Statements of Cash Flows

For the years ended September 30, 2016 and 2015

(in Canadian dollars)

	2016 $	2015 $
Cash and cash equivalents provided by (used in)		
Operating activities		
Net loss	(413,768)	(488,639)
Items not affecting cash:		
Accrued interest on loans payable	4,700	–
	(409,068)	(488,639)
Net changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	(4,900)	21,078
Decrease (increase) in prepaid expenses	(5)	15,435
Increase in accounts payable and accrued liabilities	339,057	310,563
	(74,916)	(141,563)
Financing activities		
Loans and other amounts payable	70,975	–
Issuance of common shares, net	1,022,000	–
	1,092,975	–
Net increase (decrease) in cash and cash equivalents	1,018,059	(141,563)
Cash and cash equivalents – Beginning of year	4,493	146,056
Cash and cash equivalents – End of year	1,022,552	4,493

The accompanying notes are an integral part of these consolidated financial statements.

(in Canadian dollars)

1 Nature of operations and going concern

The consolidated financial statements (the "financial statements") include the accounts of NWest Energy Corp. (the "Company" or "NWest") and its wholly owned subsidiary, NWest Oil & Gas Inc. ("Oil & Gas Inc.").

The principal business of the Company is the identification, acquisition, exploration, and advancement of resource properties. The Company is considered to be a development stage company.

These consolidated financial statements have been prepared using accounting principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due. For the year ended September 30, 2016, the Company incurred a loss of $413,768 (2015 - $488,639) and had an accumulated deficit of $12,438,561. The Company had no income or cash flow from operations as at September 30, 2016. In addition to its on-going working capital requirements, the Company must secure sufficient funding to identify, acquire and maintain exploration licenses, to fund exploration and development activities and to fund general and administrative costs. Such circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to fund working capital and future acquisition costs and exploration requirements and eventually to generate positive cash flows, either from operations or proceeds from disposition. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

The Company is a publicly traded company and continued under the Canada Business Corporations Act. The address of its registered office is 1100-1959 Upper Water Street, Purdy's Wharf, Tower 1, Halifax, Nova Scotia, Canada B3J 3N2.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 4, 2016.

(in Canadian dollars)

2 Basis of presentation

The Company prepared its financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

All dollar amounts are expressed in Canadian dollars in these financial statements, which is the functional currency of the Company and its subsidiary.

3 Significant accounting policies

Basis of consolidation

The financial statements include the accounts of the Company and its 100% owned subsidiary, Oil & Gas Inc., incorporated in Canada. All intercompany transactions have been eliminated on consolidation.

Exploration and evaluation assets

All costs associated with the exploration and evaluation of petroleum and natural gas are capitalized as exploration and evaluation intangible assets by licensed exploration area. Costs include lease acquisition costs, geological and geophysical expenditures, costs of drilling both productive and non-productive wells, carrying charges of non-producing assets, and overhead charges related to exploration and evaluation activities. Costs incurred prior to acquiring the legal right to explore an area are charged directly to net loss as exploration and evaluation expense.

Exploration and evaluation assets are assessed for impairment, at least annually, based on a technical, commercial and management review. All exploration and evaluation assets are subject to a review for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The Company has no exploration and evaluation assets at September 30, 2016 and 2015.

Impairment of non-financial assets

The Company assesses at each reporting date whether there are facts and circumstances that suggest the carrying amount of an asset may be impaired. If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Assets are grouped at the lowest level at which there is identifiable cash flows that are largely independent of the cash flows of other groups of assets (cash generating unit or “CGU”). A CGU may include certain aggregated exploration and evaluation assets. A CGU’s recoverable amount is the higher of its fair value less costs to sell and its value-in-use. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount with the impairment loss recognized in net loss for the period.

3 Significant accounting policies (continued)

Impairment of non-financial assets (continued)

When an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount, but only to the extent that this amount does not exceed the carrying amount that would have been recognized, net of depletion, depreciation and amortization, had no impairment loss been recognized for the asset in previous periods.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issue costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred share issue costs related to financing transactions that are not completed are charged to expenses.

Share-based compensation

The Company accounts for stock options using the fair value method. The estimated fair value of all stock options granted is recorded in the consolidated statement of comprehensive loss over their vesting periods.

The Company grants stock options to certain employees, directors and consultants. Stock options vest in accordance with the individual option granting contracts. The fair value of stock options is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the vesting period by increasing contributed surplus based on the number of stock options expected to vest. The number of stock options expected to vest is reviewed at least annually, with any adjustment being recognized immediately. Consideration paid upon exercise of the stock options and the amount previously recognized in contributed surplus are recorded as share capital.

Warrants issued in private placements

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value (typically common shares) and then the residual value, if any, to the less easily measurable component (typically, warrants).

3 Significant accounting policies (continued)

Net loss per share

Net loss per share is calculated based on the weighted average number of shares outstanding during the period. The Company follows the treasury method of calculating diluted earnings per share. This method assumes that any proceeds from the exercise of stock options and other dilutive instruments would be used to purchase common shares at the average market price during the period. Diluted net loss per share for the periods presented is the same as basic net loss per share. The inclusion of options is not dilutive based on the average market price of shares for each period.

Income taxes

Income taxes are comprised of current and deferred tax. Income tax is recognized in the consolidated statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, as well as the benefit of losses that are probable to be realized and are available for carry forward to future years to reduce income taxes. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting period-end and are expected to apply when the deferred tax asset or liability is settled. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that is probable that the assets can be recovered.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the balance sheet date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. Expenses are translated at the exchange rate at the date of transaction. Gains and losses on translation of monetary assets and liabilities are included in the determination of net loss for the period.

Financial instruments

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired.

3 Significant accounting policies (continued)

Financial instruments (continued)

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. The Company has classified its cash and cash equivalents as loans and receivables.

Fair value through profit or loss

This category includes derivatives, and investments acquired for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in the consolidated statement of comprehensive loss.

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from other comprehensive income (loss) and recognized in the consolidated statement of comprehensive loss.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories:

Fair value through profit or loss

This category comprises derivatives, or liabilities incurred for the purpose of selling or repurchasing in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the consolidated statement of comprehensive loss.

Other financial liabilities

This category includes accounts payables and loans and other amounts payable which are recognized at amortized cost.

Cash and cash equivalents

Cash and cash equivalents consist of amounts in trust, on deposit with banks and guaranteed investment certificates cashable within 30 days. Cash and cash equivalents are carried at amortized cost.

3 Significant accounting policies (continued)

Loans payable

Loans payable are carried at amortized cost using the effective interest method. Any finance charges are deferred and recognized over the life of the loan.

Use of estimates

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are evaluated at each reporting date and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, are as follows:

i) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are provided in the notes regarding financial assets and liabilities.

In applying the valuation techniques management makes maximum use of market inputs wherever possible, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. Such estimates include liquidity risk, credit risk and volatility and those assumptions may results in pricing that is different from the actual prices that would be achieved in an arm's length transaction at the reporting date.

ii) Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions and estimates including expected price volatility, interest rate and forfeiture rate.

iii) Assessment of deferred income tax assets and liabilities

Judgement is required in determining whether or not the Company's deferred tax assets are "probable" to be recovered from future taxable income. Management has determined that the recoverability of the Company's deferred tax assets is remote due to the history of losses.

iv) Going concern

The assessment of the Company's ability to continue as a going concern involves management judgement about the Company's resources and future prospects.

4 New accounting standards not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for the Company's accounting periods beginning after October 1, 2016, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IAS 7 Statement of Cash Flows

The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The standard is effective for annual periods beginning on or after January 1, 2017.

IFRS 9 Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 7 Financial Instruments: Disclosure

IFRS 7 was amended to required additional disclosures on transition from IAS 39 to IFRS 9. The amendment is effective for annual periods beginning on or after January 1, 2018.

IFRS 2 Share-Based Payment

In June 2016 the Board issued the final amendments to IFRS 2 *Share-Based Payment* as follows:

(a) Effects that vesting conditions have on the measurement of a cash-settled share-based payment;
(b) Accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled;
(c) Classification of share-based payment transactions with net settlement features.

The amendments are effective for annual periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

Management is currently evaluating any impact that the above standards may have on the Company's consolidated financial statements and this assessment has not yet been finished.

(in Canadian dollars)

5 Loans payable

On March 30, 2016, the Company entered into a loan agreement with 2161062 Ontario Inc. for loan proceeds of $30,000. The loan was originally due on July 3, 2016, and is now due on demand. The loan bears interest at a rate of 15% per year. Any unpaid portion of the loan at the due date will bear additional interest at a rate of 10% per annum which will be payable on demand. At the lender's option, the loan can be converted into 300,000 warrants with a three year term and an exercise price of $0.10 post the NWest Reverse take-over transaction described in note 14. All assets of the Company have been pledged as security for the loan under a General Security Agreement.

During the quarter ended June 30, 2016, the Company entered into a loan agreement with a shareholder for loan proceeds of $10,000. The loan was originally due on July 6, 2016, and is now due on demand, and bears interest at a rate of 15% per year. Any unpaid portion of the loans at the due date will bear additional interest at a rate of 10% per year which will be payable on demand. At the lender's option, the loan can be converted into 100,000 warrants with a three year term and an exercise price of $0.10 post the NWest Reverse take-over.

During the quarter ended June 30, 2016, the Company also entered into a loan agreement with a director of the Company for loan proceeds of $5,000. The loan was originally due on July 6, 2016, and is now due on demand, and bears interest at a rate of 15% per year. Any unpaid portion of the loans at the due date will bear additional interest at a rate of 10% per year which will be payable on demand. At the lender's option, the loan can be converted into 50,000 warrants with a three year term and an exercise price of $0.10 post the NWest Reverse take-over.

In September 2016, the Company entered into an additional loan agreement with a shareholder for loan proceeds of $12,500. The loan is due on demand, and bears interest at a rate of 25% per annum. At the lenders' option, the loan can be converted into 125,000 warrants with a three year term and an exercise price of $0.10 post the NWest Reverse take-over.

In September 2016, a shareholder of the Company advanced $13,475 to the Company. These amounts payable are non-interest bearing with no fixed terms of repayment and unsecured. The amounts payable have been included in loans and other amounts payable on the consolidated statement of financial position.

(in Canadian dollars)

6 Share capital

a) Common shares

Authorized - Unlimited number of common shares

Disclosures on any common shares issued are also provided in the consolidated statements of changes in equity.

On September 29, 2016, the Company completed the first tranche of the brokered private placement described in note 14 and issued 5,550,000 units at $0.20 per unit for gross proceeds of $1,110,000. Each unit consists of one common share and one common share purchase warrant with an exercise price of $0.30 and an expiry date of two years. The warrants are subject to an acceleration clause whereby if the common shares trade equal to or greater the $0.50 for a period of twenty consecutive trading days, the warrant expiry date shall accelerate to a date that is not less than twenty days after notice is given. The shares issued in connection with this private placement are subject to a hold period of four months from the date of closing of the private placement. In connection with the financing, the Company issued 444,000 agent's valued at $68,000 and paid a cash commission equal to 8% of the gross proceeds received in the amount of $88,000. The fair value of the agent's warrants was estimated using the Black-Scholes pricing model based on a volatility of 182%, risk free rate of return of 0.5% and an expected life of two years with no dividend yield.

On September 30, 2016, the Company completed a seven-to-one common share consolidation. All current and comparative references to the number of shares, warrants, options, weighted average number of common shares and loss per share have been restated to give effect to the seven-for-one share consolidation.

b) Warrants

As at September 30, 2016 and 2015, warrants issued and outstanding are summarized as follows:

	2016		2015	
	Number of warrants	**Weighted average exercise price $**	**Number of warrants**	**Weighted average exercise price $**
Balance – Beginning of year	688,731	0.70	688,731	0.70
Issued	5,994,000	0.30	–	–
Expired	(688,731)	(0.70)	–	–
Balance – End of year	5,994,000	0.30	688,731	0.70

The remaining weighted-average useful life of warrants outstanding was 2 years at September 30, 2016 (2015 – 0.82 years).

(in Canadian dollars)

7 Stock options

a) The Company has a stock option plan under which directors, officers, employees and consultants of the Company and its subsidiary are eligible to receive stock options. The total number of shares which are at any one time reserved and set aside for issuance under the stock option plan, and under all other management options outstanding, shall not exceed 10% of the shares issued and outstanding. The maximum number of common shares reserved for issuance to any one person pursuant to stock options shall not exceed 5% of the common shares outstanding at the time of the grant, or such greater amount as may be permitted pursuant to the rules of any regulatory authority having jurisdiction. The option price of a stock option granted shall be fixed by the Board of Directors but shall not be less than the market price of the shares at the time the option is granted, or such lesser price as may be permitted by the rules of the regulatory authority having jurisdiction. Stock options may be granted for a period not exceeding five years. Unless the Board determines otherwise, a stock option shall vest immediately upon being granted.

b) The following table summarizes the continuity of the Company's stock options issued and outstanding:

	2016		**2015**	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Balance – Beginning of year	128,571	0.76	128,571	0.76
Issued	–	–	–	–
Balance – End of year	128,571	0.76	128,571	0.76

All of the options outstanding at September 30, 2016 and 2015 were fully vested.

The remaining weighted-average useful life of stock options outstanding was 2.38 years at September 30, 2016 (2015 – 3.38 years).

(in Canadian dollars)

8 Income taxes

In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion of all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

a) Deferred income taxes

Deferred tax assets not recognized are as follows:

	2016 $	2015 $
Exploration and evaluation assets	1,102,460	1,104,891
Capital and non-capital tax losses carried forward	1,683,235	1,547,896
Share issue costs and other	27,767	5,127
	2,813,462	2,657,914

b) Income tax differences

Income tax expense (recovery) differs from that which would be expected from applying the combined effective Canadian federal and provincial income tax rates of 31.00% (2015 – 31.00%) to loss as follows:

	2016 $	2015 $
Expected income tax recovery	(128,268)	(151,500)
Permanent differences and other	(27,280)	–
Unrecognized tax losses	155,548	151,500
	–	–

(in Canadian dollars)

8 Income taxes (continued)

c) Income tax losses and Canadian exploration expenses

At September 30, 2016, the Company had available non-capital losses of approximately $5,272,052. These losses may be applied to reduce taxable income in future years. These losses will expire as follows:

		$
For the years ending September 30,	2026	53,482
	2027	244,523
	2028	1,540,573
	2029	653,725
	2030	397,876
	2031	586,704
	2032	390,853
	2033	150,556
	2034	321,446
	2035	495,434
	2036	436,880

The Company also has available Canadian exploration expenses ("CEE") of $3,556,323 (2015 - $3,556,323). The CEE is carried forward indefinitely and may be deducted in determining taxable income of future years. The Company also has capital losses of $315,479 (2015 - $315,479), which are carried forward indefinitely and may be used to offset capital gains.

9 Key management compensation

The Company has identified its directors, chief executive officer and chief financial officer as its key management personnel and the compensation costs for key management personnel and companies related to them for their services were recorded at the exchange amount as agreed upon by transacting parties.

Compensation for key management personnel and directors for the years ended September 30, 2016 and 2015 is as follows:

	2016	**2015**
	$	**$**
Directors fees	72,000	72,000
Consulting fees	72,000	72,000
Wages and benefits	90,000	120,000
	234,000	264,000

(in Canadian dollars)

10 Related party transactions

During the year ended September 30, 2016, the Company incurred directors' fees of $72,000 (2015 - $72,000) and consulting fees of $72,000 (2015 - $72,000) to companies owned by the directors. During the year ended September 30, 2016, the Company also incurred wages of $90,000 (2015 - $120,000) to officers. As at September 30, 2016, $494,000 in amounts owing to officers for wages and to directors for directors' fees are included in accounts payable and accrued liabilities (2015 - $332,000).

As described in note 5, directors of the Company advanced loans to the Company.

11 Capital management

The capital structure of the Company consists of equity comprised of share capital, contributed surplus, warrants and deficit. The Company's objective when managing capital is to maintain adequate capital to support the identification, acquisition and exploration properties and to invest the capital in low risk liquid investments with chartered banks while in the process of identifying exploration properties to acquire.

The Company is not subject to externally imposed capital requirements.

12 Financial instruments and related risk management

The Company's financial instruments include cash and cash equivalents, accounts payable, and loans and other amounts payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

The following table summarizes information regarding the carrying values of the Company's financial instruments:

	2016	**2015**
	$	$
FVTPL	–	–
Loans and receivables (i)	1,022,552	4,493
Other financial liabilities (ii)	(286,616)	(128,384)

(i) Cash and cash equivalents
(ii) Accounts payable and loans and other amounts payable

Financial risk factors

The Company has exposure to credit risk, liquidity risk and market risk. The source of risk exposure and how each is managed is outlined below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Company is exposed to credit risk on its cash and cash equivalents. Cash and cash equivalents are invested with a major Canadian chartered bank and a major Canadian financial institution. The Company believes its credit risk with respect to cash and cash equivalents is not significant.

12 Financial instruments and related risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As at September 30, 2016, the Company had a cash and cash equivalents balance of $1,022,552, and working capital of $234,086.

The Company has no source of operating cash flow. There is no assurance that additional funding will be available to allow the Company to identify, acquire and explore future exploration properties. Liquidity risk is significant to the Company.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and equity prices will affect the Company's net income or loss or the value of its financial instruments.

Interest rate risk

The Company's cash balances are invested with a Canadian Chartered bank and a Canadian financial institution. The Company's loans are subject to interest as described in note 5. The Company believes its interest rate risk is not significant.

13 Contingency

During the year ended September 30, 2012, the Company concluded an agreement with Shoal Point Energy Ltd. ("SPE") to transfer a 100% interest in an exploration license EL1097R.

On September 20, 2012, the Company was served with a statement of claim by Geophysical Services Incorporated ("GSI") relating to its transfers of the exploration license EL1097R to SPE. During the year ended September 30, 2014, GSI amended its statement of claim to add an additional party as a defendant. GSI was seeking damages of $3.4 million under its amended claim. During the year ended September 30, 2016, GSI filed an application for summary judgment against the Company and is now seeking $15.6 million in damages. The Company believes the claim to be without merit and intends to fully defend its interests and take all other actions available to it. The outcome of the claim by GSI is subject to ongoing court proceedings, and it is not practicable to determine an estimate of the possible financial effect, if any, at this time with sufficient reliability. Accordingly, no amounts have been recorded in the accounts of the Company as at September 30, 2016 related to this claim.

14 Subsequent event

Share Exchange Agreement – Plumbago Refining Corp. B.V.

On August 24, 2015, the Company ("NWest") entered into an initial Share Exchange Agreement ("SEA") with Plumbago Refining Corp. B.V. ("Plumbago"), pursuant to which the Company seeks to acquire all of the issued and outstanding shares of Plumbago ("Plumbago Shares") in exchange for common shares ("NWest Shares") of NWest (the "Transaction"). The arm's length Transaction will constitute a reverse rake-over for the Company under the applicable policies of the TSX Venture Exchange. This initial agreement was updated on June 17, 2016 to reflect the following details.

(in Canadian dollars)

14 Subsequent event (continued)

Prior to the closing of the Transaction, NWest intends to consolidate its issued and outstanding common shares on a 1 for 7 basis whereby every seven of the Company share will be consolidated to one post-consolidation common share ("Consolidated NWest Share"). The share consolidation was completed on September 30, 2016 (note 6).

Pursuant to the Transaction, the shareholders of Plumbago will exchange all of the issued and outstanding Plumbago Shares in consideration for the issuance by NWest of 60,000,000 Consolidated NWest Shares at a deemed price of $0.20 per share. In addition, each outstanding convertible security of Plumbago will be exchanged for an equivalent convertible security of NWest, subject to adjustment (as to the number of Consolidated NWest Shares and the exercise price) in accordance with the following share exchange ratio: 3,386 Consolidated NWest Shares for each Plumbago Share outstanding at the time of closing.

In connection with the Transaction, the Company intends to complete a private placement of up to 15,000,000 Consolidated NWest units at a price of $0.20 per unit for gross proceeds of up to $3,000,000. The first tranche of this private placement for gross proceeds of $1,110,000 was closed on September 29, 2016 (note 6). Each unit will consist of one common share and one common share purchase warrant with an exercise price of $0.30 and an expiry date of two years. The warrants will be subject to an acceleration clause whereby if the common shares trade equal to or greater the $0.50 for a period of twenty consecutive trading days, the warrant expiry date shall accelerate to a date that is not less than twenty days after notice is given. The Consolidated NWest Shares issued in connection with the private placement will be subject to a hold period of four months from the date of closing of the private placement. The net proceeds from the private placement will be used to finance the Company's continuing capital program and for remaining general working capital purposes in connection with advancing certain assets held by Plumbago. Closing of the private placement is intended to occur concurrently with the closing of the Transaction, and is subject to regulatory approval.