



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2019

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

NORTHWAY RESOURCES CORP.

For the three months ended June 30, 2019
(Unaudited - Expressed in Canadian Dollars)

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NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

NORTHWAY RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	June 30, 2019	March 31, 2019
	\$	\$
ASSETS		
Current		
Cash	205,985	327,993
Receivable	2,990	5,048
Deferred financing costs	72,684	-
	<u>281,659</u>	<u>333,041</u>
Exploration and evaluation assets (Note 3)	<u>343,537</u>	<u>330,040</u>
	<u>625,196</u>	<u>663,081</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 4 and 6)	90,353	78,165
Due to related parties (Note 6)	-	10,000
	<u>90,353</u>	<u>88,165</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	604,000	604,001
Reserves (Note 5)	196,000	196,000
Deficit	<u>(265,157)</u>	<u>(225,085)</u>
	<u>534,843</u>	<u>574,916</u>
	<u>625,196</u>	<u>663,081</u>

Nature of Operations (Note 1)
Subsequent Events (Note 10)

Approved and authorized by the Board on August 28, 2019.

On behalf of the Board of Directors:

“Jay Sujir”

Director

“Jessica VanDenAkker”

Director

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

NORTHWAY RESOURCES CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended June 30, 2019	For the period from inception on May 29, 2018 to June 30, 2018
	\$	\$
Expenses		
Foreign exchange loss	1,224	-
Management fees (Note 6)	10,333	-
Office and general	866	-
Professional fees (Note 6)	21,549	-
Property investigation costs	2,000	-
Transfer agent and filing fees	702	-
Travel and related	3,398	-
	<hr/>	
Loss and comprehensive loss for the period	(40,072)	-
	<hr/>	
Basic and diluted loss per share	(0.00)	-
	<hr/>	
Weighted average number of common shares outstanding	16,000,010	100

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

NORTHWAY RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares Issued	Share Capital \$	Reserves \$	Deficit \$	Total Shareholders' Equity \$
Balance at May 29, 2018	-	-	-	-	-
Issuance of incorporation shares	101	1	-	-	1
Repurchase and cancellation of incorporation share	(1)	-	-	-	-
Net income for the period	-	-	-	-	-
Balance at June 30, 2018	100	1	-	-	1
Share issued in private placement	11,000,000	354,000	-	-	354,000
Share issued for debts settlement	5,000,000	250,000	-	-	250,000
Share-based compensation	-	-	196,000	-	196,000
Net loss for the period	-	-	-	(225,085)	(225,085)
Balance at March 31, 2019	16,000,100	604,001	196,000	(225,085)	574,916
Repurchase and cancellation of incorporation shares	(100)	(1)	-	-	(1)
Net loss for the period	-	-	-	(40,072)	(40,072)
Balance at June 30, 2019	16,000,000	604,000	196,000	(265,157)	534,843

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

NORTHWAY RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended June 30, 2019	For the period from inception on May 29, 2018 to June 30, 2018
	\$	\$
Cash flows used in operating activities		
Net loss for the period	(40,072)	-
Changes in non-cash working capital items		
Receivables	2,058	-
Accounts payable and accrued liabilities	12,767	-
	<u>(25,247)</u>	<u>-</u>
Cash flows used in investing activities		
Exploration and evaluation assets expenditures	<u>(44,290)</u>	-
Cash flows from financing activities		
Proceeds from share issuances	-	1
Proceed for shares repurchased	(1)	-
Repayment to related parties	(10,000)	-
Advance to related parties	-	(1)
Deferred financing costs	<u>(42,470)</u>	<u>-</u>
	<u>(82,685)</u>	<u>-</u>
Net change in cash	(122,008)	-
Cash, beginning of period	<u>327,993</u>	<u>-</u>
Cash, end of period	<u>205,985</u>	<u>-</u>
Non-cash transactions		
Exploration and evaluation assets in accounts payable and accrued liabilities	18,880	-
Deferred financing costs in accounts payable and accrued liabilities	30,214	-

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

NORTHWAY RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019
(Unaudited - Expressed in Canadian Dollars)

NOTE 1 - NATURE OF OPERATIONS

Nature of operations

Northway Resources Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on May 29, 2018. The Company is principally engaged in the acquisition and exploration of mineral properties. On August 22, 2019, the Company completed its Initial Public Offering (“IPO”) and is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “NTW.V”.

The head office of the Company is located at 310 – 119 West Pender Street, Vancouver B.C., V6B 1S5 and the registered and records office of the Company is located at 2080 – 777 Hornby Street, Vancouver B.C., V6Z 1S4.

The Company has not yet determined whether its exploration and evaluation assets contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has not generated revenues from its operations to date. As at June 30, 2019, the Company has accumulated net losses of \$265,157 since inception and has working capital of \$191,306. The operations of the Company have primarily been funded by the issuance of common shares. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management estimates its current working capital will be sufficient to fund its current level of activities for the next twelve months.

If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments may be necessary to the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”).

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited financial statements of the Company for the period ended March 31, 2019.

These condensed interim consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on August 28, 2019.

NORTHWAY RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019
(Unaudited - Expressed in Canadian Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Basis of presentation

These condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for financial instruments measured at fair value. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Northway Resources Alaska Corporation from its incorporation on February 20, 2019. All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

Use of estimates and judgments

The preparation of these condensed interim consolidated 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 condensed interim consolidated financial statements, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from management's best estimates as additional information becomes available.

Significant areas requiring the use of management estimates and judgments include:

- (i) The determination of the fair value of the shares of the Company for the calculation of the share-based compensation.
- (ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available to identify new business opportunities and working capital requirements, the outcome of which is uncertain.
- (iii) The determination that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while nonmonetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

NORTHWAY RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019
(Unaudited - Expressed in Canadian Dollars)

NOTE 3 - EXPLORATION AND EVALUATION ASSETS

	Healy	Napoleon	Total
	\$	\$	\$
Balance, May 29, 2018	-	-	-
Property acquisition and staking costs	-	41,085	41,085
<i>Exploration expenditures:</i>			
Accommodation and related	16,129	-	16,129
Assays	52,433	-	52,433
Claim and maintenance fees	76,021	-	76,021
Consulting	18,946	-	18,946
Data analysis	10,500	-	10,500
Geological	108,400	-	108,400
Supplies and fuel	6,526	-	6,526
Balance, March 31, 2019	288,955	41,085	330,040
<i>Exploration expenditures:</i>			
Accommodation and related	7,387	750	8,137
Consulting	4,610	750	5,360
Balance, June 30, 2019	300,952	42,585	343,537

Healy property

On July 31, 2018, the Company entered into an agreement (later amended in May 2019) with Newmont North America Exploration Limited (“Newmont”) to acquire, by way of contribution (the “Contribution”), up to 70% of the property located in Fairbanks Recording District, Alaska (the “Healy Property”).

The Company is entitled to acquire a 70% interest in the Healy Property upon incurring aggregate expenditures of US\$4,000,000 on the property during the phase 1 period of the Contribution.

The following is a summary of the Contribution earn-in requirements:

Period (“Phase 1 Period”)	Exploration Requirement US\$	Aggregate Exploration Requirement US\$
On or before November 30, 2018	(incurred) 140,000	140,000
On or before December 31, 2020	360,000	500,000
On or before December 31, 2021	1,500,000	2,000,000
On or before December 31, 2022	2,000,000	4,000,000

Pursuant to the agreement, the Company is required to fund US\$140,000 by November 30, 2018 (incurred) and US\$360,000 by December 31, 2020, totaling US\$500,000 (“Mandatory Phase 1 Expenditures”). The Company may terminate the Contribution at any time, in its discretion, subject to satisfying any accrued obligations or liabilities including Mandatory Phase 1 Expenditures, as required.

Upon completing the Phase 1 earn-in requirement on the Healy Property, the value of the Company’s initial contribution shall be deemed to be US\$4,000,000 (70% interest) and the value of Newmont’s initial contribution shall be deemed to be US\$1,715,000 (30% interest). From and after the date on which the Company completes the Phase 1 earn-in requirement on the Healy Property, the Company and Newmont shall fund an adopted program on a pro-rata basis in accordance with their respective participating interests.

NORTHWAY RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019
(Unaudited - Expressed in Canadian Dollars)

NOTE 3 - EXPLORATION AND EVALUATION ASSETS (continued)

Napoleon property

The property is located in Fortymile District, Alaska and was acquired by staking with a payment of \$41,085.

NOTE 4 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2019	March 31, 2019
	\$	\$
Trade and other payables	39,090	52,640
Accrued liabilities	51,263	25,525
	90,353	78,165

NOTE 5 - SHARE CAPITAL AND RESERVES

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Issued share capital

In May 2018, the Company issued 101 common shares at a price of \$0.01 per share for gross proceed of \$1 of which 1 share was then repurchased and cancelled. In April 2019, the remaining 100 common shares were repurchased and cancelled by the Company.

In July 2018, the Company issued 4,000,000 common shares at a value of \$0.05 per share. The Company received gross proceed of \$4,000 and recorded \$196,000 as share-based compensation expense for the share issuance.

In September 2018, the Company issued 3,000,000 units at a value of \$150,000 to settle \$150,000 of debt. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.10 per share for five years.

In January 2019, the Company issued 2,000,000 units at a value of \$100,000 to settle \$100,000 of accounts payable. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.10 per share for five years.

In March 2019, the Company completed a non-brokered private placement of 7,000,000 units at a price of \$0.05 per unit for gross proceeds of \$350,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.10 per share for five years.

The 16,000,000 issued shares will be subject to escrow restrictions upon completion of the IPO and will be released from escrow in tranches over 36 months from listing on the TSX-V. These shares will be considered contingently returnable and will be excluded from the weighted average number of shares until released.

NORTHWAY RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019
(Unaudited - Expressed in Canadian Dollars)

NOTE 5 - SHARE CAPITAL AND RESERVES (continued)

Share purchase warrants

In connection with the debt settlements in September 2018 and January 2019, and the March 2019 private placement, the Company issued 12,000,000 warrants with an exercise price of \$0.10 per warrant.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance, May 29, 2018	-	-
Issued	12,000,000	0.10
Balance, March 31, 2019 and June 30, 2019	12,000,000	0.10

A summary of the warrants outstanding and exercisable at June 30, 2019 is as follows:

Number of Warrants	Exercise Price	Expiry Date
	\$	
3,000,000	0.10	September 15, 2023
2,000,000	0.10	January 25, 2024
7,000,000	0.10	March 19, 2024
12,000,000		

NOTE 6 - RELATED PARTY TRANSACTIONS AND BALANCES

During the three months ended June 30, 2019, the Company entered into the following transaction with related parties, not disclosed elsewhere in these consolidated financial statements:

- As at June 30, 2019, \$14,256 (March 31, 2019 - \$45,066) was included in accounts payable and accrued liabilities owing to an officer and director and companies controlled by officers and director of the Company in relation to management fees and reimbursement of expenses

Summary of key management personnel compensation:

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

	For the three months ended June 30, 2019	For the period from inception on May 29, 2018 to June 30, 2018
	\$	\$
Management fees	10,333	-
Professional fees	262	-
	10,595	-

NORTHWAY RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019
(Unaudited - Expressed in Canadian Dollars)

NOTE 7 - FINANCIAL RISK AND CAPITAL MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, and due to related parties approximate their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

- a) Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing at major Canadian financial institutions. The Company has minimal credit risk.
- b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at June 30, 2019, the Company has sufficient cash to settle its current liabilities. The Company will require additional funding to meet its long-term exploration obligations.
- c) Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.
- d) Currency risk
The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at June 30, 2019, the Company does not have any significant monetary assets or liabilities in US dollars, therefore, the Company has determined that there is limited currency risk at this time.
- e) Commodity price risk
The ability of the Company to raise funds to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of gold and other precious metals. The Company monitors gold and precious metals prices to determine the appropriate course of action to be taken.

NOTE 8 - SEGMENTED DISCLOSURE

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation assets. All non-current assets of the Company are located in the USA.

NORTHWAY RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2019
(Unaudited - Expressed in Canadian Dollars)

NOTE 9 - CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the three months ended June 30, 2019. The Company is not subject to any externally imposed capital requirements.

NOTE 10 – SUBSEQUENT EVENTS

On August 22, 2019, the Company completed its IPO of 18,486,000 common shares at a price of \$0.10 per common share for gross proceeds of \$1,848,600 pursuant to a prospectus dated July 30, 2019. The Company's agent engaged in connection with the IPO was paid a commission of \$129,402, a Corporate Finance Fee of \$35,000, and reimbursed for its expenses of \$36,548 incurred pursuant to the IPO, of which \$15,000 was paid prior to June 30, 2019. The Company also issued 1,294,020 non-transferable warrants to its agent at a price of \$0.10 per share for a period of 24 months.

On August 22, 2019, the Company granted an aggregate of 2,000,000 incentive stock options to its director, officers and consultants with an exercise price of \$0.10 for a period of five years.