



FORM 51-102F1

**INTERIM MANAGEMENT DISCUSSION AND ANALYSIS
FOR
PACIFIC NORTH WEST CAPITAL CORP.**

FOR THE THREE MONTH PERIOD ENDED 31 JULY 2009

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is Management's assessment of the results and financial condition of Pacific North West Capital Corp. (the "Company" or "PFN") for the three month period ended 31 July 2009 and should be read in conjunction with the consolidated financial statements and the related notes. The date of this Management Discussion and Analysis is 14 September 2009. Additional information on the Company is available on SEDAR at www.sedar.com.

BUSINESS OF PACIFIC NORTH WEST CAPITAL CORP.

PFN is a mineral exploration company focused on the acquisition, exploration and development of Platinum Group Metals (PGM) properties. The Company is currently expanding its acquisition strategy to include advanced gold, silver, and base metal properties. Management's corporate philosophy is to be a Project Generator, Explorer and Project Operator with the objective of forming options and/or joint ventures with major mining companies through to production. To that end, PFN has option/joint venture agreements with Anglo Platinum and Benton Resources. PFN has begun the evaluation of several potential property acquisitions, including precious and base metal production opportunities. A wholly owned Mexican subsidiary, Pacific North West Capital De Mexico has been incorporated, and will act as an operating and acquisition company in Mexico.

FORWARD LOOKING STATEMENTS

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Project Overview:

RIVER VALLEY, ONTARIO

On 5 November 2007, a \$525,000 budget was approved for the River Valley PGM Project by joint venture partner Anglo Platinum Limited ("Anglo Platinum"); the largest primary producer of PGM in the world. The budget was for the continued evaluation of the River Valley Intrusive (RVI). In August 2008, with funds remaining from the 2007 budget, a limited re-sampling of certain exposures was completed. In September 2008, commodity markets suffered major declines. In light of these declines, Anglo Platinum informed PFN of its intention to place the River Valley project on temporary hold until metal prices improved. A \$285,000 budget was approved for the project in 2008 to finalized data compilation and archiving, to complete the transfer of mining claims to mining lease, and to wind down operations at the Sudbury Exploration office. A further \$245,000 budget was approved for the project in 2009 to complete reclamation work on the River Valley property. As of 28 February 2009, the process of archiving material, storing equipment, and shutting down operations in Sudbury was complete. Reclamation work was completed in August 2009.

An additional \$150,000 budget has been allocated for 2009 to fund a geochemical study of the River Valley mineralization. This study will be conducted by Dr. Reid Keays of Monash University, Melbourne, Australia. Dr. Keays is an expert in the geochemistry of nickel and platinum group metal deposits. The study will examine the full suite (Pt, Pd, Rh, Os, Ir, Ru) PGM content of the ore, and will establish a model for the genesis of high grade styles of mineralization found locally within the deposit. Re-sampling of selected River Valley drill holes was completed in January, 2009, and the samples have been submitted to the Ontario Geoscience Laboratories for analytical work. Results of the study are expected in the Fall of 2009.

The River Valley PGM Project is a 50/50 joint venture with Anglo Platinum Limited. Anglo Platinum has committed over \$22 million to the joint venture to date and may earn a 60% interest in the project by completing a feasibility study, and a 65% interest by funding it through to production. Pacific North West Capital is the operator of the project.

WEST TIMMINS, ONTARIO

The West Timmins Nickel Project is an option/joint venture with Xstrata Canada Corporation ("Xstrata Nickel"), whereby PFN may earn a 100% interest in the project. The project covers 355 km² (26,928 hectares), and is located approximately 60 km west of Timmins, Ontario near Xstrata's profitable Montcalm Mine.

A diamond drill program was completed in 2007 with no significant intersections. The drill program targeted geophysical and geochemical anomalies identified in previous work programs. Numerous additional airborne EM (AeroTEM), Pulse borehole EM, and geochemical anomalies in the Montcalm Intrusive Complex remain to be drill tested.

In a continuing effort to evaluate the Montcalm Intrusion, a deep penetrating UTEM survey was completed in September 2008. Although some geophysical anomalies were identified, interpretations suggest that the anomalies are unlikely to reflect mineralization.

On 5 May 2009, the Company terminated the option agreement with Xstrata Nickel on the West Timmins Property.

COLDWELL, ONTARIO

On 18 September 2007, the Company announced that it had completed the acquisition of three new PGM projects within the Alkaline Coldwell Intrusive Complex (CIC), which hosts a number of PGM and copper occurrences. The three projects, totalling 91 mineral claims (968 units or 15,487 hectares), have been designated Coldwell West, Coldwell Central and Coldwell South. The projects are 100% owned by PFN and are located approximately 215 km north east of the city of Thunder Bay, 10 km north of the town of Marathon, and 40 km west of the prolific Hemlo Gold Camp.

An exploration program of prospecting, lake bottom sediment geochemical sampling, and an airborne EM and magnetic survey was initiated to evaluate the claims. Anomalies generated by these surveys were evaluated in a subsequent work program in the Fall of 2008. No significant mineralization was identified during the course of this work. A joint venture partner is being sought to further explore the Coldwell Project.

GOODCHILD, ONTARIO

During the previous year, the Company acquired 28 mineral claims by staking in the Goodchild area of Ontario. The Goodchild property was incorporated into the Coldwell Project described in the preceding paragraph, and a portion of the 2008 Coldwell work program was directed at identifying mineralization on the Goodchild property. As with the Coldwell Project, the Company is currently seeking to attract a joint venture partner to explore the Goodchild property.

WALSH TOWNSHIP, ONTARIO

By agreement dated 1 January 2008 the Company may earn up to a 100% interest in the Walsh Township Option. The property is located on the west side of the CIC west of Marathon in northern Ontario. This property has been grouped into the Coldwell Project.

A program of prospecting and geochemical sampling was completed on the Walsh property in the Fall of 2008. No significant results were obtained, and the Company terminated the option agreement on this property in November 2008.

SWAYZE JOINT VENTURE, ONTARIO (OLD: NICKEL MUIR, ONTARIO)

The Company entered into a 50/50 joint venture agreement with Benton Resources Corp. on 12 February 2008 to jointly explore three properties (Tooms, Heenan and Kenagami) in the Swayze greenstone belt. Benton acts as operator for the project and is responsible for carrying out all exploration activities.

The Swayze Project is situated approximately 100 km south-west of Timmins, Ontario. The project lies within the Swayze greenstone belt, which represents the western extension of the Abitibi greenstone belt. The latter terrane hosts numerous nickel deposits including the producing Redstone (Liberty) mine and the newly discovered Golden Chalice occurrence.

In July 2008, a helicopter-borne magnetic and electromagnetic (VTEM) survey was completed over the Tooms property. Mapping and prospecting were also completed during the summer of 2008, and several

gold occurrences were evaluated on the Heenan claim block. Approximately 500 ms (m) of diamond drilling was completed on the Heenan gold showings in September 2008. Several zones of anomalous gold mineralization were identified, but intersection widths were not significant.

On 11 May 2009, the Company and Benton Resources Corporation agreed to terminate the Swayze joint venture. The individual claims that make up the joint venture will revert to original ownership. The Company has no plans for exploration activity on its Swayze claims in 2009.

RAGLAN HILLS JOINT VENTURE, ONTARIO (OLD: SOUTH RENFREW, ONTARIO)

On 11 December 2007 the Company entered into a 50/50 joint venture agreement with First Nickel Inc. ("First Nickel") to undertake exploration on certain properties known as the Raglan Hills Project. The two companies participate equally in a single purpose, unincorporated Joint Venture to carry out mineral exploration on the project.

First Nickel will act as operator and is responsible for completing all exploration activities. The Raglan Hills Project is situated northeast of Bancroft, Ontario, and consists of 21 claim blocks totalling 2,752 hectares. The property overlies the Raglan Hills Complex, a differentiated mafic intrusion composed primarily of meta-gabbro with lesser proportions of meta-pyroxenite. In July 2008, the joint venture completed an AeroTem III and AeroTem IV geophysical survey. Follow-up prospecting was completed in the Fall of 2008, with numerous potential drill targets identified. Due to the downturn in commodity prices, PFN has informed First Nickel Inc that it will not participate in the funding of a 2009 exploration program. This will result in dilution of the Company's interest by an amount dependent on the expenditures completed by First Nickel over the course of 2009. The Company retains the right to participate in future work programs if it so desires.

EAST SUDBURY, ONTARIO

During a previous year, the Company acquired 124 mineral claims by staking in the Sudbury area of Ontario. A limited field program of prospecting and soil sampling was undertaken in late fall of 2008. No significant results were obtained from this work, and the Company has terminated the project.

NORTH DULUTH, ONTARIO

During a previous year, the Company spent \$3,038 related to the acquisition of the 10 mineral claims in the Crystal Lake Area south of Thunder Bay, Ontario. The Company has completed a geophysical program on the project. No further work has been undertaken on the property. In February 2009, the property was reduced to eight claims.

SOQUEM - TAUREAU, QUÉBEC

The Company entered into a 50/50 joint venture cooperation agreement with SOQUEM Inc. ("SOQUEM") in order to evaluate the PGM potential within a designated Area of Mutual Interest ("AMI") in south-eastern Québec. All funding will be shared on a 50/50 basis. SOQUEM is the operator of the project.

SOQUEM is a wholly owned subsidiary of the Société Générale de Financement du Québec ("SGF"). The mission of the SGF, an industrial and financial holding company, is to undertake economic development projects in the industrial sector in cooperation with partners and in compliance with the economic development policies of the Government of Québec. SOQUEM's head office is located in Val d'Or, with a regional office in Chibougamau.

The Taureau reconnaissance program continued to evaluate mafic intrusions for PGM mineralization in the defined AMI within the Grenville Province of Québec during 2008. A budget of \$370,000 was approved for 2008. There were no significant assay results reported from the field evaluation programs. The joint venture was terminated in April 2009.

SOQUEM - CHENEVILLE, QUÉBEC

A separate joint venture agreement was signed with SOQUEM in 2006 resulting from PGM assay values (average of two samples was 1.17gpt Pd, 0.14gpt Pt, 0.29gpt Au, 1.62 Cu, and 0.35% Ni) returned from a showing in the Cheneville intrusion in Québec. These results led to a staking program, which was subsequently followed by an airborne survey that identified magnetic and conductive anomalies. These were evaluated with follow-up prospecting, geophysical, trenching and mapping programs. A drill program targeting the Cheneville showing was completed in November 2008. The results of these programs were not encouraging, and the Cheneville Project was terminated in April 2009.

GLITTER LAKE, QUÉBEC

The Glitter Lake Project is an option from CanAlaska Uranium Ltd. ("CanAlaska") in which the Company can earn 50% with a working commitment. The Glitter Lake claims surround, and extend along strike from, the Horden Lake Copper-Nickel deposit, which hosts an indicated resource of 8.8Mt at 0.88% Cu and 0.21% Ni, and an inferred resource of 7.8Mt at 0.87% Cu and 0.25% Ni (Southampton Ventures Inc., Press Release, 2 March 2009).

On 1 April 2008 the Company signed an amended agreement with CanAlaska whereby in order to maintain the option, a total of \$200,000 may be spent by 15 April 2009 with an additional \$300,000 to be spent by 15 April 2010. To date PFN has completed exploration expenditures in the amount of \$248,891 fulfilling its 2003 and 2007 exploration commitments.

On 30 January 2009, PFN and CanAlaska signed an amendment to the option agreement whereby CanAlaska has assigned a 100% interest in the Glitter Lake property to PFN in consideration of PFN assuming CanAlaska's remaining lease obligation of approximately \$83,600 with respect to its Kerrisdale office location to the end of the lease term in November 2010. CanAlaska retains a 0.5% NSR interest in the property along with the existing royalty agreement with the original prospectors of 1.5%. The original option agreement has thus been terminated.

A joint venture partner is being sought to further explore the Glitter Lake Project.

FIEDMONT, QUÉBEC

In December, 2008, the Company entered into an option agreement with Kinbauri Gold Corp. to earn a 60% interest in the approximately 8,000 ha Fiedmont PGM property. The property is situated approximately 15 km northeast of Val d'Or, QC. PFN will pay \$98,000, give 150,000 shares and complete \$400,000 in work expenditures by 30 November 2010 to vest. A 60 (PFN)/40 (Kinbauri) joint venture comes into effect after vesting.

The Fiedmont property hosts PGM mineralization in sulphide zones associated with the contacts of the intrusion. Showings have returned values grading up to 6 g/t Pt+Pd, and drill hole intersections include up

to 1.5 g/t Pt+Pd over 5 m. The property has seen very little work since its discovery in 2002. The Company completed an initial drill program targeting potential extensions of the known mineralization in March, 2009. The project is currently on hold pending a review of results.

NICKEL PLATS, SASKATCHEWAN

The Company optioned the Nickel Plats property in 2007 from Diamond Hunter Ltd. The property is located approximately 50 km north of Laronge, Saskatchewan. The property covers a nickel-copper occurrence (historic resource of 1.7 million tons grading 0.74% combined nickel-copper) within a sulphide rich (pyrrhotite, chalcopyrite and pyrite) gabbro intrusion.

A property acquisition program was initiated adjacent to the Nickel Plats property in 2007. The additional claims cover what are considered to be the potential strike extensions of the nickel-copper mineralization identified on the Nickel Plats Project, as well as covering additional mafic intrusions in the general vicinity. A 2284 line kilometre ("km") helicopter-borne VTEM (Versatile Time Domain Electromagnetic) geophysical survey was completed by Geotech Ltd over the Nickel Plats properties in 2008. A geophysical interpretative report was completed in late 2008, with a large number of anomalies identified on the property. On 30 March 2009, the Company and Hunter signed an amendment to the terms agreement as follows:

		Payments	Shares	Exploration Expenditures
Upon execution of agreement	<i>(paid/issued)</i>	\$ 10,000	75,000	\$ -
On or before 30 June 2007	<i>(paid)</i>	20,000	-	-
On or before 30 April 2008	<i>(paid/issued)</i>	30,000	75,000	-
On or before 30 April 2009	<i>(paid/issued)</i>	15,000	50,000	-
On or before 30 April 2010		15,000	50,000	-
On or before 30 April 2011		20,000	-	-
On or before 30 April 2012		20,000	-	-
On or before 30 April 2013		20,000	-	-
Total		\$ 150,000	250,000	\$ -

A joint venture partner is being sought to further explore the Nickel Plats Project.

NORTH VOISEY, LABRADOR

The Company allowed the North Voisey claims to lapse in September 2008 and has no further plans for this project.

WINTER LAKE, NORTHWEST TERRITORIES

The Winter Lake Property, located northeast of Yellowknife in the Northwest Territories, was acquired by staking in 2007 in an area where a new nickel discovery was reported.

On 4 May 2009, the Company allowed the Winter Lake claims in the Northwest territories to revert to the Crown.

TONSINA PROPERTY, ALASKA

During a previous year, the Company acquired certain mineral claims by staking in Alaska. A mapping and sampling program was completed on the property in 2007. This program identified significant PGM anomalies associated with a sulphide and chromite enriched layer in the Tonsina Ultramafic Complex. An induced polarization survey designed to test the extent of the mineralization was completed in the summer of 2008. This was followed by a ground magnetic survey and surface channel sampling. The results suggest that the zone of sulphide mineralization is continuous over a 300 m strike length. Future work will focus on determining the total strike extent of this zone, and identifying the best locations for drill testing of the mineralization.

GOODNEWS BAY, ALASKA

On 12 April 2006, PFN announced that it had signed an option to acquire up to 100% interest in a long-term exploration and mining lease from Calista Corporation, which encompassed an area of 212 km² in the Goodnews Bay area. Previous placer operations in the streams draining the project area produced approximately 650,000 troy ounces of platinum. PFN began an exploration program on the Goodnews Bay property with the goal of identifying the lode source of the placer deposits.

In a second agreement dated 26 February 2007, Pacific North West Capital Corp. and Calista Corporation entered into an option/joint venture agreement with Stillwater Mining Company, granting them the right to acquire up to 60% of the Company's interest in the property.

The exploration programs conducted on the Goodnews Bay project culminated with the completion of a seven-hole, 1706 m drill program completed over the summer field season of 2008. The drill program targeted platinum mineralization at the Last Chance showing, and at the Susie West soil geochemical anomaly. No significant platinum-palladium mineralization was identified during the program.

On 21 November 2008, Pacific North West Capital Corp. announced the termination of the exploration agreement with Stillwater Mining Company ("Stillwater") and Calista Corporation on the Goodnews Bay Platinum property.

KANE PROPERTY, ALASKA

During a previous year, the Company acquired certain mineral claims by staking in Alaska. A joint venture partner is being sought to further explore the Kane property.

UNION BAY, ALASKA

The Union Bay project is a 50/50 joint venture project with Freegold Ventures Limited ("Freegold"). No programs were carried out during the past year, although management continues to believe that there are drill targets that warrant future programs on the property. Freegold and PFN are seeking a joint venture partner to further develop this project.

NIXON FORK PROPERTY, ALASKA

On 12 February 2009, the Company acquired a 100% interest in the Nixon Fork Gold Mine through the purchase of Mystery Creek Resources, Inc. The Company paid US\$100,000 upon signing the agreement dated 9 December 2008. The Company agreed to pay a further US\$400,000 by 1 September 2009. Instalment payments of US\$100,000 were made on 12 February 2009, 1 May 2009 and 2 July 2009. The final instalment payment of US\$100,000 is due on 1 September 2009 (Paid).

The mine is located 56 km northeast of McGrath, Alaska. Work on the property began in late March and consisted of reopening the facilities that had been shut down in October of 2008. The facilities are in good condition and the camp is operational.

SELECTED ANNUAL INFORMATION

Unless otherwise noted, all currency amounts are stated in Canadian dollars. The following table summarizes selected financial data for PFN for each of the three most recently completed financial years. The information set forth below was extracted from and should be read in conjunction with the audited financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and related notes.

	Years Ended 30 April (audited)		
	2009	2008	2007
Total Revenues	\$ 529,538	\$ 843,972	\$ 201,599
General and administrative expenses	2,777,118	2,091,920	1,548,266
Mineral property cash costs incurred	1,895,727	3,602,672	834,473
Mineral property cash costs recovered	-	-	-
Income (loss) before other items in total	(2,777,118)	(2,091,920)	(1,548,266)
Loss per share – Basic & fully diluted	(0.09)	(0.02)	(0.03)
Net income (loss) from continuing operations in total	(5,354,466)	(883,378)	(1,230,764)
Comprehensive loss per share – Basic & fully diluted	(0.10)	(0.03)	(0.03)
Totals Assets	15,095,336	17,087,029	7,315,871
Total long term liabilities	3,836,415	Nil	Nil
Cash dividends declared	Nil	Nil	Nil

SELECTED QUARTERLY FINANCIAL INFORMATION

The following selected financial information is derived from the unaudited interim financial statements of the Company prepared in accordance with Canadian generally accepted accounting principles (“GAAP”).

	For the Quarters Ended (unaudited)							
	31 Jul.	30 Apr.	31 Jan.	31 Oct.	31 Jul.	30 Apr.	31 Jan.	31 Oct.
	2009	2009	2009	2008	2008	2008	2008	2007
Total revenues	\$ 27,481	\$ 6,790	\$190,289	\$180,933	\$151,526	\$236,388	\$279,795	\$286,183
Net income(loss)	(523,264)	(3,985,908)	(508,288)	(439,561)	(420,709)	(60,551)	(71,181)	(87,447)
Net income(loss) per share	(0.01)	(0.06)	(0.01)	(0.01)	(0.01)	0.00	0.00	0.00
Total assets	14,391,624	15,095,336	15,349,321	15,846,635	16,186,568	17,087,029	14,432,495	14,346,726

RESULTS OF OPERATIONS

The three month period ended 31 July 2009 resulted in a net loss of \$523,264 which compares with a loss of \$420,709 for the same period in 2008. General and administrative expenses for the three months period ended 31 July 2009 were \$524,911, a decrease of \$46,497 over the same period in 2008. Shareholder relations and promotional activities undertaken by the Company, which included attendance at various trade shows, cost \$74,743 for the three month period ended 31 July 2009 compared to \$109,309 for the same period of 2008, a decrease of \$34,566. Salaries and benefits increased by \$4,600 for a total of \$75,917 compared to \$71,317 in the previous year. \$41,474 was incurred for the development of New Projects compared to \$19,333 in the previous year. An aggregate stock-based compensation of \$111,498 was recorded as compared to \$181,736 in the previous year. Stock-based compensation is broken down on the income statement according to the applicable expense category. Consulting fees for the period were \$31,890 compared to \$36,570 in the previous year. Travel and lodging costs of \$30,859 were incurred during the year compared to \$25,289 of the same period in 2008; All other general and administrative costs were lower compared to the previous year as no equity financing was made in the current period. Interest and other income was \$27,481, compared to \$52,785 in the previous year. \$104,415 unrealized gain on investment portfolio as a result of the fair value presentation required in the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3855.

During the three month period ended 31 July 2009, the Company incurred mineral property cash costs of \$451,135.

LIQUIDITY AND CAPITAL RESOURCES

At 31 July 2009, the Company’s working capital, defined as current assets less current liabilities, was \$4,406,043 compared with working capital of \$5,179,476 at 30 April 2009. Flow-through funds of \$1,062,460 must be spent before 31 December 2009 on qualified Canadian mineral exploration, and are included in working capital. The Company has total issued and outstanding of 61,858,008 shares at 31 July 2009. The Company has a portfolio of investments with a book value of \$806,457 and a market value of \$280,028 as at 31 July 2009.

CONTRACTUAL COMMITMENTS

By agreement effective 1 December 2005 the Company entered into a five-year management agreement with a company controlled by a Director and Chairman. Compensation is \$7,350 per month for the first year, with a 5% increase on each anniversary date plus benefits. The Chairman and Director is also entitled to receive up to 20% of all stock options granted during the period that the agreement is in place. This agreement is automatically renewable for two-year periods. The Company may terminate the agreement at any time but will be responsible to pay the greater of the remaining amount under the contract or two years compensation.

By amended agreement effective 1 December 2008, the Company amended the 1 December 2005 agreement. The compensation under the original agreement was amended from \$7,350 per month to \$14,104 per month. The 5% increase under the original agreement was waived until 1 December 2009. All terms of the original agreement remained the same.

The Company has outstanding and future commitments under mineral property option agreements to pay cash and issue common shares of the Company. The Company must incur mineral property operating expenditures equal to the proceeds of all flow-through shares issued by the Company. These mineral property operating expenditures must be incurred within a period of two years from the date of issue of the flow-through shares. The Company is committed under an operating lease with a Company for its office premises with the following minimum lease payments to the expiration of the lease on 30 November 2011.

Year ended 30 April	2009	2010	2011	Thereafter
Management agreement	\$121,970	\$169,247	\$169,247	\$169,247
Office lease *	\$88,963	\$175,968	\$102,648	-

* In November 2008 the Company entered into an agreement with the former co-signor of the lease whereby the Company assumed their remaining lease obligation and received a lump sum amount of \$126,845 which will then be applied to the end of the term.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. Significant estimates used in the preparation of these consolidated financial statements include, amongst other things, depreciation, determination of net recoverable value of assets, determination of fair value on taxes, and share compensation. These estimates are reviewed

periodically (at least annually), and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

A detailed summary of all of the Company's significant accounting policies is included in note 1 to the financial statements for the three month period ended 31 July 2009.

CHANGES IN ACCOUNTING POLICIES

a) Going Concern

Effective 1 May 2008, the Company adopted changes to CICA Handbook Section 1400, "*General Standards of Financial Statement Presentation*". Section 1400 has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. Management shall make an assessment of an entity's ability to continue as a going concern. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. When financial statements are not prepared on a going concerned basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern.

b) Capital Disclosures

Effective 1 May 2008, the Company adopted the new CICA Handbook Section 1535, "*Capital Disclosures*" which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the Company's objectives, policies and procedures for managing capital. The main features of the new section are as follows:

- a. Requirements for an entity to disclose qualitative information about its objectives, policies and processes for managing capital;
- b. A requirement for an entity to disclose quantitative data about what it regards as capital; and
- c. A requirement for an entity to disclose whether it has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance.

c) Financial Instruments – Disclosure and Presentation

Effective 1 May 2008, the Company adopted the new CICA Handbook Section 3862, "*Financial Instruments – Disclosures*" and Section 3863, "*Financial Instruments – Presentation*" which replace existing Section 3861, "*Financial Instruments – Disclosure and Presentation*", revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

d) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

On 20 January 2009, the Emerging Issues Committee ("EIC") of the Canadian Accounting Standards Board ("AcSB") issued EIC Abstract 173, "*Credit Risk and the Fair Value of Financial*

Assets and Financial Liabilities", which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC 173 should be applied retrospectively without restatement of prior years to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after 20 January 2009.

FINANCIAL INSTRUMENTS - RECOGNITION AND MEASUREMENT

Section 3855 requires that all financial assets and financial liabilities be measured at fair value on initial recognition except for certain related party transaction. Financial instruments classified as held-for-trading are measured at fair value and unrealized gains and losses are included in the net income in the period in which they arise. The Company has historically measured these instruments at the lower of cost and market value and any unrealized gains or losses have been included in net income.

COMPREHENSIVE INCOME

Section 1530 introduces other comprehensive income (loss). Comprehensive income (loss) includes both net earnings (losses) and other comprehensive income. Other comprehensive income (loss) includes holding gains and losses on available-for-sale investments, gains and losses on certain derivative instruments and any foreign currency gains and losses relating to self-sustaining foreign operations where applicable, all of which are not included in the calculation of net earnings (loss) until realized. The only impact on the Company of adopting these new standards was the recognition of unrealized gains and losses on investments, which has been included as part of shareholders' equity under "Other Comprehensive Loss". As required by the prospective implementation of these new standards, the comparative financial statements have not been restated.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, available-for-sale securities and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value unless otherwise noted.

FUTURE CHANGES IN ACCOUNTING POLICIES

CICA Handbook Section 3862 "Financial Instrument Disclosures" and CICA Handbook Section 3863, "Financial Instruments - Presentation" requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. CICA Handbook Section 1400, "General Standards on Financial Statement Presentation", has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The Company is currently assessing the impact of these new accounting standards on its financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after 1 January 2011. The transition date of 1 January 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended 31 December 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

RELATED PARTY TRANSACTIONS

During the three month period ended 31 July 2009, the following related party transactions took place:

1. A total of \$42,312 was paid to a company controlled by the President and Director of the Company for management services.
2. A total of \$58,799 was paid to a Company controlled by the Vice-President of Business Development for consulting fees.

Effective 1 February 2005, the outside directors are entitled to receive \$500 per month, \$500 per directors meeting and \$500 per committee meeting. During the three month period ended 31 July 2009, \$9,500 was paid/accrued to directors.

OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As at 31 July 2009, there were 61,858,008 outstanding common shares compared to 61,658,008 outstanding shares at 30 April 2009.

Directors, officers, employees and contractors are granted options to purchase common shares under the Company stock option plan. The terms and outstanding balance are disclosed in the table below:

Number outstanding 30 April 2009	Granted	Exercised	Expired	Cancelled	Number outstanding 31 July 2009	Exercise price per share	Expiry date
1,260,000	-	-	-	-	1,260,000	\$0.70	5 November 2009
412,000	-	-	-	-	412,000	\$0.83	28 February 2010
355,000	-	-	-	-	355,000	\$0.60	3 May 2010
100,000	-	-	-	-	100,000	\$0.40	3 February 2011
82,500	-	-	-	-	82,500	\$0.40	19 April 2011
50,000	-	-	-	-	50,000	\$0.50	8 May 2011

20,000	-	-	-	-	20,000	\$0.50	19 May 2011
150,000	-	-	-	-	150,000	\$0.47	14 February 2009
720,000	-	-	-	-	720,000	\$0.55	18 May 2012
280,000	-	-	-	-	280,000	\$0.50	11 October 2012
130,000	-	-	-	-	130,000	\$0.50	29 October 2012
85,000	-	-	-	-	85,000	\$0.50	14 November 2012
1,040,000	-	-	-	-	1,040,000	\$0.60	22 February 2013
100,000	-	-	-	-	100,000	\$0.50	11 June 2013
600,000	-	-	-	-	600,000	\$0.50	13 / 15 August 2013
1,325,000	-	-	-	-	1,325,000	\$0.25	22 April 2014
-	125,000	-	-	-	125,000	\$0.25	15 July 2014
6,709,500	125,000	-	-	-	6,834,500		

During the three month period ended 31 July 2009, 2,697,990 performance shares were reserved for issuance at the discretion of the Board. These shares may be issued to such arm's length parties as the Board considers desirable employees/consultants to attract to the Company. To date, 1,200,000 performance shares have been authorized for issuance at \$0.01 per share.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management has evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on the evaluation of the disclosure controls performed to date, the Company is determined to strengthen internal controls over financial reporting. Management has engaged the services of an additional external accounting firm to obtain more specific and detailed advice as to increasing the effectiveness of the Company's internal control.

INTERNAL CONTROLS AND PROCEDURES

Internal controls and procedures are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with the Canadian GAAP. As at the end of the year covered by this management's discussion and analysis, management had designed and implemented internal controls and procedures as required by Canadian securities laws.

The Company has evaluated the design of its internal controls and procedures over financial reporting for the three month period ended 31 July 2009. All internal control systems, no matter how well designed,

have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Management continues to review and refine its internal controls and procedures.

RISKS AND UNCERTAINTIES

The mineral industry is intensely competitive in all its phases. The Company competes with many other companies who have greater financial resources and experience. The market price of precious metals and other minerals is volatile and cannot be controlled. Exploration for minerals is a speculative venture. There is no certainty that the money spent on exploration and development will result in the discovery of an economic ore body.

The Company's activities outside of Canada make it subject to foreign currency fluctuations and this may materially affect its financial position and results.

The Company has limited financial resources, no source of operating cash flows and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its projects or to fulfill its obligations under the terms of any option or joint venture agreements. If the Company's generative exploration programs are successful, additional funds will be required for development of one or more projects. Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration and development or the possible loss of the Company's properties.

OUTLOOK

The Company currently has a joint venture agreement in which Kaymin Resources Limited (Anglo Platinum) is earning an interest in the Company's River Valley project by carrying all costs and making exploration expenditures. The Company also has joint venture agreements with First Nickel Inc. The Company ended 31 July 2009 with a strong cash position that will enable it to continue its own acquisition and exploration effects in the North American and other jurisdictions.

SUBSEQUENT EVENTS

On 19 August 2009, the Company announced that it has entered into an option Agreement with Misty Creek Ventures Ltd, First Fiscal Enterprises Ltd. and Pamicon Developments Ltd. on the Rock & Roll property located in the Liard Mining District approximately 9 km west of the Bronson airstrip and exploration camp in northern British Columbia.

On 26 August 2009, the Company completed its Annual General and Special Meeting, where 41.30% of the 61,858,008 common shares issued and outstanding common shares voted the following results:

- Set the number of directors at five and in excess of 93.50% to appoint Harry Barr, Linda Holmes, Jordan Point, Dennis Hop and John Londry as directors for the ensuing year.
- James Stafford, Inc., Chartered Accountants were re-appointed the auditors of the Company for the ensuing year.
- Authorized to amend the exercise price and terms to existing stock options as outlined in the Company's information circular dated July 28, 2009 by receiving disinterested shareholder votes in excess of 92%.
- Authorized to proceed with the sale of the Nixon Fork Gold Project as outlined in the information circular by receiving disinterested shareholder votes in excess of 98%.
- Authorized to invest funds to purchase securities of resource companies that, in management's opinion, are currently undervalued as further described in the Company's information circular by receiving shareholder votes in excess of 90%.

On 1 September 2009, the Company announced that it has entered into an option agreement with Alto Ventures Ltd. on the Destiny Gold Project (formerly the Despinassy Project) located approximately 75 km north of Val d'Or in the Abitibi-Témiscamingue region of Québec.

On 3 September 2009, the Company announced the appointment of Christopher Davies, B.Sc., M.Sc., D.I.C., to its Technical Committee. Mr. Davies has extensive global experience in gold and Platinum Group Metal (PGM) operations, exploration and mine development, with particular emphasis on southern Africa.

NEW PROJECT ACQUISITION PROGRAM

The additions of Dr. Greg Myers and Dr. Jonathan Findlay to the technical team of PFN are driving an aggressive program to acquire advanced stage base and precious metal properties. The current downturn in the metals market is providing an excellent opportunity to acquire high quality projects under excellent terms. Several properties located in Mexico, Central America, the United States, and Canada are under review and the Company expects to complete new property acquisitions in the upcoming months. Several producing or near production properties with significant exploration potential are being evaluated, as are several drill stage projects.



Pacific North West Capital Corp.

(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

31 July 2009 and 2008
FIRST QUARTER

(Expressed in Canadian Funds)

Consolidated Balance Sheets

(Unaudited)

(Canadian Funds)

ASSETS	31 July 2009	30 April 2009
Current		
Cash and cash equivalents (Note 4)	\$ 4,491,254	\$ 5,540,543
Amounts receivable	35,570	85,320
Prepaid expenses, advances and deposits	180,165	52,391
Available-for-sale securities (Note 5)	279,999	181,216
	4,986,988	5,859,470
Mineral Property Costs - Statement 5 (Note 6)	6,495,040	6,043,905
Property, Plant and Equipment (Note 7)	118,759	125,216
Reclamation Deposits	3,066,745	3,066,745
	\$ 14,667,532	\$ 15,095,336
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 559,541	\$ 679,994
Asset Retirement Obligations	3,299,345	3,299,345
Future Income Tax Liabilities	537,070	537,070
	4,395,956	4,516,409
Commitments (Note 10)		
Subsequent events (Note 12)		
SHAREHOLDERS' EQUITY		
Share Capital - Statement 2 (Note 9)		
Authorized:		
Unlimited number of common voting shares		
Unlimited number of preferred voting shares		
Issued and fully paid:		
61,858,008 (30 April 2009 – 61,658,008) common shares	24,779,281	24,779,281
Contributed Surplus	3,901,724	3,790,226
Accumulated Other Comprehensive Loss	(650,597)	(755,012)
Deficit Accumulated During Exploration Stage	(17,758,832)	(17,235,568)
	10,271,576	10,578,927
	\$ 14,667,532	\$ 15,095,336

ON BEHALF OF THE BOARD:

_____ , Director
 "Harry Barr"

_____ , Director
 "Jordan Point "

- See Accompanying Notes -

Consolidated Statement of Changes in Shareholders' Equity

(Unaudited)

(Canadian Funds)

	Common Shares		Contributed Surplus	Other Comprehensive Income	Accumulated Deficit	Total
	Number	Amount				
Balance - 30 April 2007	41,996,202	\$ 16,906,926	\$ 1,267,228	\$ -	\$ (10,997,724)	\$ 7,176,430
Issuance of shares for:						
- Private placements (Note 9a)	10,965,306	6,314,924	-	-	-	6,314,924
- F/T Private Placements (Note 9a)	8,084,000	4,492,000	-	-	-	4,492,000
- Properties (Note 9b)	220,000	110,150	-	-	-	110,150
- Exercise of options (Note 9d)	132,500	53,000	-	-	-	53,000
- Performance shares (Note 9e)	50,000	18,500	-	-	-	18,500
- Finder's fees (Note 9b)	210,000	105,000	-	-	-	105,000
- Value assigned to warrants (Note 9g)	-	(1,533,959)	1,533,959	-	-	-
Share issuance costs	-	(327,006)	32,262	-	-	(294,744)
Stock-based compensation costs (Note 9f)	-	-	234,400	-	-	234,400
Performance shares allotted (Note 9e)	-	-	7,500	-	-	7,500
Future income tax on flow-through	-	(462,520)	-	-	-	(462,520)
Transition adjustment to opening balance (Note 1q)	-	-	-	477,069	-	477,069
Unrealized loss on available-for-sale securities	-	-	-	(488,215)	-	(488,215)
Loss for the year	-	-	-	-	(883,378)	(883,378)
Balance - 30 April 2008	61,658,008	\$ 25,677,015	\$ 3,075,349	\$ (11,146)	\$ (11,881,102)	\$ 16,860,116
Issuance of shares for:						
- Properties	100,000	9,500	-	-	-	9,500
- Performance shares (Note 9e)	100,000	18,000	(7,500)	-	-	10,500
Share issuance costs	-	(5,234)	-	-	-	(5,234)
Stock-based compensation costs (Note 9f)	-	-	722,377	-	-	722,377
Future income tax on flow-through	-	(920,000)	-	-	-	(920,000)
Unrealized loss on available-for-sale securities	-	-	-	(743,866)	-	(743,866)
Loss for the year	-	-	-	-	(5,354,466)	(5,354,466)
Balance - 30 April 2009	61,858,008	\$ 24,779,281	\$ 3,790,226	\$ (755,012)	\$ (17,235,568)	\$ 10,578,927
Issuance of shares for:						
- Properties	-	-	-	-	-	-
- Performance shares	-	-	-	-	-	-
Share issuance costs	-	-	-	-	-	-
Stock-based compensation costs (Note 9f)	-	-	111,498	-	-	111,498
Future income tax on flow-through	-	-	-	-	-	-
Unrealized loss on available-for-sale securities	-	-	-	104,415	-	104,415
Loss for the period	-	-	-	-	(523,264)	(523,264)
Balance - 31 July 2009	61,858,008	\$ 24,779,281	\$ 3,901,724	\$ (650,597)	\$ (17,758,832)	\$ 10,271,576

**Consolidated Statements of Loss,
Comprehensive Loss and Deficit
(Unaudited)**

(Canadian Funds)

Three months ended 31 July

	2009	2008
General and Administrative Expenses		
Consulting fees	\$ 31,890	\$ 36,570
Consulting fees - Stock compensation (Note 9f)	50,622	67,388
New Projects	41,474	19,333
Investor & shareholder relations	74,743	109,309
Investor & shareholder relations - Stock compensation (Note 9f)	7,935	17,767
Travel lodging & food	30,859	25,289
Management fees (Note 8a)	42,312	24,312
Director fees (Note 8l)	9,500	4,500
Director fees - Stock compensation (Note 9f)	26,987	61,123
Salaries & benefits	75,917	71,317
Salaries & benefits - Stock compensation (Note 9f)	26,254	35,456
Accounting & audit	-	-
Office	14,721	16,633
Transfer agent and regulatory fees	9,485	27,550
Rent	36,311	12,842
Telephone & utilities	7,567	7,513
Legal	-	-
Vehicle lease	3,471	3,523
Amortization	8,650	9,252
Insurance, licenses & fees	26,513	21,731
Loss Before the Following	(524,911)	(571,408)
Other Income (Expenses)		
Mineral property costs written off	-	-
Gain (Loss) on sale of available-for-sale securities (Note 6)	(2,180)	98,741
Interest and other income	27,481	52,785
Project management fees	-	-
Foreign exchange, net	(22,774)	-
Interest and bank charges	(880)	(827)
	1,647	150,699
Loss before Income Taxes	(523,264)	(420,709)
Future Income Tax Recovery	-	-
Loss for the period	\$ (523,264)	\$ (420,709)
Other Comprehensive Income (Loss)		
Unrealized loss on available-for-sale securities	104,415	(454,380)
Comprehensive Loss for the Year	\$ (418,849)	\$ (875,089)
Loss per Share - Basic and fully diluted	\$ (0.01)	\$ (0.01)
Comprehensive Loss per Share - Basic and fully diluted	\$ (0.01)	\$ (0.01)
Weighted Average Number of Shares Outstanding	61,658,008	61,658,008

- See Accompanying Notes -

Consolidated Statement of Cash Flows

(Unaudited)

(Canadian Funds)

Cash Resources Provided By (Used In)	Three months ended 31 July	
	2009	2008
Operating Activities		
Loss for the period	\$ (523,264)	\$ (420,709)
Items not affecting cash		
Stock-based compensation costs	111,498	181,734
Loss on sale of available-for-sale securities	2,180	-
Gain on sale of available-for-sale securities	-	(98,741)
Amortization	8,650	9,252
Amounts receivable	49,750	224,368
Prepaid expenses and deposits	(127,774)	(38,193)
Accounts payable and accrued liabilities	(118,453)	(205,608)
Due to directors	(2,000)	(1,500)
	(599,413)	(349,397)
Investing Activities		
Sale of available-for-sale securities	28,224	118,054
Purchase of property, plant & equipment	(2,193)	(4,507)
Purchase of available-for-sale securities	(24,772)	-
Mineral property costs	(451,135)	(203,949)
	(449,876)	(90,402)
Financing Activities		
Share capital issued, net of issuance costs	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,049,289)	(439,799)
Cash and cash equivalent - Beginning of period	5,540,543	9,014,599
Cash and Cash Equivalents - End of Period	\$ 4,491,254	\$ 8,574,800
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Exploration expenditures included in accounts payable	\$ -	\$ -
Consulting fees - performance shares issued/allotted	\$ -	\$ -
Shares issued for mineral properties	\$ -	\$ -

- See Accompanying Notes -

(An Exploration Stage Company)

Consolidated Schedules of Mineral Property Costs**(Unaudited)**

Canadian Funds

	Three months ended 31 July 2009			30 April 2009 Total
	Acquisition Costs	Exploration Costs	Total	
Ontario Properties:				
River Valley				
Engineering and geological consulting	\$ -	\$ -	\$ -	\$ -
West Timmins Nickel				
Staking	-	-	-	-
Drilling	-	-	-	-
Geophysical	-	-	-	-
Field expenses	-	-	-	6,142
Assays and geochemical	-	-	-	-
Engineering and geological consulting	-	1,505	1,505	28,376
Management fees	-	-	-	3,452
	-	1,505	1,505	37,970
Coldwell Project				
Staking	-	-	-	-
Geophysical	-	-	-	-
Field expenses	-	-	-	28,450
Assays and geochemical	-	-	-	7,800
Engineering and geological consulting	-	5,783	5,783	77,445
	-	5,783	5,783	113,695
Swayze Joint Venture (Old: Nickel Muir)				
Staking	-	-	-	35,665
Drilling	-	-	-	24,274
Assaying	-	-	-	892
Engineering and geological consulting	-	1,173	1,173	19,769
Geophysical	-	-	-	94,024
Field expenses	-	-	-	15,812
	-	1,173	1,173	190,436
Raglan Hills (Old: South Renfrew)				
Staking	-	-	-	7,500
Field expenses	-	-	-	-
Assays and geochemical	-	-	-	-
Engineering and geological consulting	-	111	111	23,205
	-	111	111	30,705
Balance Carried Forward	\$ -	\$ 8,572	\$ 8,572	\$ 372,806

Consolidated Schedules of Mineral Property Costs

(Unaudited)

Canadian Funds

	Three months ended 31 July 2009			30 April 2009 Total
	Acquisition Costs	Exploration Costs	Total	
Balance Forward	\$ -	\$ 8,572	\$ 8,572	\$ 372,806
Ontario Properties - Continued				
Ontario Project				
Staking	-	-	-	-
Geophysics	-	-	-	-
Field expenses	-	735	735	53,697
Assay and geochemical	-	-	-	4,331
Engineering and geological consulting	-	29,377	29,377	220,124
	-	30,112	30,112	278,152
East Sudbury				
Staking	-	-	-	-
Engineering and geological consulting	-	199	199	147,064
Assays and geochemical	-	-	-	11,122
Field expenses	-	-	-	15,609
Amounts recovered or received	-	-	-	(22,995)
	-	199	199	150,800
Goodchild				
Engineering and geological consulting	-	-	-	-
Walsh Township				
Shares issued for property	-	-	-	-
Field expenses	-	-	-	7,047
Assay and geochemical	-	-	-	5,692
Engineering and geological consulting	-	-	-	25,904
	-	-	-	38,643
North Duluth				
Staking	-	-	-	-
Balance Carried Forward	\$ -	\$ 38,883	\$ 38,883	\$ 840,401

Consolidated Schedules of Mineral Property Costs

(Unaudited)

Canadian Funds

	Three months ended 31 July 2009			30 April 2009 Total
	Acquisition Costs	Exploration Costs	Total	
Balance Forward	\$ -	\$ 38,883	\$ 38,883	\$ 840,401
Québec Properties:				
SOQUEM - Taureau				
Engineering and geological consulting	-	-	-	106,651
SOQUEM - Chenneville				
Assays and geochemical	-	-	-	-
Field expenses	-	-	-	297
Engineering and geological consulting	-	-	-	120,991
	-	-	-	121,288
Glitter Lake				
Geophysics	-	-	-	41,536
Field expenses	-	162	162	15,763
Assays and geochemical	-	-	-	-
Engineering and geological consulting	-	4,386	4,386	14,597
Glitter claim renewal	-	-	-	2,382
	-	4,548	4,548	74,278
Fiedmont				
Cash option payments	-	-	-	38,000
Shares issued for property	-	-	-	4,500
Field expenses	-	-	-	3,313
Assay and geochemical	-	-	-	202
Drilling	-	13,403	13,403	126,070
Engineering and geochemical consulting	-	4,332	4,332	31,601
	-	17,735	17,735	203,686
Nickel Plats, Saskatchewan				
Cash option payments	-	-	-	15,000
Shares issued for property	-	-	-	5,000
Staking	-	-	-	-
Geophysics	-	-	-	-
Assays and geochemical	-	-	-	-
Engineering and geological consulting	-	1,457	1,457	43,010
Field expenses	-	-	-	-
	-	1,457	1,457	71,404
Winter Lake, Northwest Territories				
Field expenses	-	-	-	-
Engineering and geological consulting	-	-	-	198
	-	-	-	198
Balance Carried Forward	\$ -	\$ 62,623	\$ 62,623	\$ 1,417,906

Pacific North West Capital Corp.

(An Exploration Stage Company)

Statement 5

(Continued)

Consolidated Schedules of Mineral Property Costs

(Unaudited)

Canadian Funds

	Three months ended 31 July 2009			30 April 2009 Total
	Acquisition Costs	Exploration Costs	Total	
Balance Forward	\$ -	\$ 62,623	\$ 62,623	\$ 1,417,906
Alaska Properties:				
Goodnews Bay				
Staking Cash payments		-	-	-
Amounts recovered or received	-	-	-	(1,135,000)
Engineering and geological consulting	-	-	-	151,019
Drilling	-	-	-	354,173
Wages	-	-	-	128,894
Assays and geochemical	-	-	-	34,127
Field expenses	-	-	-	391,379
	-	-	-	(75,408)
Reconnaissance (Kane, Tonsina, S.E. Alaska)				
Amounts recovered or received	-	-	-	-
Filing fee	-	-	-	-
Engineering and geological consulting	-	1,367	1,367	67,643
Wages	-	-	-	69,012
Assays and geochemical	-	-	-	5,019
Field expenses	-	-	-	242,901
	-	1,367	1,367	384,575
Union Bay				
Engineering and geological consulting	-	-	-	-
Field expenses	-	-	-	-
Property fees	-	-	-	8,538
	-	-	-	8,538
Nixon Fork				
Acquisition from business combination	108,650	-	108,650	1,534,488
Field expenses	-	278,495	278,495	175,438
	108,650	278,495	387,145	1,709,926
Balance Carried Forward	\$ 108,650	\$ 342,485	\$ 451,135	\$ 3,445,537

Pacific North West Capital Corp.

(An Exploration Stage Company)

Statement 5

(Continued)

Consolidated Schedules of Mineral Property Costs

(Unaudited)

Canadian Funds

	Three months ended 31 July 2009			30 April 2009 Total
	Acquisition Costs	Exploration Costs	Total	
Balance Forward	\$ 108,650	\$ 342,485	\$ 451,135	\$ 3,445,537
North Voisey, Labrador				
Staking	-	-	-	-
Engineering and geological consulting	-	-	-	-
Field expenses	-	-	-	826
	-	-	-	826
Costs for the Period	108,650	314,227	422,877	3,446,363
Balance - Beginning of year	2,955,718	3,088,187	6,043,905	6,622,731
Mineral property costs written off	-	-	-	(4,025,189)
Balance - End of period	\$ 3,064,368	\$ 3,430,672	\$ 6,495,040	\$ 6,043,905

- See Accompanying Notes -

Pacific North West Capital Corp.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

31 July 2009 and 2008

(Unaudited)

Canadian Funds

1. Nature and Continuance of Operations and Significant Accounting Policies

a) Nature and Continuance of Operations

Pacific North West Capital Corp. (the "Company") was incorporated under the Business Corporations Act (Alberta) on 29 May 1996 and on 13 July 2004, the Company continued out of the Province of Alberta and into the Province of British Columbia. The Company is in the process of acquiring, exploring and developing precious metal mineral properties. The Company will attempt to bring the properties to production, structure joint ventures with others, option or lease properties to third parties, or sell the properties outright. The Company has not determined whether these properties contain ore reserves that are economically recoverable and the Company is considered to be in the exploration stage.

b) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned US subsidiaries, Pacific Northwest Capital Corp. USA and Mystery Creek Resources, Inc. Inter-company balances are eliminated upon consolidation. The consolidated financial statements of the Company and the accompanying notes have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP").

c) Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less. The Company places its cash and cash investments with institutions of high-credit worthiness.

d) Available-for-sale Securities

Available-for-sale securities are reported at fair value based on quoted market prices. Unrealized gains and losses on available-for-sale securities are included in shareholders' equity as a component of other comprehensive income.

e) Mineral Properties and Deferred Exploration Expenditures

Direct costs related to the acquisition and exploration of mineral properties held or controlled by the Company are deferred on an individual property basis until the viability of a property is determined. Administration costs and general exploration costs are expensed as incurred. When a property is placed in commercial production, deferred costs will be depleted using the units-of-production method. Management of the Company periodically reviews the recoverability of the capitalized mineral properties. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or property will be abandoned then the costs are written off, or if its carrying value has been impaired, then the mineral properties and deferred costs are written down to fair value.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Pacific North West Capital Corp.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

31 July 2009 and 2008

(Unaudited)

Canadian Funds

1. Nature and Continuance of Operations and Significant Accounting Policies – Continued

e) Mineral Properties and Deferred Exploration Expenditures – Continued

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received are recorded as a gain on option or disposition of mineral property.

f) Asset Retirement Obligations

The Company recognizes the legal liability for obligations relating to retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. The Company has estimated the future cost of reclamation and closure, including site rehabilitation and long-term treatment and monitoring costs to net present value. Such estimates are, however, subject to change based on negotiations with regulatory authorities and changes in laws and regulations. These estimates are reviewed annually. The Company records a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its mining properties described above.

This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase to mining interests and expensed as depreciation and depletion over the useful life of the property. Changes resulting from revisions to the timing or the amount of the original estimate of the undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability for reclamation and closure cost obligations, and the related asset retirement cost is capitalized as part of the carrying amount of the related long-lived asset.

g) Mineral Exploration Tax Credits (“METC”)

The Company recognizes METC amounts and applies those amounts against exploration costs when the Company’s application for tax credits is approved by the Canada Revenue Agency. Assessments, if any, for taxes, penalties and interest are deducted from the tax credits when assessed.

h) Property, Plant and Equipment

Property, plant and equipment is valued at cost less accumulated amortization. The Company provides amortization of furniture and office equipment, and automotive equipment using the declining balance method at 20% and 30% respectively. One-half of the above rates are applied in the year of acquisition.

i) Income Taxes

Income taxes are accounted for using the asset and liability method. Future taxes are recognized for the tax consequences of “temporary differences” by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on future taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, the method requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realised.

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(Unaudited)

Canadian Funds

1. Nature and Continuance of Operations and Significant Accounting Policies – Continued

j) Foreign Currency Translation

The Company's subsidiaries are integrated foreign operations and their results and financial position are translated into the Company's functional currency, the Canadian dollar, using the temporal basis as follows:

- Monetary assets and liabilities at year-end rates,
- All other assets and liabilities at historical rates, and
- Expense and exploration and development items at the average rate of exchange prevailing during the year.

Exchange gains and losses arising from these translations are reflected in income or expense in the period that they occur.

k) Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

l) Loss per Share

Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share which assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. In years in which a loss is incurred, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore basic and diluted loss per share are the same.

m) Management's Estimates

The preparation of financial statements in conformity with Canadian GAAP 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 dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

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Canadian Funds

1. Nature and Continuance of Operations and Significant Accounting Policies – Continued

n) **Flow-Through Shares**

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized with a corresponding reduction in share capital.

If a Company has sufficient unused tax losses and deductions (“losses”) to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

o) **Joint Venture**

Certain of the Company’s properties were the subject of joint venture agreements. Where joint venture agreements exist, the Company’s proportionate share of assets, liabilities, revenues, costs and expenditures relating to these properties have been recorded in the accounts.

p) **Performance Shares**

The Company grants performance shares to attract consultants and/or employees to the Company. Performance shares are valued at market price on the date of issuance and charged to operations with the offsetting credit to share capital.

q) **Financial Instrument Standards**

Effective 1 May 2007, the Company adopted the new Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3855, “*Financial Instruments – Recognition and Measurement*”; Section 3865, “*Hedges*”; Section 1530, “*Comprehensive Income*”; and Section 3861, “*Financial Instruments – Disclosure and Presentation*” (the “Financial Instrument Standards”). These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

The principal changes resulting from the adoption of the Financial Instrument Standards are as follows:

Financial Assets and Financial Liabilities

Under the new standards, financial assets and liabilities are initially recognized at fair value and are subsequently measured based on their classification as held-to-maturity, loans and receivables, available-for-sale or held-for-trading, as described below. The classification is not changed subsequent to initial recognition.

Held-to-Maturity and Loans and Receivables

Financial instruments that have a fixed maturity date, where the Company intends and has the ability to hold to maturity, are classified as held-to-maturity and measured at amortized cost using the effective interest rate method. Loans and receivables are measured at amortized cost using the effective interest method.

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1. Nature and Continuance of Operations and Significant Accounting Policies – Continued

q) **Financial Instrument Standards – Continued**

Available-for-sale

Financial assets classified as available-for-sale are carried at fair value (where determinable based on market prices of actively traded securities) with changes in fair value recorded in other comprehensive income. Available-for-sale securities are written down to fair value through earnings whenever it is necessary to reflect an other-than-temporary impairment. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability are added to its fair value.

Held-for-Trading

Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. These instruments are measured at fair value with the change in the fair value recognized in income.

Derivatives and Hedge Accounting

The Company does not hold or have any exposure to derivative instruments and accordingly is not impacted by CICA Handbook Section 3865, "Hedges".

Comprehensive Income

Comprehensive income is composed of the Company's earnings and other comprehensive income. Other Comprehensive income includes unrealized gains and losses on available-for-sale securities, foreign currency translation gains and losses on the net investment in self-sustaining operations and changes in the fair market value of derivative instruments designated as cash flow hedges, all net of income taxes. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income which is presented (if applicable) as a new category in shareholders' equity.

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1. Nature and Continuance of Operations and Significant Accounting Policies – Continued

r) Recent accounting pronouncements

Goodwill and Other Intangible Assets

The CICA issued CICA Handbook Section 3064 “*Goodwill and Other Intangible Assets*” which the Company will adopt, effective 1 May 2009. The new requirements of Section 3064 are for recognition, measurement, presentation and disclosure. Section 3064 replaces Section 3062, “*Goodwill and Other Intangible Assets*”. The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. Management is currently assessing the impact of these new accounting standards on its financial statements.

Business Combinations

In January 2009, the CICA issued Handbook Section 1582, “*Business Combinations*”, which replaces Section 1581, “*Business Combinations*”, and provides the equivalent to IFRS 3, “*Business Combinations*” (January 2008). The new Section expands the definition of a business subject to an acquisition and establishes significant new guidance on the measurement of consideration given, and the recognition and measurement of assets acquired and liabilities assumed in a business combination.

The new Section requires that all business acquisitions be measured at the full fair value of the acquired entity at the acquisition date even if the business combination is achieved in stages, or if less than 100 percent of the equity interest in the acquirer is owned at the acquisition date. The measurement of equity consideration given in a business combination will no longer be based on the average of the fair value of the shares a few days before and after the day the terms and conditions have been agreed to and the acquisition announced, but rather at the acquisition date. Subsequent changes in fair value of contingent consideration classified as a liability will be recognized in earnings and not as an adjustment to the purchase price.

Restructuring and other direct costs of a business combination are no longer considered part of the acquisition accounting. Instead, such costs will be expensed as incurred, unless they constitute the costs associated with issuing debt or equity securities.

The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2011. Earlier adoption is permitted. This new Section will only have an impact on the consolidated financial statements for future acquisitions that will be made in periods subsequent to the date of adoption.

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1. Nature and Continuance of Operations and Significant Accounting Policies – Continued

r) Recent accounting pronouncements – Continued

Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued Handbook Section 1601, “*Consolidated Financial Statements*” and Section 1602, “*Non-Controlling Interests*”, which together replace Section 1600, “*Consolidated Financial Statements*”. These two Sections are the equivalent to the corresponding provisions of International Accounting Standard 27, “*Consolidated and Separate Financial Statements*” (January 2008). Section 1602 applies to the accounting for non-controlling interests and transactions with non-controlling interest holders in consolidated financial statements. The new Sections require that, for each business combination, the acquirer measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. The new Sections also require non-controlling interest to be presented as a separate component of shareholders’ equity.

Under Section 1602, non-controlling interest in income is not deducted in arriving at consolidated net income or other comprehensive income. Rather, net income and each component of other comprehensive income are allocated to the controlling and non-controlling interests based on relative ownership interests. These Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after 1 January 2011, and should be adopted concurrently with Section 1582. The Company is currently assessing the future impact of these new Sections on its consolidated financial statements.

s) International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after 1 January 2011. The transition date of 1 January 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended 30 April 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

t) Comparative Figures

Certain comparative figures have been adjusted to conform to the current period’s presentation.

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Canadian Funds

2. Changes in Accounting Policies and Presentation

a) Going Concern

Effective 1 May 2008, the Company adopted changes to CICA Handbook Section 1400, "*General Standards of Financial Statement Presentation*". Section 1400 has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. Management shall make an assessment of an entity's ability to continue as a going concern. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. When financial statements are not prepared on a going concerned basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern.

b) Capital Disclosures

Effective 1 May 2008, the Company adopted the new CICA Handbook Section 1535, "*Capital Disclosures*" which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the Company's objectives, policies and procedures for managing capital. The main features of the new section are as follows:

- a. Requirements for an entity to disclose qualitative information about its objectives, policies and processes for managing capital;
- b. A requirement for an entity to disclose quantitative data about what it regards as capital; and
- c. A requirement for an entity to disclose whether it has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance.

c) Financial Instruments – Disclosure and Presentation

Effective 1 May 2008, the Company adopted the new CICA Handbook Section 3862, "*Financial Instruments – Disclosures*" and Section 3863, "*Financial Instruments – Presentation*" which replace existing Section 3861, "*Financial Instruments – Disclosure and Presentation*", revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

d) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

On 20 January 2009, the Emerging Issues Committee ("EIC") of the Canadian Accounting Standards Board ("AcSB") issued EIC Abstract 173, "*Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*", which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC 173 should be applied retrospectively without restatement of prior years to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after 20 January 2009.

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Notes to Consolidated Financial Statements

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(Unaudited)

Canadian Funds

3. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, available-for-sale securities and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying values, due to their short-term maturity or capacity of prompt liquidation. The Company is exposed to currency risk on its acquisition and exploration expenditures on its US properties since it has to convert Canadian dollars raised through equity financing in Canada to US dollars. The Company's expenditures will be negatively impacted if the US dollar increases versus the Canadian dollar.

4. Restricted Cash and Cash Equivalents

A total of \$1,062,460 of the Company's cash and cash equivalents at 31 July 2009 relates to proceeds from the issuance of flow-through shares and is restricted to future expenditures on Canadian mineral property operating expenditures. The Company must spend these proceeds of \$1,062,460 by 31 December 2009 on eligible mineral properties located in Canada pursuant to the terms of the subscription agreements related to these flow-through shares (*Note 13*).

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(Unaudited)

Canadian Funds

5. Available-for-sale Securities

	31 July 2009		30 April 2009	
	Book Value	Market Value	Book Value	Market Value
NIL (30 April 2009 – 80,500) common shares of Freegold Ventures Limited (“Freegold”)	\$ -	\$ -	\$ 11,745	\$ 12,880
98,600 (30 April 2009 – 196,600) common shares of CanAlaska Uranium Ltd. (“CanAlaska”)	18,773	16,269	37,432	31,456
674,500 (30 April 2009 – 674,500) common shares of El Nino Ventures Inc. (“El Nino”)	105,087	70,823	105,087	43,843
2,600,000 (30 April 2009 – 1,897,333) common shares of Foran Mining Corporation (“Foran”)	282,100	91,000	257,468	37,947
237,524 (30 April 2009 – 237,524) common shares of Breakwater Resources Ltd. (“Breakwater”)	422,115	68,882	422,115	32,066
Other Marketable securities	102,243	33,054	102,381	23,024
	\$ 930,318	\$ 280,028	\$ 936,228	\$ 181,216

The above investments have been accounted for using the fair value method. All investments represent less than a 5% ownership of the respective companies. During the period, the Company sold the remaining 80,500.

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Canadian Funds

6. Mineral Property Costs

a) Details are as follows:

	Acquisition (Net of option payments received)	Exploration	Exploration Advances /Refunds	Write-off Mineral Property Costs	Total 31 July 2009	Total 30 Apr 2009
Ontario Properties						
River Valley Joint Venture	\$ 1	\$ 5,053,099	\$ (5,053,099)	\$ -	\$ 1	\$ 1
Sargesson and Kelly/Davis	27,900	11,954	-	-	39,854	39,854
West Timmins Nickel	56,595	3,076,847	-	(3,131,937)	1,505	-
Coldwell Project	223,761	774,808	-	-	998,569	992,786
Swayze, Joint Venture (Nickel Muir)	80,572	205,774	-	(285,173)	1,173	-
Raglan Hills (South Renfrew)	13,517	148,151	-	-	161,668	161,557
Ontario Project	14,754	598,454	-	-	613,208	583,093
East Sudbury Ontario	145,555	259,181	(22,995)	-	381,741	381,542
Goodchild	-	1,140	-	-	1,140	1,140
Walsh Township	36,400	38,643	-	(75,043)	-	-
North Duluth	-	3,038	-	-	3,038	3,038
Québec Properties						
SOQUEM - Taureau	-	326,418	-	(326,418)	-	-
SOQUEM - Chenneville	-	206,618	-	(206,618)	-	-
Glitter Lake	80,600	293,779	(120,940)	-	253,439	248,891
Fiedmont	42,500	178,921	-	-	221,421	203,686
Nickel Plats, Saskatchewan	202,495	453,020	-	-	655,515	654,058
Winter Lake, Northwest Territories	52,250	2,704	-	-	54,954	54,954
Alaska Properties						
Good News Bay	158,730	1,265,854	(1,193,500)	-	231,084	231,084
Reconnaissance (Kane, Tonsina, SE Alaska)	27,946	966,679	(500,000)	-	494,625	493,258
Union Bay	441,593	4,038,851	(4,251,162)	-	229,282	229,282
Nixon Fork	1,643,138	425,675	-	-	2,068,813	1,709,926
North Voisey, Labrador	46,081	9,671	-	-	55,752	55,752
	\$ 3,294,388	\$ 18,339,279	\$ (11,141,696)	\$ (4,025,189)	\$ 6,466,782	\$ 6,043,905

Notes to Consolidated Financial Statements

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Canadian Funds

6. Mineral Property Costs – *Continued*

b) River Valley Farm-In and Joint Venture

By agreement dated 14 July 1999, the Company granted to Kaymin Resources Limited (“Kaymin”), a wholly owned subsidiary of Anglo Platinum Limited, an option to earn up to a 65% interest in the Company’s portion of certain properties, including the River Valley property, the Goldwright property, the Frontier property, the Washagami property, the Razor property and the Western Front property (*Note 8b(i)-8b(vi) respectively*), in the Sudbury Region of Ontario. During a prior year, Kaymin elected to vest obtaining a 50% interest in the properties upon having paid the Company \$300,000 (received in a prior year) and advanced and spent in excess of \$4,000,000 for exploration on the properties.

A joint venture is now in force. Under this joint venture agreement, Kaymin is responsible for funding all exploration until a feasibility study is completed, which earns Kaymin an additional 10% interest. In addition, if Kaymin arranges financing for a mine, it receives an additional 5% interest, increasing its ownership up to a possible 65% interest. As Kaymin controls all financing, investing and operating decisions during this second earn-in phase, the consolidated financial statements of the River Valley Joint Venture have not been incorporated on a proportionate basis into these consolidated financial statements. As at 30 April 2009, \$Nil (2008 - \$Nil) is receivable from the joint venture for an unsecured advance payable which is non-interest bearing and due on demand.

The above agreement is subject to various Net Smelter Return (“NSR”) royalties under the terms of the underlying agreements ranging from 2% to 3%.

i) River Valley Property, Ontario

By agreement dated 15 January 1999 and amended 11 March 1999, the Company acquired a 100% interest in 226 claim units, known as the River Valley Property, located in the Dana and Pardo Townships, Sudbury Mining District, Ontario. As consideration, the Company paid \$265,000 and issued 600,000 common shares to the optionors. In addition, minimum annual exploration expenditures of \$100,000 were completed.

The property is subject to a 3% NSR. The Company, at its option, can purchase up to 2% of the NSR from the vendors for \$2,000,000.

ii) Goldwright Property, Ontario

By agreement dated 30 June 1998 and subsequently amended, the Company earned a 25% interest in certain mineral claims known as the Janes property, located in the Janes Township, Sudbury Mining District, Ontario, by incurring in excess of \$350,000 of exploration expenditures on the properties by 31 May 2001.

Certain of the above claims are subject to a 2% NSR.

iii) Frontier Property, Ontario

The Company acquired a 100% interest in certain properties located in the Kelly and Davis Townships, Sudbury Mining District, Ontario for consideration of \$30,000. The property is subject to a 2% NSR.

During the previous year the interest in this property was allowed to lapse.

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Canadian Funds

6. Mineral Property Costs – Continued

b) **River Valley Farm-In and Joint Venture – Continued**

iv) **Washagami Property, Ontario**

The Company acquired a 100% interest in certain mineral claims, known as the Washagami property located in the Davis and Jane Townships, Sudbury Mining District, Ontario for consideration of \$28,200.

The property is subject to a 2% NSR. During the previous year the property was allowed to lapse.

v) **Razor Property, Ontario**

The Company acquired a 100% interest in certain mineral claims located in the Dana Township, Sudbury Mining District, Ontario for consideration of \$30,000.

The property is subject to a 2% NSR.

vi) **Western Front Property, Ontario**

By agreement dated 16 November 2001, the Company earned a 70% interest in certain mineral claims known as the Western Front property from a company (the “optionor”) with certain directors in common, for consideration of \$55,000 and issuance of 20,000 shares. In addition, an exploration expenditure of \$50,000 was completed.

The Company has the right to purchase an additional 30% interest in the property by paying \$750,000 to the optionor.

The property is subject to a 3% NSR, the first 1% of which the Company can purchase for \$1,000,000; the second 1% can be purchased for \$2,000,000. The Company and the optionor will share the NSR buyout privileges in proportion to their respective interests.

c) **Sargesson and Kelly/Davis Properties, Ontario**

The Company acquired a 100% interest in certain mineral claims, known as the Sargesson and Kelly/Davis properties, located in the Janes, Davis and Kelly Townships, Sudbury Mining District, Ontario. As consideration, the Company paid \$68,400 and incurred \$30,000 in exploration expenditures.

The property is subject to a 2% NSR. The Company can purchase 1% of the NSR from the vendors for \$400,000 and has the right of first refusal on the remaining 1% NSR.

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Canadian Funds

6. Mineral Property Costs – Continued

d) West Timmins Nickel Project, Ontario

By agreement dated 28 October 2004 as amended on 27 September 2006 and 7 April 2008, the Company may earn up to a 100 % interest in the West Timmins Nickel Project from Xstrata Nickel (“Xstrata”) (formerly Falconbridge Inc.). The project is located in the Timmins region of Ontario.

Under the terms of the agreement, the Company, at its option, will spend \$4,000,000 over a five-year period in order to vest with a 100% interest in the project. Xstrata, for its part, will retain a 2% NSR and may, under certain circumstances, back in and earn a 50% interest by spending two and a half times the aggregate expenditure incurred by the Company within five years. Xstrata may further elect to earn an additional 10% interest by completing a feasibility study or incurring \$20,000,000 expenditures on the property. Under the agreement, the Company will act as operator effective 1 January 2005.

In connection with the amendment on 7 April 2008, the parties further agree to the following:

Xstrata will fund 50% of a ground EM-survey (estimated at \$400,000 CDN). The Company’s share will be included in the calculation of its expenditures under the agreement.

Xstrata will fund 100% of the in-house expenditures related to the data evaluation and interpretation of the EM-survey and the subsequent targeting based on the results of the EM-survey. This funding will be considered as an ‘in-kind’ contribution. The “in-kind” contributions as outlined would cover the contracting and logistical management of the geophysical contractor and the data processing, modeling and target generation based on the delivered products from the EM-survey. This time will be tracked for assessment credit purposes, but will not be invoiced to the Company.

The Company will remain operator; however, Xstrata will plan the ground geophysical survey and interpret the data in-house. Xstrata’s recommendations for follow-up to any quality Ni-Cu sulphide targets will be provided to the Technical Committee.

The Company will drill as a priority the Ni-Cu targets that result directly from the ground EM-survey. The results of the survey will be discussed by the Technical Committee, but for clarity, any drill targets deemed worthy of follow-up by Xstrata personnel through the ground EM-survey, will be drilled as priority.

Minimum aggregate exploration expenditures of \$4,000,000 were to be completed by 31 December 2008. This commitment has now been extended to 31 December 2009 as follows:

On or before 31 December 2005	<i>(completed)</i>	\$ 750,000
On or before 31 December 2006	<i>(completed)</i>	\$ 1,500,000
On or before 31 December 2007	<i>(completed)</i>	\$ 2,500,000
On or before 31 December 2009 <i>(extended)</i>	<i>(partially completed)</i>	\$ 4,000,000

On 5 May 2009 the joint venture was terminated.

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6. Mineral Property Costs – Continued

e) **Raglan Hills, Ontario (formerly: South Renfrew Property)**

During a previous year, the Company acquired 6 claims by staking in Raglan Township, Ontario. In 2007, the Company entered into a joint venture agreement with First Nickel Inc. (“First Nickel”) to evaluate the claims as well as their adjoining claims as one property. Each company will participate in working the property as a 50:50% joint venture. Expenditures and programs on the project will be determined by an annual joint management committee meeting.

During the year, the Company has given a notice to First Nickel of its intent to forego financial participation in 2009. Under the terms of the joint venture agreement, the Company’s decision to forego financial contributions to the 2009 work program will lead to a reduction in the Company’s participating interest by an amount dependent upon First Nickel’s 2009 expenditure.

f) **Coldwell Properties, Ontario**

During a previous year, the Company acquired 91 mineral claims by staking in the Coldwell Area near Marathon, Ontario.

g) **Walsh Township, Ontario**

By agreement dated 1 January 2008, the Company may earn up to a 100 % interest in the Walsh Township Option. The property is located in the Coldwell Area of Northern Ontario.

Under the terms of the agreement, the Company, at its option, will keep the claims in good standing over a three-year period in order to vest with a 100% interest in the project after making total payments of \$60,000 and issuing 190,000 common shares of the Company. If the project continues beyond the three years, the prospectors will be paid \$25,000 in each of year four and five as an advanced royalty on any production.

As consideration, the Company, at its option, must issue shares, make payments and incur exploration expenditures as follows:

		Payments	Shares	Exploration Expenditures
Upon execution of agreement	(paid/issued)	\$ 10,000	60,000	\$ -
On or before 1 January 2009		10,000	60,000	-
On or before 1 January 2010		15,000	40,000	-
On or before 1 January 2011		25,000	30,000	-
Total		\$ 60,000	190,000	\$ -

An additional 100,000 shares may be issued upon vesting of 100% interest if the results of feasibility studies are positive.

The property is subject to a 2.0% NSR. The Company shall have the right to purchase a 1% NSR for \$1,000,000.

No significant results were obtained in a program of prospecting and geochemical sampling that was completed in the fall of 2008, thus the Company terminated the option agreement in November 2008.

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6. Mineral Property Costs – Continued

h) East Sudbury Property, Ontario

During a previous year, the Company acquired 124 mineral claims by staking in the Sudbury area of Ontario.

i) Swayze Joint Venture, Ontario

During a previous year, the Company acquired claims by staking in Kenogaming Township (in the Swayze Greenstone Belt), Ontario. In March 2008, the Company entered into a three year joint venture agreement with Benton Resources Corp. (“Benton”) to evaluate the claims that both parties held in the Swayze Greenstone Belt. It is proposed that the exploration budget over the three years will be \$1,200,000 with the first year’s budget of \$400,000.

Any additional claims acquired in the belt would be included in the joint venture. Each company will participate in working the properties as a 50:50% joint venture. Expenditures and programs on the properties will be determined by an annual joint management committee meeting.

During a previous year, the Company issued 10,000 common shares valued at \$6,500 related to this property.

On 5 May 2009 the joint venture was terminated.

j) North Duluth Property, Ontario

During a previous year, the Company spent \$3,038 related to the acquisition of the 10 mineral claims in the Crystal Lake Area south of Thunder Bay, Ontario. On 25 February, 2009, the property was reduced to 8 claims.

k) Glitter Lake Property, Québec

By agreement dated 15 August 2003, amended on 30 April 2005 and amended on 30 April 2006, the Company can acquire, from CanAlaska Uranium Ltd. (“CanAlaska”), a company that previously had certain directors in common, a 50% interest in certain mineral claims known as the Glitter Lake property, located in the province of Québec. As consideration, the Company, at its option, must issue shares, make payments and incur exploration expenditures (the expenditure commitments for 2008 and 2009 have been extended to 2009 and 2010 as agreed to in an amendment dated 1 April 2008) as follows:

		Payments	Shares	Exploration Expenditures
On or before 15 April 2003	(completed)	\$ -	-	\$ 50,000
Upon execution of agreement	(paid)	10,000	-	-
On or before 4 June 2004	(issued)	-	20,000	-
On or before 15 August 2004	(paid)	15,000	-	-
On or before 28 May 2005	(issued)	-	20,000	-
On or before 15 August 2005	(paid)	20,000	-	-
On or before 28 May 2006	(issued)	-	20,000	-
On or before 15 April 2007	(completed)	-	-	150,000
On or before 15 April 2009	(partially completed)	-	-	200,000
On or before 15 April 2010		-	-	300,000
Total		\$ 45,000	60,000	\$ 700,000

Pacific North West Capital Corp.

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Canadian Funds

6. Mineral Property Costs – Continued

k) Glitter Lake Property, Québec – Continued

Upon the Company having vested with a 50% interest by completing the aforementioned payments and obligations, the Company may elect within 45 days to increase its interest to 60% by completing a bankable feasibility study within 24 months. In the event the Company does not complete a bankable feasibility study within two years, the Company agrees to make cash payments in the amount of \$50,000 per annum for each year the feasibility study is not completed. Upon vesting with a 60% interest, the Company may elect within 90 days to earn a 70% interest in the property by placing the property into commercial production within 2 years from the date of this election. In the event that the bankable feasibility study indicates an IRR in excess of 15%, the Company agrees to make annual cash payments of \$50,000 to the Optionor for each year the project is not placed into commercial production.

In the event that a major mining company elects to participate in the project before the Company vests with a 50% interest, the Company will issue shares to the value of \$100,000 to CanAlaska, within 15 days of the Company becoming vested, or pay such amount that will result in the Company having spent \$1,000,000 in exploration expenditures.

The property is subject to a 1.5% NSR payable to a third party. The Company and CanAlaska will share the NSR buyout privileges in proportion to their respective interests.

On 30 January 2009, the Company and CanAlaska signed an amendment to the option agreement whereby CanAlaska has assigned a 100% interest in the Glitter Lake property to the Company in consideration of approximately \$83,600 for CanAlaska's remaining lease obligations with respect to Kerrisdale office location to the end of the lease term in November 2010. CanAlaska retains a 0.5% NSR interest in the property. The original option agreement has thus been terminated.

l) SOQUEM Agreement, Québec

On 30 June 2006, the Company entered into a 50:50% Cooperation Agreement with SOQUEM Inc. in order to conduct research on platinum properties in the province of Québec. Field work was carried out and subsequently certain mineral claims were staked.

During the previous year, the Company and SOQUEM have jointly agreed to terminate the Taureau and Chenneville exploration alliance.

m) Fiedmont, Val d'Or, Québec

On 16 December 2008, the Company entered into an Option Agreement (the "Agreement") with Kinbauri Gold Corp. ("Kinbauri") whereby the Company may earn a 60% interest in Kinbauri's Fiedmont Property ("Fiedmont") subject to a 2% NSR held by the original vendors; the vendor's NSR is subject to a one percent, \$900,000 buyback.

Under the terms of the Agreement, the Company may pay Kinbauri an aggregate amount of \$98,000, issue 150,000 common shares to Kinbauri, subject to regulatory hold periods and expend \$400,000 on exploration prior to 30 November 2010 to earn its interest. The Company's first year commitment is mandatory and includes payment to Kinbauri of \$38,000 (paid), issuance of 50,000 shares (issued, valued at \$4,500), and expenditures of \$150,000 (incurred) on exploration prior to 30 November 2009.

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Canadian Funds

6. Mineral Property Costs – Continued

m) **Fiedmont, Val d’Or, Québec – Continued**

The Fiedmont property is located 30km north of Val d’Or, Québec, and is road accessible. The property consists of 84 claims (3,458 ha); 40 claims of which were staked in 2008.

n) **Northwest Territories**

During a previous year, the Company acquired 33 mineral claims by staking in the Northwest Territories. These claims were allowed to lapse in June of 2009.

o) **Nickel Plats, Saskatchewan**

By agreement dated 30 April 2007, the Company can acquire, from Diamond Hunter Ltd. (“Hunter”), a 100% interest in certain mineral claims known as the Nickel Plats property, located in the province of Saskatchewan.

On 30 March 2009, the Company and Hunter signed an amendment to the terms agreement as follows:

		Payments	Shares	Exploration Expenditures
Upon execution of agreement	(paid/issued)	\$ 10,000	75,000	\$ -
On or before 30 June 2007	(paid)	20,000	-	-
On or before 30 April 2008	(paid/issued)	30,000	75,000	-
On or before 30 April 2009	(paid/issued)	15,000	50,000	-
On or before 30 April 2010		15,000	50,000	-
On or before 30 April 2011		20,000	-	-
On or before 30 April 2012		20,000	-	-
On or before 30 April 2013		20,000	-	-
Total		\$ 150,000	250,000	\$ -

An additional 100,000 shares may be issued upon vesting of 100% interest if the results of a feasibility studies are positive.

The property is subject to a 2.0% NSR. The Company shall have the right to purchase a 1.0% NSR for \$750,000.

During a previous year, by agreement dated 16 May 2007, the Company can acquire for \$10,000 (paid), from Hunter, a 100% interest in certain mineral claims known as the Nickel Plats adjunct property, located in the province of Saskatchewan.

The Nickel Plats adjunct property is subject to a 2.0% NSR. The Company shall have the right to purchase a 1.0% NSR for \$750,000.

p) **North Voisey, Labrador**

During a previous year, the Company acquired 3 mineral claims by staking north of Voisey Bay in Labrador. The claims lapsed in September 2008.

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Canadian Funds

6. Mineral Property Costs – Continued

q) **Goodnews Bay, Alaska**

By agreement dated 1 January 2006, the Company can acquire, from Calista Corporation (“Calista”), a 100% interest in certain mineral claims known as the Goodnews Bay property, located on the west coast of Alaska.

As consideration, the Company, at its option, must make payments and incur exploration expenditures as follows:

			Payments		Exploration Expenditures
Upon execution of agreement	(paid)	US\$	25,000	US\$	-
On or before 31 December 2006	(paid/incurred)		45,000		200,000
On or before 31 December 2007	(paid/incurred)		55,000		250,000
On or before 31 December 2008			75,000		350,000
On or before 31 December 2009*			100,000		450,000
On or before 31 December 2010					700,000
Total		US\$	300,000	US\$	1,950,000

* US\$100,000 annual payments to be made thereafter until completion of a feasibility study
US\$250,000 annual payments to be made following completion of a feasibility study.

The Company has elected to expend the required US\$450,000 of 2006 and 2007 exploration expenditures. The Company shall have until December 1st of each year the lease is in effect to commit to the following year's exploration expenditures.

After the Company has completed US\$1.95 million expenditures on the property, it shall have a grace period of two years without obligation to perform additional work commitments, after which it will be required to expend a minimum of US\$700,000 per annum, until a feasibility study is completed.

Once the Company completes a feasibility study, the Company shall have no further work obligations for a subsequent period of four years in addition to the time remaining in the grace period of two years. After five years, the Company will continue to make cash payments of US\$100,000 until such time as the feasibility study is completed. Upon completion of a feasibility study and until such time as the commencement of commercial production, the Company will make cash payments of US\$250,000 per annum. In addition, the Company will donate US\$3,000 (paid in current year) to the Calista Corporation Scholarship Fund each year the lease is in effect, until such time as a feasibility study is completed, at which time the donation shall increase to US\$5,000 per year. Following commencement of commercial production, the Company will provide US\$10,000 per annum to the scholarship fund.

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Canadian Funds

6. Mineral Property Costs – Continued

q) **Goodnews Bay, Alaska – Continued**

The Company will pay a NSR to Calista of 1.5% or US\$100,000 per annum whichever is the greater from the commencement of commercial production for a period of five years or until payback of all capital expenditure on the project, whichever is shorter; thereafter the royalty shall be tied to the price of platinum. Upon receipt of the feasibility study, Calista shall have one hundred and eighty (180) days in which to elect to acquire up to fifteen percent (15%) but in no event less than five percent (5%) operating interest in the project. At the time Calista elects to acquire an operating interest, Calista shall pay the joint venture an initial contribution of two hundred percent (200%) of the agreed-upon pro-rata portion of exploration costs incurred by the Company, minus anniversary cash payments and scholarship contributions paid to Calista.

On 7 February 2007, the Company entered into a Letter of Agreement with Stillwater Mining Company (“Stillwater”) pertaining to ongoing exploration on the property. Under the terms of the Agreement, Stillwater will spend US\$4 million to earn 50% of the property by 31 December 2010. Stillwater may elect to increase its interest to 60% by incurring an additional US\$8 million in exploration expenditures within an additional two year period or upon completion of a feasibility study, whichever occurs first. Stillwater may increase its interest to 65% by arranging for 100% of the project financing required to place the property into commercial production within an additional three years.

The Company will be the project manager during the option period, as defined in the Letter of Agreement and will receive a management fee.

In November 2008 the option agreements with Calista Corporation and Stillwater were terminated.

r) **Tonsina Property, Alaska**

During a previous year, the Company acquired certain mineral claims by staking in Alaska.

s) **Kane Property, Alaska**

During a previous year, the Company acquired certain mineral claims by staking in Alaska.

On 6 June 2007, the Company entered into an option agreement (the “Agreement”) with Stillwater pertaining to ongoing exploration on the property. Under the terms of the Agreement, Stillwater could elect to spend US\$3.5 million to earn 50% of the first selected property and US\$4.0 million on each subsequent selected property by 31 December 2011. Stillwater may elect to increase its interest to 60% by incurring an additional US\$8 million in exploration expenditures within an additional two year period or upon completion of a feasibility study, whichever occurs first. Stillwater may increase its interest to 65% by arranging for 100% of the project financing required to place the property into commercial production within an additional three years.

The Company will be the project manager during the option period, as defined in the Agreement and will receive a management fee.

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Canadian Funds

6. Mineral Property Costs – Continued

Stillwater elected in March 2008 not to continue with the exploration programs outlined in the Agreement to evaluate new ground in south east Alaska.

t) Union Bay Property, Alaska

By agreement dated 1 October 2002 and amended 2 April 2003 and 4 February 2004, the Company could acquire, from Freegold, a company that previously had certain directors and officers in common, an option to earn up to a 70% interest in the Union Bay Property.

In order to earn its 50% interest, the Company purchased a private placement of \$165,000 (2002) and made cash payments, issued shares and incurred exploration expenditures as follows:

	Payments	Shares	Exploration Expenditures
- Within 5 days from approval date (issued)	\$ -	30,000	\$ -
- On or before 1 July 2003 (paid / incurred)	20,000	-	30,000
- On or before 30 January 2004 (issued)	-	30,000	-
- On or before 1 July 2004 (paid / incurred)	20,000	-	30,000
- On or before 1 July 2005 (paid / incurred)	30,000	-	340,000
- On or before 1 July 2006 (paid / incurred)	30,000	-	600,000
	<u>\$ 100,000</u>	<u>60,000</u>	<u>\$ 1,000,000</u>

Following vesting with a 50% interest on 1 July 2006, the Company had the right to elect within 45 days to increase its interest to 60% by completing a feasibility study within 12 months of vesting with 50%. This election was not made.

Under the terms of the agreement, the Company upon vesting with 50%, issued 253,586 shares at market value for \$100,000 to Freegold. 134,538 shares were issued and accounted for in a previous year.

By Memorandum of Agreement dated 4 May 2007, Freegold and the Company confirmed their 50:50% interest in the property. The Company will be the Project Operator.

u) Nixon Fork Property, Alaska

On 12 February 2009, the Company acquired a 100% interest in the Nixon Fork Gold Mine through the purchase of Mystery Creek Resources, Inc, located 56 km northeast of McGrath, Alaska for a total consideration of US\$500,000. The Company paid US\$100,000 upon signing the agreement dated 9 December 2008. The Company exercised the option by agreeing to pay a further US\$400,000 of which US\$100,000 was paid 12 February 2009, and the balance is required to be paid in three equal instalments on 1 May 2009 (paid), 1 July 2009 (paid) and 1 September 2009..

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Canadian Funds

6. Mineral Property Costs – Continued

v) New Zealand Property

During a previous year, the Company was granted two exploration permits in New Zealand. The Company allowed one permit to lapse and transferred title on the other permit to Mainland Resources Ltd (a private company registered in New Zealand) while retaining a 2% NSR. Accordingly, all acquisition and exploration costs previously incurred have been written off.

7. Property, Plant and Equipment

Details are as follows:

	Cost	Accumulated Amortization	2009 Net Book Value
Automotive equipment	\$ 86,471	\$ 45,201	\$ 41,270
Furniture and office equipment	231,682	154,193	77,489
	\$ 318,153	\$ 199,394	\$ 118,759

	Cost	Accumulated Amortization	2009 Net Book Value
Automotive equipment	\$ 86,471	\$ 41,855	\$ 44,616
Furniture and office equipment	229,489	148,889	80,600
	\$ 315,960	\$ 190,744	\$ 125,216

During the three months period ended 31 July 2009, total additions to property, plant and equipment were \$2,193 (30 April 2009 - \$20,932).

8. Related Party Transactions

Except as disclosed elsewhere in these financial statements, related party transactions are as follows:

- During the period, management fees of \$42,312 (2008 - \$24,312) were paid to a company controlled by a director and Chairman.
- During the period, consulting fees of \$58,799 (2008 - \$6,120) were paid to a company controlled by the Vice President of Business Development.
- During the period, engineering and consulting fees of \$42,500 (2008 - \$20,000) were paid to the Vice President of Exploration.
- During the period, engineering and consulting fees of \$Nil (2008 - \$34,663) were paid to a company controlled by the former Vice President of Project Development.

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Canadian Funds

8. Related Party Transactions – Continued

- e) Effective 1 February 2005, each outside director is entitled to receive \$500 per month, \$500 per directors meeting and \$500 per committee meeting. During the period, \$9,500 (2008 - \$4,500) was paid/accrued to directors.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Share Capital

a) **Private Placements**

On 1 June 2007, the Company closed a non-brokered private placement of 584,000 flow-through units for gross proceeds of \$292,000. Each unit was priced at \$0.50 and consists of one common share and one-half of one non-transferable, non-flow-through share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.60 per share exercisable until 1 December 2008.

On 1 June 2007, the Company closed a non-brokered private placement of 6,103,950 units for gross proceeds of \$3,051,975. Each unit was priced at \$0.50 and consists of one common share and one-half of one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.60 per share exercisable until 1 December 2008.

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Canadian Funds

9. Share Capital - Continued

a) **Private Placements - Continued**

On 18 July 2007, the Company closed a non-brokered private placement of 4,161,356 units for gross proceeds of \$2,912,949. Each unit is priced at \$0.70 and consists of one common share and one-half of one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.90 per share exercisable until eighteen months from the closing date.

On 18 July 2007, the Company closed a non-brokered private placement of 1,500,000 flow-through units for gross proceeds of \$1,200,000. Each unit is priced at \$0.80 and consists of one flow-through common share and one-half of one non-transferable, non-flow-through share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$1.00 per share exercisable until twelve months from the closing date.

On 27 March 2008, the Company closed a non-brokered private placement of 700,000 units for gross proceeds of \$350,000. Each unit is priced at \$0.50 and consists of one common share and one-half of one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.60 per share exercisable until twelve months from the closing date.

On 27 March 2008, the Company closed a non-brokered private placement of 6,000,000 flow-through units for gross proceeds of \$3,000,000. Each unit is priced at \$0.50 and consists of one flow-through common share and one-half of one non-transferable, non-flow-through share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.60 per share exercisable until twelve months from the closing date.

During a previous year ended 30 April 2007, the Company completed a non-brokered private placement of 4,444,444 common shares at a price of \$0.45 per common share for gross proceeds of \$2,000,000 with Stillwater Mining Company. No finder's fee or commission have been paid.

During a previous year ended 30 April 2007, the Company completed a non-brokered private placement of up to 2,127,660 shares at \$0.47 per share. 1,889,362 flow-through common shares were issued for gross proceeds of \$888,000 and 238,298 common shares were issued for gross proceeds of \$112,000 to Stillwater Mining Company. A finder's fee of 61,508 shares fair valued at \$28,909 was issued.

b) **Other**

During the previous year ended 30 April 2009, the Company issued 50,000 common shares valued at \$4,500 for the acquisition of the mineral property interests.

During the previous year ended 30 April 2009, the Company issued 50,000 common shares valued at \$5,000 for the acquisition of the mineral property interests.

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Canadian Funds

9. Share Capital – Continued

b) **Other – Continued**

During a previous year ended 30 April 2008, the Company issued 220,000 common shares valued at \$110,150 for the acquisition of the mineral property interests.

During a previous year ended 30 April 2008, the Company issued 210,000 common shares valued at \$105,000 and 300,000 agent compensation warrants for agent services rendered. Each warrant entitles the holder to purchase one additional common share at a price of \$0.60 per share exercisable until 31 March 2009.

c) **Flow-Through Shares**

Flow-through shares are shares issued by a company that incurs certain resource expenditures and then renounces them for Canadian tax purposes. This allows the expenditures to flow through to the subscriber for tax purposes. The subscribers may in turn claim the expenditure as a deduction on their personal or corporate tax returns.

The total amount of funds raised through the flow-through shares must be spent on qualified mineral exploration. The use of proceeds from flow-through shares is restricted to certain Canadian Exploration Expenditures under Canadian Income Tax Legislation.

d) **Exercise of Warrants and Options**

i) During the period, no warrants were exercised.

ii) During the period, no options were exercised.

e) **Performance Shares**

A total of 2,697,990 performance shares were reserved for issue. At the discretion of the Board, these shares may be issued to such arm's length parties as the Board considers desirable to attract consultants to the Company.

During a previous year, the Board authorized the issuance of up to 300,000 performance shares at an exercise price of \$0.01 per share to attract a new officer to the Company. These shares are to be granted as follows:

Shares	Date	
50,000	15 January 2004	(issued)
50,000	30 June 2004	(issued)
50,000	31 October 2004	(issued)
50,000	28 February 2005	(allotted as at 30 April 2005) (issued June 2005)
50,000	1 July 2005	(issued)
50,000	1 December 2005	(issued)
<u>300,000</u>		

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Canadian Funds

9. Share Capital – Continued

e) **Performance Shares – Continued**

During a previous year, the Board authorized the issuance of up to 300,000 performance shares at an exercise price of \$0.01 per share to attract a new officer to the Company. These shares are to be granted as follows:

Shares	Date	
25,000	24 May 2005	(issued)
25,000	24 November 2005	(issued)
50,000	28 August 2006	(issued)
50,000	28 February 2007	(cancelled December 2006)
75,000	28 August 2007	(cancelled December 2006)
75,000	28 February 2008	(cancelled December 2006)
<u>300,000</u>		

During a previous year, the Board authorized the issuance of up to 300,000 performance shares at an exercise price of \$0.01 per share to attract a new Vice-President of Project Development to the Company. These shares are available for issuance as follows:

Shares	Date	
25,000	16 October 2007	(issued)
25,000	16 January 2008	(issued)
25,000	16 April 2008	(allotted as at 30 April 2008) (issued August 2008*)
25,000	16 July 2008	(issued**)
25,000	16 October 2008	(issued***)
25,000	16 January 2009	(issued***)
25,000	16 April 2009	(cancelled March 2009)
25,000	16 July 2009	(cancelled March 2009)
25,000	16 October 2009	(cancelled March 2009)
25,000	16 January 2010	(cancelled March 2009)
25,000	16 April 2010	(cancelled March 2009)
25,000	16 July 2010	(cancelled March 2009)
<u>300,000</u>		

* 25,000 performance shares were issued at \$0.01 per share for total proceeds of \$250. The fair market value of the performance shares at the date of the issuance was \$6,750. The difference between the issue price and the fair market value (\$6,500) was recorded in the accounts as stock-based compensation. The offsetting entry is to share capital.

** 25,000 performance shares were issued at \$0.01 per share for total proceeds of \$250. The fair market value of the performance shares at the date of the issuance was \$6,750. The difference between the issue price and the fair market value (\$6,500) was recorded in the accounts as stock-based compensation. The offsetting entry is to share capital.

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Canadian Funds

9. Share Capital – Continued

e) Performance Shares – Continued

*** 50,000 performance shares were issued at \$0.01 per share for total proceeds of \$500. The fair market value of the performance shares at the date of the issuance was \$4,500. The difference between the issue price and the fair market value (\$4,000) was recorded in the accounts as stock-based compensation. The offsetting entry is to share capital.

During the previous year, the Board authorized the issuance of up to 300,000 performance shares at an exercise price of \$0.01 per share to attract a new Vice-President of Business Development to the Company. These shares are available for issuance as follows:

Shares	Date
50,000	12 May 2009
50,000	12 November 2009
50,000	12 May 2010
50,000	12 November 2010
50,000	12 May 2011
50,000	12 November 2011
<u>300,000</u>	

During the previous year, the Board authorized the issuance of up to 300,000 performance shares at an exercise price of \$0.01 per share to attract a new Vice-President of Exploration to the Company. These shares are available for issuance as follows:

Shares	Date
50,000	12 May 2009
50,000	12 November 2009
50,000	12 May 2010
50,000	12 November 2010
50,000	12 May 2011
50,000	12 November 2011
<u>300,000</u>	

f) Share Purchase Options

The Company has established a share purchase option plan whereby the Board may from time to time grant options to directors, officers, employees or consultants. Options granted must be exercised no later than ten years from date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is to be not less than the closing price on the Toronto Stock Exchange ("TSX") on the last trading day preceding the grant date.

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Canadian Funds

9. Share Capital – Continued

f) Share Purchase Options – Continued

A summary of the Company's options at 31 July 2009 and the changes for the period are as follows:

Number outstanding 30 April 2009	Granted	Exercised	Expired	Cancelled	Number outstanding 30 April 2009	Exercise price per share	Expiry date
1,260,000	-	-	-	-	1,260,000	\$0.70	5 November 2009
412,000	-	-	-	-	412,000	\$0.83	28 February 2010
355,000	-	-	-	-	355,000	\$0.60	3 May 2010
100,000	-	-	-	-	100,000	\$0.40	3 February 2011
82,500	-	-	-	-	82,500	\$0.40	19 April 2011
50,000	-	-	-	-	50,000	\$0.50	8 May 2011
20,000	-	-	-	-	20,000	\$0.50	19 May 2011
150,000	-	-	-	-	150,000	\$0.47	14 February 2009
720,000	-	-	-	-	720,000	\$0.55	18 May 2012
280,000	-	-	-	-	280,000	\$0.50	11 October 2012
130,000	-	-	-	-	130,000	\$0.50	29 October 2012
85,000	-	-	-	-	85,000	\$0.50	14 November 2012
1,040,000	-	-	-	-	1,040,000	\$0.60	22 February 2013
100,000	-	-	-	-	100,000	\$0.50	11 June 2013
600,000	-	-	-	-	600,000	\$0.50	13 / 15 August 2013
1,325,000	-	-	-	-	1,325,000	\$0.25	22 April 2014
-	125,000	-	-	-	125,000	\$0.25	15 July 2014
6,709,500	125,000	-	-	-	6,834,500		

During the period ended 31 July 2009, the Company recognized the following costs with respect to options granted in the years 2009 and 2008:

Grant date	Granted	Exercise price	Fair Value	31 July 2009 Vested Amount
11 June 2008	100,000	\$ 0.50	\$ 18,483	\$ 9,241
13 August 2008	300,000	\$ 0.50	43,359	16,260
15 August 2008	300,000	\$ 0.50	28,491	4,748
22 April 2009	1,325,000	\$ 0.50	86,072	43,036
	2,025,000		\$ 176,405	\$ 73,285

The total estimated fair value of the 2,025,000 options is \$176,405. Since the options were granted under a graded vesting schedule, \$73,285 of the total fair value has been recorded in the Company accounts as stock-based compensation expenses during the period. The offsetting entry is to contributed surplus.

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Canadian Funds

9. Share Capital – Continued

f) Share Purchase Options – Continued

During prior years, the Company granted the following options and recognized the 2009 vested amount as follows:

Grant date	Granted	Exercise price	Fair Value	2009 Vested Amount
18 May 2007	1,500,000	\$ 0.55	\$ 292,572	\$ 182,856
27 June 2007	50,000	\$ 0.72	23,159	14,474
13 August 2007	100,000	\$ 0.70	33,932	16,871
11 October 2007	280,000	\$ 0.50	78,476	48,019
29 October 2007	130,000	\$ 0.50	36,205	22,629
14 November 2007	85,000	\$ 0.50	22,876	14,648
22 February 2008	1,200,000	\$ 0.60	459,396	459,396
Total	3,345,000		\$ 946,616	\$ 758,893

The total estimated fair value of the 3,345,000 options is \$946,616. Since the options were granted under a graded vesting schedule, \$758,893 of the total fair value has been recorded in the Company accounts as stock-based compensation expenses during the period. The offsetting entry is to contributed surplus.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2009	2008	2007
Expected dividend yield	0.00%	0.00%	0.00%
Expected stock price volatility	92.55%	82.56%	51.49%
Risk-free interest rate	2.36%	3.78%	4.08%
Expected life of options	5.0 years	5.0 years	5.0 years

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

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(Unaudited)

Canadian Funds

9. Share Capital – Continued

g) Share Purchase Warrants

During the previous year ended 30 April 2009, the following share purchase warrants expired:

Warrants	Exercise Price	Expiry Date
750,000	\$1.00	18 July 2008
3,343,975	\$0.60	1 December 2008
2,080,678	\$0.90	18 January 2009
3,000,000	\$0.60	31 March 2009
300,000	\$0.60	31 March 2009
350,000	\$0.60	31 March 2009
9,824,653		

During a previous year, 9,824,653 common share purchase warrants having a fair value of \$1,566,221 were issued relating to private placements.

The relative pro rata allocation of the fair value of the stock purchase warrants included in unit offerings is estimated on the date of issuance of the unit using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2009	2008
Average risk-free interest rate	-	3.70%
Expected dividend yield	-	-
Expected stock price volatility	-	86.41%
Average expected warrant life	-	1.4 years

Pricing models require the input of highly subjective assumptions including the expected stock price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock purchase warrants.

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10. Commitments

- a) By agreement effective 1 December 2005, the Company entered into a five-year management agreement with a company controlled by a director and Chairman. Compensation is \$7,350 per month for the first year, with a 5% increase on each anniversary date plus benefits. The Chairman and director is also entitled to receive up to 20% of all stock options granted during the period that the agreement is in place. This agreement is automatically renewable for two-year periods. The Company may terminate the agreement at any time but will be responsible to pay the greater of the remaining amount under the contract or two years' compensation.

By amended agreement effective 1 December 2008, the Company amended the 1 December 2005 agreement. The compensation under the original agreement was amended from \$7,350 per month to \$14,104 per month. The 5% increase under the original agreement was waived until 1 December 2009. All terms of the original agreement remained the same.

- b) The Company has outstanding and future commitments under mineral property option agreements to pay cash and issue common shares of the Company (*Note 8*).
- c) The Company must incur mineral property operating expenditures equal to the proceeds of all flow-through shares issued by the Company. These mineral property operating expenditures must be incurred within a period of two years from the date of issue of the flow-through shares (*Note 5*).
- d) By agreement dated 1 December 2006, the Company entered into a five-year lease for office premises with the following lease payments to the expiration of the lease on 30 November 2011:

	Amount
2009	88,963
2010	175,968
2011 (expiry in November 2011)	102,648
Total	\$ 367,579

In November 2008 the Company entered into an agreement with the former co-signor of the lease whereby the Company assumed their remaining lease obligation and received a lump sum amount of \$126,845 which will be then applied to the end of the term.

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(Unaudited)

Canadian Funds

11. Capital Disclosure

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, contributed surplus, accumulated other comprehensive loss and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments.

12. Subsequent events

On 19 August 2009, the Company announced that it has entered into an option Agreement with Misty Creek Ventures Ltd, First Fiscal Enterprises Ltd. and Pamicon Developments Ltd. on the Rock & Roll property located in the Liard Mining District approximately 9 km west of the Bronson airstrip and exploration camp in northern British Columbia.

On 26 August 2009, the Company completed its Annual General and Special Meeting, where 41.30% of the 61,858,008 common shares issued and outstanding common shares voted the following results:

- Set the number of directors at five and in excess of 93.50% to appoint Harry Barr, Linda Holmes, Jordan Point, Dennis Hop and John Londry as directors for the ensuing year.
- James Stafford, Inc., Chartered Accountants were re-appointed the auditors of the Company for the ensuing year.
- Authorized to amend the exercise price and terms to existing stock options as outlined in the Company's information circular dated July 28, 2009 by receiving disinterested shareholder votes in excess of 92%.
- Authorized to proceed with the sale of the Nixon Fork Gold Project as outlined in the information circular by receiving disinterested shareholder votes in excess of 98%.
- Authorized to invest funds to purchase securities of resource companies that, in management's opinion, are currently undervalued as further described in the Company's information circular by receiving shareholder votes in excess of 90%.

On 1 September 2009, the Company announced that it has entered into an option agreement with Alto Ventures Ltd. on the Destiny Gold Project (formerly the Despinassy Project) located approximately 75 km north of Val d'Or in the Abitibi-Témiscamingue region of Québec.

On 3 September 2009, the Company announced the appointment of Christopher Davies, B.Sc., M.Sc., D.I.C., to its Technical Committee. Mr. Davies has extensive global experience in gold and Platinum Group Metal (PGM) operations, exploration and mine development, with particular emphasis on southern Africa.
