

Condensed Interim Financial Statements of

SPC NICKEL CORP.
(formerly Sudbury Platinum Corporation)



Three and six months ended February 28, 2021
(Unaudited – prepared by management)
(Expressed in Canadian dollars)

NOTICE TO READER

The condensed interim financial statements of SPC Nickel Corp. as at, and for the three and six month periods ended, February 28, 2021 have been compiled by management.

No audit or review to verify the accuracy or completeness of the information contained in these financial statements has been performed. Readers are cautioned that these statements may not be appropriate for their purposes.

April 23, 2021

SPC Nickel Corp.

Condensed Interim Statement of Financial Position

February 28, 2021, with comparative figures as at August 31, 2020

(Unaudited) (Expressed in Canadian dollars)

| | February 2021 | August 2020 |
|---|---------------|-------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 8,273,556 | 1,783,513 |
| Accounts receivable | 36,377 | 20,711 |
| Prepaid expense | 72,746 | 8,129 |
| Restricted cash equivalents (Note 4) | 20,510 | 15,429 |
| Total current assets | 8,403,189 | 1,827,782 |
| Capital Assets | 60,781 | - |
| | \$ 8,463,970 | 1,827,782 |
| Liabilities and Shareholder's Equity | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (Note 6) | \$ 463,656 | 144,732 |
| Flow through premium liability (Notes 5 and 10) | 319,357 | - |
| Total current liabilities | 783,013 | 144,732 |
| Shareholders' equity: | | |
| Share capital (Note 5) | 17,072,821 | 10,220,252 |
| Warrant reserve (Note 5) | 306,586 | 196,586 |
| Option reserve (Note 5) | 775,050 | 437,550 |
| Deficit | (10,473,500) | (9,171,338) |
| Total shareholders' equity | 7,680,957 | 1,683,050 |
| | \$ 8,463,970 | 1,827,782 |

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

Going concern (Note 2)

Commitments (Note 7 and 10)

Subsequent event (Note 11)

Approved on behalf of the Board:

"Scott McLean" (signed)

Scott McLean

Director

"Brian Montgomery" (signed)

Brian Montgomery

Director

SPC Nickel Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

Three and six months ended February 28, 2021

with comparative figures for the three and six months ended February 29, 2020

(Unaudited) (Expressed in Canadian dollars)

| | Three months ended February 28 2021 | Three months ended February 29 2020 | Six months ended February 28 2021 | Six months ended February 29 2020 |
|--|--|--|--|--|
| Expenses | | | | |
| Share Based Compensation (Note 5(c)) | \$ - | - | 337,500 | - |
| Property acquisition and holding costs | 411,140 | 69,284 | 414,449 | 69,571 |
| Exploration and evaluation expenditures (Note 7) | 66,417 | 37,462 | 225,313 | 716,854 |
| Office and General | 92,690 | 29,928 | 118,023 | 48,258 |
| Consultants | 56,500 | 15,660 | 93,640 | 15,660 |
| Professional Fees | 53,122 | 36,717 | 74,986 | 47,300 |
| Marketing and investor relations | 25,179 | 300 | 31,110 | 924 |
| Depreciation | 7,226 | - | 7,226 | - |
| | 712,274 | 189,351 | 1,302,247 | 898,567 |
| Other income | | | | |
| Flow through premium (Note 10) | - | - | - | 196,500 |
| Interest income | 17 | 94 | 85 | 189 |
| | 17 | 94 | 85 | 196,689 |
| Net loss and comprehensive loss for the period | 712,257 | 189,257 | 1,302,162 | 701,878 |
| Loss per share | \$ 0.01 | - | 0.02 | 0.01 |
| Weighted average shares outstanding (basic and diluted) | 73,911,449 | 50,761,515 | 69,110,101 | 50,761,515 |

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

SPC Nickel Corp.

Condensed Interim Statements of Changes in Shareholders' Equity

For the six month period ended February 28, 2021,

with comparative figures for the six months ended February 29, 2020

(Unaudited) (Expressed in Canadian dollars)

| | Number of shares | Share Capital | Warrants | Contributed Surplus | Deficit | Total |
|----------------------------|---------------------|------------------|----------|------------------------|-------------|-----------|
| Balance, August 31, 2019 | 50,761,515 | 8,248,435 | 113,253 | 437,550 | (8,238,912) | 560,326 |
| Loss for the period | | | | | (701,878) | (701,878) |
| Balance, February 29, 2020 | 50,761,515 | \$ 8,248,435 | 113,253 | 437,550 | (8,940,790) | (141,552) |

| | Number of shares | Share Capital | Warrants | Contributed Surplus | Deficit | Total |
|----------------------------------|---------------------|------------------|----------|------------------------|--------------|-------------|
| Balance, August 31, 2020 | 64,361,515 | 10,220,252 | 196,586 | 437,550 | (9,171,338) | 1,683,050 |
| Loss for the period | - | - | - | - | (1,302,162) | (1,302,162) |
| Issuance of warrants (Note 5(d)) | | | 110,000 | | | 110,000 |
| Stock-based compensation | | - | - | 337,500 | - | 337,500 |
| Issuance of shares (Note 5(b)) | 37,769,010 | 6,852,569 | - | - | - | 6,852,569 |
| Balance, February 28, 2021 | 102,130,525 | \$ 17,072,821 | 306,586 | 775,050 | (10,473,500) | 7,680,957 |

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

SPC Nickel Corp.

Condensed Interim Statements of Cash Flows

Three and six months ended February 28, 2021

with comparative figures for the three and six months ended February 29, 2020

(Unaudited) (Expressed in Canadian dollars)

| | Three months ended February 28 2021 | Three months ended February 29 2020 | Six months ended February 28 2021 | Six months ended February 29 2020 |
|---|--|--|--|--|
| Cash flows from (used in) operating activities: | | | | |
| Net loss for the period | \$ (712,257) | (189,257) | (1,302,162) | (701,878) |
| Adjustments for: | | | | |
| Stock-based compensation (Note 5(c)) | - | | 337,500 | - |
| Warrants issued for property acquisition | 110,000 | - | 110,000 | - |
| Reduction of flow-through premium liability (Note 10) | | | | (196,500) |
| | (602,257) | (189,257) | (854,662) | (898,378) |
| Changes in non-cash working capital: | | | | |
| Prepaid expenses and other sundry assets | (68,510) | (8,801) | (64,617) | (6,128) |
| Accounts receivable | (22,253) | (8,197) | (15,666) | (82,443) |
| Restricted cash | (5,014) | (76) | (5,081) | (76) |
| Accounts payable and accrued liabilities | 249,001 | 16,595 | 318,924 | 147,053 |
| | (449,033) | (189,736) | (621,102) | (839,972) |
| Cash flows from (used in) financing activities: | | | | |
| Issuance of share capital | 7,171,926 | - | 7,171,926 | - |
| Subscription receipts previously received | (951,749) | - | - | - |
| | 6,220,177 | - | 7,171,926 | - |
| Cash flows used in investing activities: | | | | |
| Purchase of capital assets | (60,781) | - | (60,781) | - |
| | (60,781) | - | (60,781) | - |
| Net increase (decrease) in cash and cash equivalents | 5,710,363 | (189,736) | 6,490,043 | (839,972) |
| Cash and cash equivalents, beginning of period | 2,563,193 | 193,889 | 1,783,513 | 844,125 |
| Cash and cash equivalents, end of period | \$ 8,273,556 | 4,153 | 8,273,556 | 4,153 |

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

SPC Nickel Corp. (formerly, Sudbury Platinum Corporation)
Notes to the Condensed Interim Financial Statements
Three and six months ended February 28, 2021
(Unaudited) (Expressed in Canadian Dollars)

1. Nature of Operations

SPC Nickel Corp. (formerly Sudbury Platinum Corporation) (“SPC” or the “Company”), is a junior mining exploration company engaged in the acquisition, exploration and development of mineral properties located in Canada. The Company’s registered office is 100 King Street West, 1 First Canadian Place, Suite 6200, Toronto, Ontario, M5X 1B8.

2. Going Concern

These financial statements have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they become due. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programmes will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves and the achievement of the Company’s ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest in accordance with industry standards to the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory requirements. The Company’s property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those presented in these financial statements. Such adjustments could be material.

The Company in part, raises capital for working capital and exploration and development of its properties. Because of continuing operating losses, the Company’s continuance as a going concern is dependent on its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$10,473,500 as at February 28, 2021 (August 31, 2020 - \$9,171,338). The Company’s continued existence is dependent upon the achievement of profitable operations or the ability of the Company to raise alternative financing, if necessary. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. These conditions indicate the existence of material uncertainties that cast significant doubt about the Company’s ability to continue as a going concern.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through restrictions put in place by the Canadian government regarding travel, business operations and isolations/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate that this outbreak may cause supply chain disruptions, staff shortages and increased government regulations, all of which may negatively impact the Company’s business and financial condition.

SPC Nickel Corp. (formerly, Sudbury Platinum Corporation)
Notes to the Condensed Interim Financial Statements
Three and six months ended February 28, 2021
(Unaudited) (Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies

Statement of Compliance

These interim financial statements have been prepared in accordance with International Accounting Standard 34, ("IAS 34"), Interim Financial Reporting. These interim financial statements do not conform in all respects to the requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the Company's August 31, 2020 financial statements.

These interim financial statements were approved by the Board of Directors of the Company on April 23, 2021.

The policies set in the Company's annual financial statements for the year ended August 31, 2020 were consistently applied to all the periods presented unless otherwise noted below. Certain disclosures included in the annual financial statements have been condensed or omitted.

Basis of Measurement and Presentation

These financial statements have been prepared on a historical cost basis, except for certain financial assets which are carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

Contingencies

See Note 10.

Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Income, Value Added, Withholding and Other Taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires

SPC Nickel Corp. (formerly, Sudbury Platinum Corporation)
Notes to the Condensed Interim Financial Statements
Three and six months ended February 28, 2021
(Unaudited) (Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies - Continued

Critical Accounting Estimates and Judgments – continued

Income, Value Added, Withholding and Other Taxes - continued

interpretation of complex laws and regulations. The Company is also subject to tax regulations as they relate to flow-through financing arrangements. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-Based Payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates. The expected volatility assumptions for the Company's option and warrant grants are based on comparable public companies.

New standards adopted and interpretations

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring such information could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. There was no material impact to the Company on adoption on September 1, 2020.

IFRS 3 – Business Combinations (“IFRS 3”) was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive, and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. There was no material impact to the Company on adoption on September 1, 2020.

New standards not yet adopted, and interpretations issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after September 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

SPC Nickel Corp. (formerly, Sudbury Platinum Corporation)
Notes to the Condensed Interim Financial Statements
Three and six months ended February 28, 2021
(Unaudited) (Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies - Continued

Critical Accounting Estimates and Judgments – continued

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets (“IAS 37”) was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e., a full-cost approach. Such costs include both the incremental costs of the contract (i.e., costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g., contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IFRS 3 – Business Combinations (“IFRS 3”) was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

4. Restricted Cash Equivalents

As at February 28, 2021, the Company held guaranteed investment certificates in the aggregate amount of \$20,510 (August 31, 2020 - \$15,429) as security for its corporate credit cards.

SPC Nickel Corp. (formerly, Sudbury Platinum Corporation)
Notes to the Condensed Interim Financial Statements
Three and six months ended February 28, 2021
(Unaudited) (Expressed in Canadian Dollars)

5. Share Capital

a) Authorized

An unlimited number of common shares with no par value.

An unlimited number of preferred shares, non-voting, non-participating, retractable, redeemable.

b) Transactions

(i) Six-month period ended February 28, 2021

On December 2, 2020, the Company completed a flow-through share financing, issuing 7,983,917 flow-through common shares of the Company for gross proceeds of \$1,916,140, as well as a special warrant financing, issuing 29,535,093 special warrants of the Company for additional gross proceeds of \$5,907,019. The Company paid \$403,064 in finders fees and issued 1,927,985 compensation warrants exercisable into common shares at a price of \$0.24 per compensation warrant for a period of three years in connections with these financings. The Company also issued an additional 250,000 special warrants as an advisory fee during the six month period ended February 28, 2021. On February 24, 2021, the Company became a reporting issuer and, as a result, the 29,785,093 special warrants of the Company converted, for no additional consideration, into 29,785,093 common shares of the Company. As the flow-through common shares were issued at a premium in recognition of the tax benefits accruing to subscribers, the Company recognized a flow-through premium liability of \$319,357 in connection with the flow through financing. See note 10.

(ii) Six-month period ended February 29, 2020

There were no share capital transactions completed during the six-month period ended February 29, 2020.

c) Stock Options

The Company has a stock option plan (the "Plan") for its directors, officers, consultants and key employees under which the Company may grant options to acquire a maximum number of 10% of the total issued and outstanding common shares of the Company. These options are non-transferrable and are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The exercise price of the options is fixed by the Board of Directors of the Company at the time of the grant at the market price of the common shares. Expected volatility has been determined using the share price of the comparable companies for the period equivalent to the life of the options prior to grant date.

On October 21, 2020, the Company granted 2,250,000 incentive stock options to directors, management and employees of the Company, exercisable at \$0.16 per share for a period of 5 years. The grant date fair value of \$0.15 per option was estimated using the Black-Scholes option pricing model based on the following assumptions: expected life of 5 years, expected volatility of 160% based on comparative companies for an equivalent period, expected dividend yield of 0%, and a risk-free interest rate of 0.05%. The options vested immediately. Directors and officers of the Company received 2,150,000 of the granted options for a grant date fair value of \$322,500.

At February 28, 2021, the following options were outstanding and available to be exercised:

| Grant Date | Number | Exercise Price | Expiration | Remaining Years | Grant Date Fair Value |
|-------------------|-----------|----------------|-------------------|-----------------|-----------------------|
| March 30, 2016 | 775,000 | \$0.30 | March 30, 2021 | 0.08 | \$0.27 |
| April 10, 2017 | 775,000 | \$0.20 | April 10, 2022 | 1.11 | \$0.18 |
| December 12, 2018 | 740,000 | \$0.20 | December 12, 2023 | 2.79 | \$0.12 |
| October 21, 2020 | 2,250,000 | \$0.16 | October 21, 2025 | 4.65 | \$0.15 |
| | 4,540,000 | \$0.20 | | 2.96 | \$0.17 |

SPC Nickel Corp. (formerly, Sudbury Platinum Corporation)
Notes to the Condensed Interim Financial Statements
Three and six months ended February 28, 2021
(Unaudited) (Expressed in Canadian Dollars)

5. Share Capital - Continued

c) Stock Options - Continued

A summary of stock option activity during the period is as follows:

| | Number of Options Outstanding | Weighted Average Exercise Price |
|--|----------------------------------|------------------------------------|
| Outstanding – August 31, 2020 | 4,540,000 | \$0.20 |
| Granted | 2,250,000 | \$0.16 |
| Outstanding - February 28, 2021 | <u>4,540,000</u> | <u>\$ 0.20</u> |

d) Warrants

As at February 28, 2021, the Company had the following warrants outstanding:

| Grant Date | Number | Exercise Price | Expiration | Remaining Years | Grant Date Fair Value |
|-------------------|------------------|-------------------|-------------------|--------------------|-----------------------------|
| June 22, 2018 | 2,316,820 | \$0.30 | June 22, 2022 | 1.31 | \$0.05 |
| August 19, 2020 | 510,975 | \$0.24 | August 19, 2023 | 2.47 | \$0.11 |
| August 21, 2020 | 246,000 | \$0.24 | August 21, 2023 | 2.48 | \$0.11 |
| December 11, 2020 | 1,000,000 | \$0.25 | December 11, 2021 | 0.78 | \$0.11 |
| | <u>4,074,395</u> | <u>\$0.28</u> | | <u>1.40</u> | <u>\$0.06</u> |

A summary of warrant activity during the period is as follows:

| | Number of Warrants Outstanding | Weighted Average Exercise Price |
|--|-----------------------------------|------------------------------------|
| Outstanding – August 31, 2020 | 3,074,395 | \$0.29 |
| Issued for property acquisition | 1,000,000 | \$0.25 |
| Outstanding - February 28, 2021 | <u>4,074,395</u> | <u>\$ 0.28</u> |

6. Related Party Transactions

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key management of the Company for the six-month periods ended February 28, 2021 and February 29, 2020 was as follows:

| | <u>2021</u> | <u>2020</u> |
|--|------------------|-----------------|
| Short term benefits – salaries and consulting fees | \$139,375 | \$85,955 |
| Stock based compensation | <u>\$322,500</u> | <u>-</u> |
| | <u>\$461,875</u> | <u>\$85,955</u> |

Short term benefits are included in office and general, consultant fees, and exploration and evaluation expenditures.

SPC Nickel Corp. (formerly, Sudbury Platinum Corporation)
Notes to the Condensed Interim Financial Statements
Three and six months ended February 28, 2021
(Unaudited) (Expressed in Canadian Dollars)

6. Related Party Transactions - Continued

During the six-month period ended February 28, 2021, the Company also incurred cost reimbursements, management fees and exploration fees of \$70,061 (February 29, 2020 – 136,481) payable to Transition Metals Corp. (“TMC”). These amounts were charged pursuant to an agreement between the Company and Transition, whereby Transition charges a 10% fee on all exploration and/ or administrative expenditures (3% in respect of drilling expenditures) of the Company that were administered by Transition on behalf of the Company.

Included in accounts payable and accrued liabilities as at February 28, 2021 is \$37,174 (August 31, 2020 - \$2,200) owing to management and related companies. The amounts are unsecured, non-interest bearing, and are due on demand.

See also notes 5 and 7.

7. Exploration Properties

Exploration and evaluation expenditures, as well as acquisition costs, incurred on the Company's properties during the periods are as follows:

| | Six months ended | |
|--------------------|----------------------|----------------------|
| | February 28, 2021 | February 29, 2020 |
| Aer Kidd | \$83,064 | \$763,325 |
| Owen Nickel | | 968 |
| Lockerby East | 366,864 | 3,667 |
| Janes | 189,834 | - |
| Project generation | - | 18,466 |
| | <u>\$639,762</u> | <u>\$786,426</u> |

a) Aer Kidd Property

On October 17, 2013, the Company entered into an assignment agreement to acquire 100% of an option and joint venture agreement in the Aer Kidd property from HTX Minerals Corp, a predecessor corporation of TMC, in exchange for 14,000,000 shares of SPC plus 5,000,000 contingently issuable bonus shares. TMC is a significant shareholder of the Company. The bonus shares were potentially payable upon achievement by SPC of the estimation of an inferred, indicated or measured resource on the property that is equal to 125,000,000 pounds of nickel equivalent metal, if such a resource estimate is made within four years of assignment or before \$5,000,000 of exploration costs has been incurred on the property. The right to earn 5,000,000 bonus shares has since expired.

On August 19, 2014, SPC purchased a 100% interest in the mineral rights of the Aer-Kidd project from CaNickel Mining Company Limited (“CML”) for a cash payment of \$1,250,000. Consequently, the aforementioned underlying assigned option and joint venture agreement was terminated.

The property remains subject to a pre-existing underlying agreement that provides a 3% NSR royalty to a previous owner, of which one half of the NSR royalty can be purchased for \$1,250,000. The underlying royalty arrangement includes advanced royalty bi-annual payments of \$50,000, which are deductible from future production royalties.

SPC Nickel Corp. (formerly, Sudbury Platinum Corporation)
Notes to the Condensed Interim Financial Statements
Three and six months ended February 28, 2021
(Unaudited) (Expressed in Canadian Dollars)

7. Exploration Properties - Continued

a) Aer Kidd Property - Continued

SPC also has the option to purchase 100% of the property surface rights from the City of Greater Sudbury at any time prior to December 31, 2022 for a cash payment of \$250,000 and a further cash payment of \$250,000 if a mine is brought to commercial production on the property.

b) Owen Nickel Property

On October 1, 2013, the Company entered into an assignment agreement to acquire a 100% interest in the Owen Nickel property from HTX, a predecessor corporation of TMC, in exchange for 1,000,000 shares of SPC. As at February 28, 2021, the property consists of 53 staked and patented mining claims (August 31, 2020 – 53 staked and patented mining claims).

c) Lockerby East Property (Ni-Cu-PGM's)

On April 27, 2016, the Company entered into an agreement to acquire a 100% interest in the Lockerby East property from TMC in exchange for a cash payment of \$220,081.

The property currently consists of freehold patents located in the south range of the Sudbury Igneous Complex ("SIC"), Sudbury, Ontario including 100% of the Lockerby patents, as well as a 100% interest in the West Graham Property. The Company previously held only a 70% interest in the West Graham Property. On December 11, 2020, the Company acquired the remaining 30% interest in the West Graham Property. The purchase price paid by the Company consisted of a cash payment of \$250,000 and 1,000,000 common share purchase warrants, each purchase warrant entitling the recipient to purchase one common share of the Company at a price of \$0.25 per share for one year following the date of acquisition. Additionally, the Company granted the vendor a 1% net smelter return royalty on the West Graham Property.

d) Janes Property

On July 5, 2020, the Company entered into an option agreement to acquire a 100% interest in the Janes Property in Ontario. Pursuant to the terms of the option agreement, the Company retains the right and option to earn a 100% interest in the property by issuing \$355,000 in cash (\$6,000 paid) and an additional \$155,000 in shares (\$2,500 paid) over a 5-year period and incurring work expenditures of \$227,000 over a 5-year period. If the Company vests its interest, the Vendors will retain a 1% NSR on certain claims with the Company retaining the right to buy back a 0.5% NSR for \$500,000 and the remaining 0.5% for an additional \$500,000 up to the point of commercial production. Certain other claims are subject to a 2% NSR with the Company retaining the right to buy back a 1.0% NSR for \$1,000,000 and the remaining 1% for an additional \$500,000 up to the point of commercial production.

8. Capital Management

The Company manages its shareholders' equity as capital, making adjustments based on available funds to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage and as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration as well as satisfy administrative costs, the Company will spend its existing working capital and raise additional funds, primarily through new equity issuances as needed. The Company will continue to assess new properties should sufficient geological or economic potential be demonstrated.

SPC Nickel Corp. (formerly, Sudbury Platinum Corporation)
Notes to the Condensed Interim Financial Statements
Three and six months ended February 28, 2021
(Unaudited) (Expressed in Canadian Dollars)

8. Capital Management - Continued

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the current size of the Company. There were no changes to its capital management approach during the periods ended February 28, 2021 and February 29, 2020.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is dependent on the capital markets to finance exploration and development activities.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

9. Financial Instruments and Financial Risk Factors

The carrying amounts of the Company's current financial assets and liabilities approximate fair market value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no material changes in these risks, objectives, policies and procedures during the periods ended February 28, 2021 and August 31, 2020.

Credit Risk

The Company's credit risk is primarily attributable to its amounts receivable. Amounts receivable consists of sales taxes due from the Federal Government of Canada. The Company has no significant concentration of credit risk arising from its operations. Management believes that the credit risk concentration with respect to financial instruments included in other assets is low.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2021, the Company has current assets totalling \$8,403,189 (August 31, 2020 – \$1,827,782) available to settle current liabilities of \$463,656 (August 31, 2020 – \$144,732).

Price Risk

The Company is exposed to price risk with respect to commodity prices. The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

Interest Rate Risk

The Company does not currently have any outstanding variable interest-bearing loans and, therefore, the Company is not exposed to interest rate risk through fluctuation in the prime interest rate.

SPC Nickel Corp. (formerly, Sudbury Platinum Corporation)
Notes to the Condensed Interim Financial Statements
Three and six months ended February 28, 2021
(Unaudited) (Expressed in Canadian Dollars)

10. Commitments and Contingencies

Environmental Contingencies

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally are becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company, through its interest in the Aer Kidd property (Note 7(a)), may be subject to certain statutory rehabilitation and closure obligations imposed by the Ontario Mining Act related to historical reclamation, restoration and abandonment obligations. Management does not believe that the Company has a material obligation as at February 28, 2021 and August 31, 2020.

Flow-through Expenditures

The Company completes flow-through financings and indemnifies the subscribers of flow-through shares for any tax related amounts that become payable by the subscriber. In the ordinary course of business, the Company is subject to audits by tax authorities. There are many transactions and calculations for which the ultimate tax determination is uncertain. While the Company believes that its tax filing positions are appropriate and supportable, certain matters are reviewed and challenged by the tax authorities. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities.

Pursuant to the terms of two flow through financings completed during 2020, the Company has a current obligation to incur a total of \$2,290,828 of flow through expenditures on or prior to December 31, 2021. As at February 28, 2021, the Company has incurred approximately \$225,000 towards this expenditure obligation. The Company anticipates that it will fulfill this expenditures obligation during the course of its planned exploration programs during the balance of calendar 2021. The Company has indemnified subscribers for any tax related obligations that become payable by subscribers in the event that the Company does not meet its expenditure commitments.

11. Subsequent Events

On March 8, 2021, the common shares of the Company commenced trading on the TSX Venture Exchange under the ticker symbol "SPC".