SPC Nickel Corp.

Financial statements for the years ended August 31, 2022 and 2021
(expressed in Canadian dollars)

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McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of SPC Nickel Corp.

Opinion

We have audited the financial statements of SPC Nickel Corp. (the "Company"), which comprise the statements of financial position as at August 31, 2022 and 2021, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2022 and 2021 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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McGovern Hurley

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
December 14, 2022

SPC Nickel Corp.
Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	August 31, 2022	August 31, 2021
		$	$
Assets			
Current assets			
Cash and cash equivalents		3,810,177	5,335,752
Restricted cash equivalents	4	108,028	100,191
Amounts receivable	9	45,455	369,619
Prepaid expenses		74,947	54,228
Current portion of net investment in lease	7	15,446	28,679
Total current assets		4,054,053	5,888,469
Net investment in lease	7	-	15,446
Equipment	5	56,940	86,173
Right of use assets	6	91,507	94,295
Total assets		4,202,500	6,084,383
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9	282,932	1,161,828
Current portion of lease obligation	7	27,465	24,053
Total current liabilities		310,397	1,185,881
Lease obligation	7	86,277	113,745
Total liabilities		396,674	1,299,626
Shareholders' equity			
Share capital	8	19,223,063	16,756,064
Warrants reserve	8	922,133	634,344
Options reserve	8	1,039,793	875,850
Deficit		(17,379,163)	(13,481,501)
Total shareholders' equity		3,805,826	4,784,757
Total liabilities and shareholders' equity		4,202,500	6,084,383

Going concern (Note 2)
Commitments and contingencies (Notes 10 and 14)

Please see accompanying notes to the financial statements

The financial statements were approved by the Board of Directors on December 14, 2022 signed on its behalf by:

"Scott McLean", Director *"Brian Montgomery", Director*

SPC Nickel Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the Years Ended August 31,	Notes	2022	2021
		$	$
Expenses			
Exploration and evaluation expenditures	9,10	3,222,799	3,412,741
Stock based compensation	8,9	547,987	438,300
Consultants	9	122,480	145,240
Marketing and investor relations		169,961	275,671
Professional fees		68,228	84,389
Office and general		344,606	254,175
Depreciation	5,6	32,021	21,116
Total expenses		4,508,082	4,631,632
Other Items			
Other income	7,14	(3,122)	(321,469)
Net loss and comprehensive loss for the year		4,504,960	4,310,163
Loss per share			
Basic and diluted		(0.04)	(0.05)
Weighted average number of shares outstanding			
Basic and diluted		113,042,585	92,511,541

Please see accompanying notes to the financial statements

SPC Nickel Corp.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Note	Common Shares	Share Capital	Option reserve	Warrant reserve	Deficit	Total
		#	$	$	$	$	$
Balance, August 31, 2020		64,361,515	10,220,252	437,550	196,586	(9,171,338)	1,683,050
Common shares issued		37,519,010	7,503,802	-	-	-	7,503,802
Share issuance cost		250,000	(978,990)	-	327,758	-	(651,232)
Share-based compensation	8	-	-	438,300	-	-	438,300
Shares and Warrants issued for exploration properties	8	61,111	11,000	-	110,000	-	121,000
Net loss for the year		-	-	-	-	(4,310,163)	(4,310,163)
Balance, August 31, 2021		102,191,636	16,756,064	875,850	634,344	(13,481,501)	4,784,757
Common shares and warrants issued	8	22,720,713	2,659,535	-	508,972	-	3,168,507
Share and warrant issue costs	8	-	(208,536)	-	(15,929)	-	(224,465)
Stock-based compensation	8	-	-	547,987	-	-	547,987
Expiry of stock options	8	-	-	(384,044)	-	384,044	-
Warrants and shares issued for exploration properties	8	121,905	16,000	-	18,000	-	34,000
Warrants expired	8,10	-	-	-	(223,254)	223,254	-
Net loss for the year		-	-	-	-	(4,504,960)	(4,504,960)
Balance, August 31, 2022		125,034,254	19,223,063	1,039,793	922,133	(17,379,163)	3,805,826

Please see accompanying notes to the financial statements

SPC Nickel Corp.
Statements of Cash Flows
(Expressed in Canadian dollars)

For The Years Ended August 31,	Notes	2022 $	2021 $
Operating Activities			
Net loss for the year		(4,504,960)	(4,310,163)
Adjustments for			
Stock-based compensation	8	547,987	438,300
Shares and warrants issued for exploration properties	10	34,000	121,000
Reduction of flow-through premium liability	14	-	(319,357)
Depreciation	5,6	32,021	21,116
		(3,890,952)	(4,049,104)
Net change in non-cash working capital			
Prepaid expenses		(20,719)	(46,099)
Accounts receivable		324,164	(348,908)
Accounts payable and accrued liabilities		(878,896)	1,017,096
Cash flows used from operating activities		(4,466,403)	(3,427,015)
Investing Activities			
Purchase of restricted cash equivalents	4	(108,287)	(84,762)
Redemption of restricted cash equivalents		100,450	-
Purchase of equipment	6	-	(105,896)
Principal payments on net investment in lease	7	28,679	10,384
Cash flows used from investing activities		20,842	(180,274)
Financing Activities			
Issuance of common shares and warrants	8	3,168,507	7,823,160
Share issuance costs	8	(224,465)	(651,233)
Principal payments on lease obligation	7	(24,056)	(12,399)
Cash flows from financing activities		2,919,986	7,159,528
Increase in cash		(1,525,575)	3,552,239
Cash and cash equivalents, beginning of year		5,335,752	1,783,513
Cash and cash equivalents, end of year		3,810,177	5,335,752
Supplemental information:			
Broker compensation shares issued		-	50,000
Broker warrants issued		24,000	327,758

Please see accompanying notes to the financial statements

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 600, 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. 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.

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.

3. Summary of Significant Accounting Policies

Statement of Compliance

These financial statements of the Company have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The accounting policies are based on the IFRS standards and International Reporting Interpretations Committee ("IFRIC") interpretations that are effective for each reporting period presented.

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.

These financial statements are presented in Canadian dollars which is the Company's functional currency.

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. These financial statements reflect the following accounting policies which have been applied consistently to all periods presented, except where disclosed.

Financial Instruments

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit and loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVTPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. EIR amortization is included in finance income in the statements of operations and comprehensive loss.

Subsequent measurement – financial assets at FVTPL
Financial assets measured at FVTPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss.

3. Summary of Significant Accounting Policies - Continued

Financial Instruments (Continued)

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of loss when the right to receive payments is established.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company has transferred substantially all the risks and rewards of ownership of the asset. Where substantially all the risks and rewards of ownership of the financial asset are neither retained nor transferred, the Company derecognizes the transferred asset only if it no longer controls the asset. Control is represented by the practical ability to sell the transferred asset without the need to impose additional restrictions. If the Company retains control over the asset, it will continue to recognize the asset to the extent of its continuing involvement. When a financial asset is derecognized in full, a gain or loss is recognized in net income for an amount equal to the difference between the carrying amount of the asset and the value of the consideration received, including any new assets and/or liabilities recognized

Impairment of financial assets
The Company's only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVTPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

3. Summary of Significant Accounting Policies - Continued

Financial Instruments - Continued

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statement of loss.

Cash and Cash Equivalents

Cash and restricted cash equivalents include balances with banks and short-term investments with original maturities of three months or less.

Equipment

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized on a net basis within other income in profit or loss. Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in profit or loss over the estimated useful lives as follows:

Computer software - 100% diminishing balance
Furniture and fixtures - 20% diminishing balance
Vehicles - 30% diminishing balance

One half of the rate above is applied in the year of acquisition. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral exploration properties, property option payments and exploration and evaluation activity. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

3. Summary of Significant Accounting Policies - Continued

Leases

A contract is considered to be a lease (or may contain a lease) if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lesser of the lease term and the asset's useful life. The lease liability is subsequently measured at amortized cost using the effective interest method. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases for which the underlying asset is of low value. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Joint Ventures

A joint arrangement is defined as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. There are two types of joint arrangements, joint operations ("JO") and joint ventures ("JV"). A JO is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A JV is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. As at August 31, 2022 and 2021, the Company did not have any JV or JO.

Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets, including equipment and right of use assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of individual assets, the impairment test is carried out on the asset's cash-generation unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely dependent of the cash inflows from other assets. An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income/loss.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to taxes payable with regards to previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

3. Summary of Significant Accounting Policies - Continued

Income Taxes - Continued

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized tax deferred assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Share-Based Payments

Where equity-settled share options and warrants are awarded to employees and consultants, the fair value of the options and warrants at the date of grant is charged to the statement of loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition of where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of loss over the remaining vesting period. When stock options are granted by the Company the corresponding increase is recorded to the option reserve.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the Company’s estimate of options that will eventually vest. The number of forfeitures likely to occur is estimated on the grant date.

Where equity instruments are granted to employees, they are recorded at the fair value at the grant date. The grant date fair value is recognized in the statement of loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the transaction is measured at the fair value of the equity instrument granted.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, the shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital for any consideration paid.

Where cash-settled share-based payments are granted, the goods or services acquired and the liability incurred is measured at the fair value of the liability. Until the liability is settled, the fair value is re-measured at the end of each reporting period and at the date of settlement, by applying an option pricing model, with any changes in fair value recognized in profit or loss for the period. The measurement of the liability takes into account the terms and conditions on which the share appreciation rights were granted and to the extent to which the employees or consultants have rendered service to the date of measurement. Unexercised expired stock options and warrants are transferred to deficit.

3. Summary of Significant Accounting Policies - Continued

Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to passage of time is recognized as interest expense.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under contract. At each statement of financial position reporting date, provisions are reviewed and adjusted to reflect the current best estimate of the expenditure required to settle the present obligation. The Company had no material provisions as at August 31, 2022 and 2021.

Decommissioning Liabilities

A legal or constructive obligation to incur decommissioning liabilities may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site disturbance which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company had no material decommissioning liabilities as at August 31, 2022 and 2021.

Loss per Share

Basic loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted income loss per share is calculated by assuming that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share or increase income per share. The diluted loss per share is the same as basic loss per share for the periods presented as the effects of including all outstanding options and warrants would be anti-dilutive.

Flow-through Shares

The Company may, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource properties to investors. On the date of issuance of the flow-through shares, the premium relating to the proceeds received in excess of the fair value of the Company's common shares is allocated to premium on flow-through shares liability. If renouncement is retrospective, the Company derecognizes the premium liability when the paperwork to renounce is filed. If the renouncement is prospective, the Company derecognizes the premium liability as qualifying flow-through expenditures are incurred. The reduction to the premium liability in the period of renunciation is recognized through operations.

3. Summary of Significant Accounting Policies - Continued

Flow-through Shares - Continued

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is reflected as a financial expense.

Government Assistance

The Company records the proceeds of government assistance programs when the amounts are known and recovery is reasonably assured. The amounts recovered are reflected in the statement of loss.

Contingencies

See Note 14.

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:

<u>Income, Value Added, Withholding and Other Taxes</u>
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 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.

<u>Share-Based Payments</u>
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.

3. Summary of Significant Accounting Policies - Continued

Critical Accounting Estimates and Judgments - Continued

Leases
The determination of the Company's lease liability, right-of-use asset and net investment in leases depends on certain assumptions which includes the selection of the discount rate. The discount rate is set by referencing to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's financial statements.

Expected credit losses
Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

Changes in accounting policies

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, 2022. 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.

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.

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.

IAS 1 – In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies - Continued

Changes in accounting policies – Continued

IAS 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 12 – In May 2021, the IASB issued 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for year ends beginning on or after January 1, 2023.

<u>New standards adopted and effective</u>

During the year ended August 31, 2022, the Company adopted amendments to IFRS 9. These amendments did not have any material impact on the Company's financial statements.

4. Restricted Cash Equivalents

As at August 31, 2022, the Company held Guaranteed Investment Certificates ("GICs") in the aggregate amount of $108,028 (2021 - $100,191) as security for its corporate credit cards.

5. Equipment

	Computer software	Furniture	Vehicles	Total
Cost				
Balance, August 31, 2020	$ -	$ -	$ -	$ -
Additions	12,600	11,430	81,866	105,896
Balance, August 31, 2021	$ 12,600	$ 11,430	$ 81,866	$ 105,896
Additions	-	-	-	-
Balance, August 31, 2022	$ 12,600	$ 11,430	$ 81,866	$ 105,896
Accumulated depreciation				
Balance, August 31, 2020	$ -	$ -	$ -	$ -
Depreciation	6,300	1,143	12,280	19,723
Balance, August 31, 2021	$ 6,300	$ 1,143	$ 12,280	$ 19,723
Depreciation	6,300	2,057	20,876	29,233
Balance, August 31, 2022	$ 12,600	$ 3,200	$ 33,156	$ 48,956
Net book value, August 31, 2021	$ 6,300	$ 10,287	$ 69,586	$ 86,173
Net book value, August 31, 2022	$ -	$ 8,230	$ 48,710	$ 56,940

(Expressed in Canadian Dollars)

6. Right-of-use assets

A continuity of right of use assets during the years ended August 31, 2022 and 2021 is as follows:

	2022	2021
Balance, beginning of year	$ 94,295	$ -
Additions	-	95,688
Amortization	(2,788)	(1,393)
Balance, end of year	$ 91,507	$ 94,295

7. Leases

Net Investment in Lease

During the year August 31, 2021, the company entered into a leasing arrangement as a lessor for premises located in Sudbury Ontario. These premises were originally leased by the Company, and subsequently sub-leased to a related party.

	2022	2021
Balance, beginning of year	$ 44,125	$ -
Additions	-	54,509
Interest income	3,122	2,112
Lease payments	(31,801)	(12,496)
Balance, end of year	15,446	44,125
Current portion of net investment in lease	(15,446)	(28,679)
Long-term portion of net investment in lease	$ -	$ 15,446

The following is a reconciliation from the undiscounted lease payments to the net investment in lease:

2023	$ 15,900
Total contractual cash flows	15,900
Less: interest revenue	(454)
Balance, August 31, 2022	$ 15,446

Lease Obligation

During the year August 31, 2021, the Company entered into a multi-year operating-type lease in respect of office premises. At the commencement of the lease, the Company recognized a right-of-use asset and an offsetting lease obligation liability equal to the present value of future lease payments discounted at 10%, which is the Company's incremental borrowing rate. The continuity of the lease liability is as follows:

	2022	2022
Balance, beginning of year	$ 137,798	$ -
Additions	-	150,197
Interest expense	12,694	5,976
Lease payments	(36,750)	(18,375)
Balance, end of year	113,742	137,798
Current portion of lease obligation	(27,465)	(24,053)
Long-term portion of lease obligation	$ 86,277	$ 113,745

(Expressed in Canadian Dollars)

7. Leases - Continued

The following is a reconciliation from the undiscounted lease payments to the lease obligation:

2023	$ 37,625
2024	38,500
2025	39,375
2026	20,125
Total contractual cash flows	135,625
Less: interest expense	(21,883)
Balance, August 31, 2022	$ 113,742

8. 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

On August 2021, the Company issued 61,111 common shares at $0.18 per share based on the quoted market price (total value of $11,000) in connection with the Janes Property option agreement (Note 10).

In December 2020, the Company completed a special warrant financing, issuing 29,535,093 special warrants of the Company for gross proceeds of $5,907,019, as well as a flow-through share placement financing consisting of the issuance of 7,983,917 flow-through common shares of the Company for additional gross proceeds of $1,916,140 (Note 14). The Company paid $651,232 in cash 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 250,000 special warrants as an advisory fee in connection with the financing. 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 upon closing of the flow through financing. Subscriptions by directors and officers totaled 175,000 special warrants and 101,667 flow-through common shares, for total proceeds of $59,400.

On March 8, 2022, the Company completed a flow-through share financing, issuing 11,980,000 flow-through units of the Company for gross proceeds of $1,557,400. Each flow through unit consisted of one flow through common share of the Company and one half of one share purchase warrant, with each full warrant entitling the holder to purchase one additional common share of the Company for a period of 18 months from closing at a price of $0.18. Subscriptions by directors and officers totaled 195,385 flow-through units, for total proceeds of $25,400.

On March 11, 2022, the Company completed a special flow-through share financing, issuing 10,740,713 special flow-through units of the Company for gross proceeds of $1,611,107. Each special flow through unit, consisted of one flow through common share of the Company and one half of one share purchase warrant, with each full warrant entitling the holder to purchase one additional common share of the Company for a period of 18 months from closing at a price of $0.18.

(Expressed in Canadian Dollars)

8. Share Capital - Continued

b) Transactions – Continued

In connection with these two financings completed in March of 2022, the Company paid $224,465 in finders and professional fees and issued 415,735 compensation warrants exercisable into common shares at a price of $0.18 per compensation warrant for a period of eighteen months.

On July 4, 2022, the Company issued 121,905 common shares at $0.13 per share based on the quoted market price (total value of $16,000) in connection with the Janes Property option agreement (Note 10).

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.

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.

On December 9, 2020, the Company extended the expiry date of 775,000 incentive stock options, which would otherwise have expired on March 30, 2021, to March 30, 2022.

On April 13, 2021, the Company granted 340,000 incentive stock options to a director and certain employees of the Company, exercisable at $0.32 per share for a period of 5 years. The grant date fair value of $0.30 per option was estimated using the Black-Scholes option pricing model based on the following assumptions: expected life of 5 years, expected volatility of 161%, expected dividend yield of 0%, and risk free interest rate of 0.01%. The options vested immediately. The director of the Company received 300,000 of the granted options for a grant date fair value of $89,000.

On April 12, 2022, the Company granted 5,000,000 incentive stock options to directors, officers and employees of the Company, exercisable at $0.12 per share for a period of 5 years. The grant date fair value of $0.11 per option was estimated using the Black-Scholes option pricing model based on the following assumptions: expected life of 5 years, expected volatility of 133%, expected dividend yield of 0%, and risk free interest rate of 2.52%. The options vested immediately. The total number of such options that were granted to directors and officers of the Company totaled 4,300,000, with the corresponding aggregate estimated fair value being $472,054.

As at August 31, 2022, the following options were outstanding and available to be exercised:

Grant Date	Number	Exercise Price	Expiration	Remaining Years	Grant Date Fair Value
December 12, 2018	625,000	$0.20	December 12, 2023	1.28	$0.12
October 21, 2020	2,125,000	$0.16	October 21, 2025	3.14	$0.15
April 13, 2021	340,000	$0.32	April 13, 2026	3.69	$0.30
April 12, 2022	4,975,000	$0.12	April 12, 2027	4.61	$0.11
	8,065,000	$0.15		3.93	$0.13

(Expressed in Canadian Dollars)

8. Share Capital - Continued

c) Stock Options - Continued

A summary of stock option activity during the years ended August 31, 2022 and 2021 is as follows:

	Number of Issued and Outstanding Options	Weighted Average Exercise Price
Outstanding - August 31, 2020	2,290,000	$ 0.23
Granted	2,590,000	$ 0.18
Outstanding - August 31, 2021	4,880,000	$ 0.21
Granted	5,000,000	$ 0.12
Expired	(1,815,000)	$ 0.24
Outstanding - August 31, 2022	8,065,000	$ 0.15

d) Warrants

In December 2020, in connection with related financings, the Company 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. The fair value of each compensation warrant was estimated at $0.17 using the Black-Scholes option pricing model based on the following assumptions: expected life of 3 years, expected volatility of 170%, risk free interest rate of 0.05%, and expected dividend yield of 0%.

In December 2020, in connection with a property acquisition, the Company issued 1,000,000 warrants exercisable into common shares at a price of $0.25 per warrant for a period of one year. The fair value of each warrant was estimated at $0.11 using the Black-Scholes option pricing model based on the following assumptions: expected life of 1 years, expected volatility of 170%, risk free interest rate of 0.05%, and expected dividend yield of 0%.

In November 2021, in connection with a property acquisition, the Company issued 100,000 warrants exercisable into common shares at a price of $0.20 per warrant for a period of three years. The fair value of each warrant was estimated at $0.18 using the Black-Scholes option pricing model based on the following assumptions: expected life of 3 years, expected volatility of 170%, risk free interest rate of 0.05%, and expected dividend yield of 0%.

On March 8, 2022, as part of a flow through unit financing, the Company issued 5,990,000 warrants exercisable into common shares at a price of $0.18 per warrant for a period of eighteen months. The value of each warrant issued in connection with the flow though unit financings was estimated at $0.05 using the Black-Scholes option pricing model based on the following assumptions: expected life of 18 months, expected volatility of 107%, risk free interest rate of 1.41%, and expected dividend yield of 0%. The Company also issued 170,306 compensation warrants exercisable into common shares at a price of $0.18 per compensation warrant for a period of eighteen months. The fair value of each compensation warrant was estimated at $0.05 using the Black-Scholes option pricing model based on the following assumptions: expected life of 18 months, expected volatility of 107%, risk free interest rate of 1.41%, and expected dividend yield of 0%.

(Expressed in Canadian Dollars)

8. Share Capital - Continued

d) Warrants- Continued

On March 11, 2022, as part of a special flow through unit financing, the Company issued 5,370,357 warrants exercisable into common shares at a price of $0.18 per warrant for a period of eighteen months. The value of each warrant issued in connection with the flow though unit financings was estimated at $0.06 using the Black-Scholes option pricing model based on the following assumptions: expected life of 18 months, expected volatility of 107%, risk free interest rate of 1.60%, and expected dividend yield of 0%. The Company also issued 245,429 compensation warrants exercisable into common shares at a price of $0.18 per compensation warrant for a period of eighteen months. The fair value of each compensation warrant was estimated at $0.06 using the Black-Scholes option pricing model based on the following assumptions: expected life of 18 months, expected volatility of 107%, risk free interest rate of 1.60%, and expected dividend yield of 0%.

At August 31, 2022, the Company had the following warrants outstanding:

Grant Date	Number	**Exercise Price**	**Expiration**	**Remaining Years**	**Grant Date Fair Value**
August 19, 2020	510,975	$0.24	August 19, 2023	0.97	$0.11
August 21, 2020	246,600	$0.24	August 21, 2023	0.97	$0.11
December 2, 2020	1,927,985	$0.24	December 2, 2023	1.25	$0.17
November 22, 2021	100,000	$0.20	November 22, 2024	2.23	$0.18
March 8, 2022	6,160,306	$0.18	September 8, 2023	1.02	$0.05
March 11, 2022	5,615,786	$0.18	September 11, 2023	1.03	$0.06
	14,561,652	$0.19		1.06	$0.07

A summary of warrant activity during the years ended August 31, 2022 and 2021 is as follows:

	Number of Issued and Outstanding Warrants	Weighted Average Exercise Price
Outstanding – August 31, 2020	3,074,395	$0.29
Issued as financing finder’s fee (note 8(b))	1,927,985	$0.24
Issued for property acquisition	1,000,000	$0.25
Outstanding – August 31, 2021	6,002,380	$0.26
Issued pursuant to financings (note 8(b))	11,360,357	$0.18
Issued as financing finder’s fees (note 8(b))	415,735	$0.18
Issued for property acquisition	100,000	$0.20
Expired warrants	(3,316,820)	$0.25
Outstanding – August 31, 2022	14,561,652	$0.19

9. 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.

(Expressed in Canadian Dollars)

9. Related Party Transactions - Continued

The remuneration of directors and key management of the Company for the years ended August 31, 2022 and 2021, was as follows:

	2022	2021
Short term benefits – salary and consulting fees	$289,455	$265,224
Stock based compensation	472,054	411,500
	$761,509	$676,724

During the year ended August 31, 2022, the Company was charged management and exploration fees of $Nil (2021 - $70,185), as well as $Nil (2021 - $7,500) in respect of purchased capital equipment, by the Company's former majority shareholder, Transition Metals Corp. ("TMC"). Of these amounts, $2,783 (2021 - $2,783) is included in accounts payable and accrued liabilities as at August 31, 2022 and included in accounts receivable is $5,989 (2021 - $6,479) receivable from TMC. These amounts are unsecured, non-interest bearing, and due on demand.

Included in accounts payable and accrued liabilities as at August 31, 2022, is $12,406 (August 31, 2021 - $14,987) owing to management and related companies. These amounts are unsecured, non-interest bearing, and are due on demand.

Also see note 8.

10. Exploration Properties

The aggregate exploration and evaluation expenditures, as well as property acquisition and holding costs, incurred on each individual property during the years ended August 31, 2022 and 2021 were as follows:

	2022	2021
Aer Kidd	$1,515,493	$2,541,097
Muskox	402,730	-
Owen Nickel	194	-
Lockerby East	1,021,022	388,870
Janes	264,412	480,688
Project Generation	18,948	2,086
	$3,222,799	$3,412,741

a) Aer Kidd Property

On August 19, 2014, SPC acquired 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.

The property remains subject to a pre-existing underlying agreement that provides a 3% net smelter royalty ("NSR") to a previous owner of which 1.5% NSR 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 also has the option to purchase 100% of the property surface rights from the Greater City of Sudbury at any time prior to December 31, 2024 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.

10. Exploration Properties – Continued

b) Owen Nickel Property

The Company owns 100% interest in the Owen Nickel property. The property consists of certain staked and patented mining claims.

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

The Company owns 100% interest in the Lockerby East property.

The property consists of freehold patents located in the south range of the Sudbury Igneous Complex ("SIC"), Sudbury, Ontario including 100% of the Lockerby patents and 100% of the West Graham Property. The Company previously held only a 70% interest in the West Graham Property. However, 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 ($43,000 paid) and an additional $155,000 in shares ($29,500 issued) 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 would 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.

e) Muskok Property

In September, 2021, the Company staked certain mining claims and obtained 2 prospecting permits (collectively, the "Muskox Property") in respect of exploration properties located within the Muskox Intrusion in the Kitikmeot Region of Nunavut. Additionally, in a separate transaction that closed on November 22, 2021, the Company acquired a 100% interest in a database related to the Muskox Intrusion in exchange for cash payment of $94,600 (US$75,000) and 100,000 warrants exercisable into common shares of the Company at an exercise price of $0.20 per warrant until November 21, 2024.

(Expressed in Canadian Dollars)

11. Income Taxes

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2021 - 26.5%) were as follows:

		2022	2021
Loss before income taxes	$	4,504,960	4,310,163
Expected income tax recovery based on statutory rate		(1,194,000)	(1,142,000)
Adjustment to expected income tax benefit:			
Permanent differences and other		627,000	540,000
Losses expired/changes		-	(19,000)
Change in unrecorded deferred tax asset		567,000	621,000
Deferred income tax provision (recovery)	$	-	-

b) Unrecognized Deductible Temporary Differences

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2022	2021
Non-capital loss carry-forwards	$ 2,812,000	1,904,000
Share issuance costs	638,000	602,000
Exploration properties	5,771,000	4,365,000
Other	56,000	19,000
Total unrecognized deductible temporary differences	$ 9,277,000	6,890,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

c) Loss Carry-Forwards

As at August 31, 2022, the Company has available $2,812,000 (2021 – $1,904,000) in non-capital losses for Canadian income tax purposes which may be carried forward to reduce taxable income in future periods. The tax losses expire from 2034 to 2042. Exploration property expenditure pools do not expire under current legislation.

12. 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.

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 years ended August 31, 2022 and 2021.

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.

13. Financial Instruments and Financial Risk Factors

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.

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 years ended August 31, 2022 and 2021.

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 August 31, 2022, the Company has current assets totalling $4,052,144 (2021 – $5,888,469) to settle current liabilities of $310,397 (2021– $1,185,881).

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.

(Expressed in Canadian Dollars)

13. Financial Instruments and Financial Risk Factors (continued)

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.

Fair Value Measurement

The Company has established a fair value hierarchy that reflects the significance of inputs of valuation techniques used in making fair value measurements as follows:

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in level one.
- Level Three - includes inputs that are not based on observable market data.

The financial instruments that are not measured at fair value on the statement of financial position include cash, accounts receivables, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short-term nature.

The following table illustrates the classification of the Company's financial instruments, measured at fair value in the statements of financial position as of August 31, 2022 and August 31, 2021 categorized into the levels of the fair value hierarchy.

August 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Aggregate fair value**
Cash equivalents	$ -	$ 3,500,000	$ -	$ 3,500,000
Restricted cash equivalents	-	108,028	-	108,028
Total	$ -	$ 3,608,028	$ -	$ 3,608,028

August 31, 2021	**Level 1**	**Level 2**	**Level 3**	**Aggregate fair value**
Cash equivalents	$ -	$ 5,309,092	$ -	$ 5,309,092
Restricted cash equivalents	-	100,191	-	100,191
Total	$ -	$ 5,409,283	$ -	$ 5,409,283

14. 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 10(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 at August 31, 2022 and 2021.

14. Commitments and Contingencies (continued)

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.

In connection with flow through financings completed in March 2022, the Company has committed to incur qualifying Canadian Exploration Expenditures totalling $3,168,507 by December 31, 2023. The Company has indemnified subscribers for any tax related amounts that become payable by the subscriber in the event that the Company does not fulfill its expenditure commitments. As at August 31, 2022, the Company had incurred approximately $1,365,000 of this expenditure commitment. The Company anticipates that it will satisfy its full commitment prior to December 31, 2023.