SPC Nickel Corp.

Condensed interim financial statements for the three and nine months ending May 31, 2023 and 2022
(unaudited) (expressed in Canadian dollars)

NOTICE TO READER

The condensed interim financial statements of SPC Nickel Corp. as at, and for the three and nine months ended, May 31, 2023 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.

July 27, 2023

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

	Notes	May 31, 2023	August 31, 2022
		$	$
Assets			
Current assets			
Cash		1,460,206	3,810,177
Restricted cash equivalents	4	100,127	108,028
Amounts receivable		125,179	45,455
Prepaid expenses		96,331	74,947
Current portion of net investment lease		-	15,446
Total current assets		1,781,843	4,054,053
Capital assets		47,016	56,940
Right of use assets		82,605	91,507
Total assets		1,911,464	4,202,500
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	680,136	282,932
Current portion of lease obligation	5	30,511	27,465
Total current liabilities		710,647	310,397
Lease obligation	5	63,111	86,277
Total liabilities		773,758	396,674
Shareholders' equity			
Share capital	6	19,410,563	19,223,063
Warrants reserve	6(d)	838,801	922,133
Options reserve	6(c)	1,201,793	1,039,793
Deficit		(20,313,451)	(17,379,163)
Total shareholders' equity		1,137,706	3,805,826
Total liabilities and shareholders' equity		1,911,464	4,202,500

Going concern (Note 2)
Commitments and contingencies (Notes 5 and 11)

Please see accompanying notes to the condensed interim financial statements

The financial statements were approved by the Board of Directors on July 27, 2023 signed on its behalf by:

"Olav Langelaar", Director *"William Shaver", Director*

SPC Nickel Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

Nine months ended May 31, 2023 with comparative figures for the nine-month period ended May 31, 2022

(Unaudited) (Expressed in Canadian dollars)

		Three months ended May 31, 2023	Nine months ended May 31, 2023	Three months Ended May 31, 2022	Nine months ended May 31, 2022
Expenses					
Share Based Compensation (Note 6(c))	$	-	162,000	517,000	517,000
Property acquisition and holding costs		465,841	540,563	12,079	131,629
Exploration and evaluation expenditures (Note 8)		1,231,964	1,631,874	574,827	2,190,199
Office and general		69,689	287,594	141,952	330,089
Consultants		25,800	104,400	29,600	96,680
Professional Fees		21,205	103,112	24,278	76,183
Marketing and investor relations		91,029	167,287	86,204	138,043
Depreciation and right of use amortization		11,669	21,244	8,067	23,877
		1,917,197	3,018,074	1,394,007	3,503,700
Other income					
Sublease interest revenue		-	454	693	2,611
Interest and other income					
Flow through premium (Note 10)		-	-	-	-
		-	454	693	2,611
Net loss and comprehensive loss for the period		1,917,197	3,017,620	1,393,314	3,501,089
Loss per share	$	0.01	0.02	0.01	0.03
Weighted average shares outstanding (basic and diluted)		125,822,297	125,299,822	122,442,706	109,016,172

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

SPC Nickel Corp.

Condensed Interim Statements of Changes in Shareholders' Equity

Nine months ended May 31, 2023 with comparative figures for the nine-month period ended May 31, 2022

(Unaudited) (Expressed in Canadian dollars)

	Number of shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, August 31, 2021	102,191,636	16,756,064	634,344	875,850	(13,481,501)	4,784,757
Loss for the period	-	-	-	-	(3,501,089)	(3,501,089)
Issuance of warrants (Note 5(d))	-	-	664,657	-	-	664,657
Expiry of warrants	-	-	(110,000)	-	110,000	-
Stock-based compensation	-	-	-	517,000	-	517,000
Expiry of options	-	-	-	(348,750)	348,750	-
Issuance of shares (Note 5(b))	22,720,713	2,318,624	-	-	-	2,318,624
Balance, May 31, 2022	124,912,349	$ 19,074,688	1,189,001	1,044,100	(16,523,840)	4,783,949

	Number of shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, August 31, 2022	125,034,254	19,223,063	922,133	1,039,793	(17,379,163)	3,805,826
Loss for the period		-	-	-	(3,017,620)	(3,017,620)
Expiry of warrants			(83,332)	-	83,332	-
Stock-based compensation	-	-	-	162,000	-	162,000
Issuance of shares	2,500,000	187,500	-	-	-	187,500
Balance, May 31, 2023	127,534,254	$ 19,410,563	838,801	1,201,793	(20,313,451)	1,137,706

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

SPC Nickel Corp.

Condensed Interim Statements of Cash Flows

Nine months ended May 31, 2023 with comparative figures for the nine-month period ended May 31, 2022

(Unaudited) (Expressed in Canadian dollars)

		Three months ended May 31 2023	Nine months Ended May 31, 2023	Three months Ended May 31, 2022	Nine months Ended May 31, 2022
Cash flows from (used in) operating activities:					
Net loss for the period	$	(1,729,697)	(3,017,620)	(1,393,314)	(3,501,089)
Adjustments for:					
Stock-based compensation (Note 6(c))		-	162,000	517,000	517,000
Depreciation and ROU amortization		11,669	21,244	8,067	23,877
Securities issued for property acquisition		-	187,500	-	18,000
		(1,718,028)	(2,646,876)	(868,247)	(2,942,212)
Changes in non-cash working capital:					
Prepaid expenses		(54,792)	(21,384)	(28,744)	(23,923)
Accounts receivable		(97,219)	(79,724)	7,434	201,154
Accounts payable and accrued liabilities		523,431	397,204	249,098	(631,413)
		(1,346,608)	(2,350,780)	(640,459)	(3,396,394)
Cash flows from financing activities:					
Issuance of share capital		-	-	2,545,850	2,545,850
Warrant Reserve		-	-	622,657	622,657
Share issue costs		-	-	(203,226)	(203,226)
Lease obligation		(7,164)	(20,120)	(6,089)	(17,816)
		(7,164)	(20,120)	2,959,192	2,947,465
Cash flows used in investing activities:					
Decrease (increase) in restricted cash		1,479	7,901	(253)	(476)
Purchase of capital assets		-	(2,418)	-	-
Net investment in lease		-	15,446	7,257	21,240
		1,479	20,929	7,004	20,764
Net increase (decrease) in cash and cash equivalents		(1,352,293)	(2,349,971)	2,325,736	(428,165)
Cash and cash equivalents, beginning of period		2,812,499	3,810,177	2,581,851	5,335,752
Cash and cash equivalents, end of period	$	1,460,206	1,460,206	4,907,587	4,907,587

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

1. Nature of Operations

SPC Nickel Corp. ("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 $20,313,451 as at May 31, 2023 (August 31, 2022 - $17,379,163). 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.

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, 2022 financial statements.

These condensed interim financial statements were approved by the Board of Directors of the Company on July 27, 2023.

The policies set in the Company's annual financial statements for the year ended August 31, 2022 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 11.

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

3. Summary of Significant Accounting Policies - Continued

Critical Accounting Estimates and Judgments – continued

Income, Value Added, Withholding and Other Taxes - continued

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.

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.

Leases
The determination of the Company’s lease liability and right-of-use asset 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.

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.

(Unaudited) (Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies - Continued

Critical Accounting Estimates and Judgments – Continued

New standards not yet adopted and interpretations issued but not yet effective - Continued

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.

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.

4. Restricted Cash Equivalents

As at May 31, 2023 the Company held guaranteed investment certificates in the aggregate amount of $100,127 (August 31, 2022 - $108,028) as security for its corporate credit cards.

5. Lease obligation

The following is a reconciliation from the undiscounted lease payment obligations to the lease obligation balance as at May 31, 2023:

Undiscounted lease payment obligations by fiscal year:	
2023	9,625
2024	38,500
2025	39,375
2026	20,215
Total contractual cash flow obligations	107,625
Less interest expense	(14,003)
Present value of lease obligations	93,622
Less: current portion	(30,511)
Balance, May 31, 2023	63,111

6. 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.

(Unaudited) (Expressed in Canadian Dollars)

6. Share capital - Continued

b) Transactions

(i) Nine-month period ended May 31, 2023

On April 5, 2023, the Company issued 2,500,000 common shares at a price of $0.075 per share (total value of $187,500) in connection with the Bathurst Option Agreement (Note 8(e)).

(ii) Nine-month period ended May 31, 2022

There were no transactions completed during the period.

c) Stock Options

The Company has an equity compensation plan for its directors, officers, consultants, and key employees as part of its Omnibus Equity Compensation Plan (the “Plan”). The maximum number of stock options that may be issued under the Plan is 10% of the total issued and outstanding common shares of the Company. Any options issued under the plan are non-transferrable and are valid for a maximum of 10 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 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.

On February 22, 2023, the Company granted 1,800,000 incentive stock options directors, officers and employees of the Company, exercisable at $0.12 per share for a period of 5 years and six days. The grant date fair value of $0.09 per option was estimated using the Black-Scholes option pricing model based on the following assumptions: expected life of 5 years, expected volatility of 130%, expected dividend yield of 0%, and risk free interest rate of 4.25%. The options vested immediately. The estimated fair value of options received by directors and officers totalled $99,000.

At May 31, 2023, 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	0.53	0.12
October 21, 2020	2,125,000	$0.16	October 21, 2025	2.39	0.15
April 13, 2021	340,000	$0.32	April 13, 2026	2.87	0.30
April 12, 2022	4,975,000	$0.12	April 12, 2027	3.87	0.11
February 22, 2023	1,800,000	$0.12	February 28, 2028	4.75	0.09
	9,865,000	$0.14		3.47	0.12

(Unaudited) (Expressed in Canadian Dollars)

6. Share Capital - Continued

c) Stock Options - Continued

A summary of stock option activity during the nine-month period ended May 31, 2023 is as follows:

	Number of Issued and Outstanding Options	Weighted Average Exercise Price
Outstanding - August 31, 2022	8,065,000	$0.15
Granted	1,800,000	$0.12
Outstanding – May 31, 2023	9,865,000	$ 0.14

A summary of stock option activity during the nine-month period ended May 31, 2022 is as follows:

	Number of Issued and Outstanding Options	Weighted Average Exercise Price
Outstanding - August 31, 2021	4,880,000	$0.21
Granted	5,000,000	$0.12
Expired	(1,550,000)	$0.25
Outstanding – May 31, 2022	8,330,000	$ 0.15

d) Warrants

At May 31, 2023, the Company had the following warrants outstanding:

Grant Date	Number	Exercise Price	Expiration	Remaining Years	Grant Date Fair Value
December 2, 2020	1,927,985	$0.24	December 2, 2023	0.51	$0.17
November 22, 2021	100,000	$0.20	November 22, 2024	1.48	$0.18
March 8, 2022	6,160,306	$0.18	September 8, 2023	0.27	$0.05
March 11, 2022	5,615,786	$0.18	September 11, 2023	0.28	$0.06
	13,804,076	$0.19		0.32	$0.07

A summary of warrant activity during the nine-month period ended May 31, 2023 is as follows:

	Number of Issued and Outstanding Options	Weighted Average Exercise Price
Outstanding - August 31, 2022	14,561,651	$0.19
Expired	(757,575)	$0.24
Outstanding – May 31, 2023	13,804,076	$ 0.19

A summary of warrant activity during the nine-month period ended May 31, 2022 is as follows:

	Number of Issued and Outstanding Options	Weighted Average Exercise Price
Outstanding - August 31, 2021	6,002,380	$0.26
Expired	(1,000,000)	$0.25
Issued	11,876,092	$0.18
Outstanding – May 31, 2022	16,878,472	$ 0.21

(Unaudited) (Expressed in Canadian Dollars)

6. Share Capital - Continued

e) Restricted share units

On February 22, 2023, the Company granted 800,000 restricted share units ("RSUs") to certain officers of the Company. The RSUs vest in three equal amounts on each of the first, second, and third anniversary of the grant date. No other RSUs were outstanding as at May 31, 2023 and no other RSUs have previously been issued by the Company.

f) Deferred share units

On February 22, 2023, the Company granted 300,000 deferred share units ("DSUs") to certain directors of the Company. The DSUs vest on the one-year anniversary of the grant date. No other DSUs were outstanding as at May 31, 2023 and no other RSUs have previously been issued by the Company.

7. Related Party Transactions

The remuneration of key management of the Company for the nine-month period ended May 31, 2022 and May 31, 2023 was as follows:

	2023	2022
Short term benefits - consulting fees and salaries	$279,716	$229,386
Share based payments	99,000	444,620
	$378,716	$674,006

Pursuant to IAS 24, key management is defined as those individuals 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.

Short term benefits are expensed as consultant fees and exploration and evaluation expenditures, as applicable.

Included in accounts payable and accrued liabilities as at May 31, 2023, is $9,983 (August 31, 2022 - $12,406) owing to management and related companies. The amounts are unsecured, non-interest bearing, and are due on demand. Included in accounts receivable as at May 31, 2023, is NIL (August 31, 2022 - $5,989) receivable from related parties that are unsecured, non-interest bearing, and due on demand.

See also Note 6.

8. Exploration Properties

	Nine months ended May 31	
	2023	2022
Aer Kidd	$52,976	$1,465,185
Owen Nickel	842	194
Lockerby East	1,463,754	518,784
Janes	103,106	61,199
Muskox	548,422	258,134
Project generation	3,337	18,331
	2,172,437	$2,321,827

8. Exploration Properties - continued

a) Aer Kidd Property

The property remains subject to a pre-existing underlying agreement that provides a 3% Net Smelter Return 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.

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

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 subject to a 1% NSR to the previous owner of the West Graham portion of the Property.

During the nine-month period, the Company entered into an agreement (the "Vale Agreement") with Vale Canada Limited ("Vale") designed to consolidate and unlock the full potential of the adjacent and contiguous West Graham and Crean Hill 3 nickel-copper deposits (collectively, the "West Graham Project"). The Vale Agreement grants the Company the right to acquire a 100% interest in the surface and mineral rights of the Crean Hill 3 Property in consideration for certain rights and royalties that will be extended to Vale across the Project.

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 holds the 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 paid) over a 5 year period and incurring work expenditures of $227,000 (all expenditures incurred) over a 5 year period. Upon the Company vesting a 100% interest the Janes Property, the optionors would retain a 2% NSR on certain portions of the Janes Property, of which the Company can purchase the first 1% for $1,000,000 and the remaining 1% for an additional $500,000 up to the point of commercial production. Portions of the Janes Property remain subject to a pre-existing underlying agreement that provides a 1% NSR to a previous owner, of which all of the 1.0% NSR can be purchased for $1,000,000. On claims containing the pre-existing 1% NSR, the NSR awarded to the Optionors is reduced from 2% to 1%, of which the Company can purchase the first 0.5% for $500,000 and the remaining 0.5% for an additional $500,000 up to the point of commercial production.

e) Muskox Property

The Muskox Property consists of 15 mining claims and 2 prospecting permits located within the Muskox Intrusion in the Kugluktuk Region of Nunavut. The Muskox Property is enhanced by the Company's 100% ownership interest in a database related to the Muskox Intrusion, which it acquired in 2022.

8. Exploration Properties - continued

e) Muskox Property - continued

During the period, the Company entered into an option agreement (the "Bathurst Option Agreement") with Bathurst Metals Corp. ("Bathurst") to acquire a 100% interest in the McGregor Lake and Speers Lake properties located within the Kitikmeot Region of western Nunavut.

Pursuant to the terms of the Bathurst Option Agreement, the Company can earn a 100% interest in the McGregor Lake and Speers Lake properties by paying $1,350,000 in cash ($300,000 paid) and issuing 7,500,000 shares (2,500,000 issued) over a 3 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 up to the point of commercial production.

Upon vestiture, SPC will control nearly 650 square kilometres of the highly prospective Muskox Intrusion, representing one of the last remaining camp scale nickel-copper-platinum group metal ("PGM") opportunities in North America.

If the Company exercises its Option and earns a 100% undivided legal and beneficial interest in the Property (subject to the NSR), the Company is required to pay Bathurst $5,000,000 within twelve months of the commencement of Commercial Production on the Property.

9. 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 periods ended May 31, 2023 and 2022.

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.

10. 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 May 31, 2023 and August 31, 2022.

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 May 31, 2023, the Company has current assets totalling $1,781,843 (August 31, 2022 – $4,052,144) to settle current liabilities of $710,647 (August 31, 2022 – $310,397).

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.

11. 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 May 31, 2023 and August 31, 2022.

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.

11. Commitments and Contingencies - continued

Flow-through Expenditures - Continued

In connection with flow through financings completed in March 2022, the Company has committed to incur qualifying Canadian Exploration Expenditures totaling $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 May 31, 2023, the Company has incurred approximately $2,746,000 of this expenditure commitment. The Company anticipates that it will satisfy its full commitment prior to December 31, 2023.

12. Subsequent event

On June 29, 2023, the Company completed a non-brokered private placement, issuing 17,029,961 flow-through common shares for gross proceeds of $1,788,146 and 5,285,888 common shares for gross proceeds of $475,730. The Company issued 939,180 compensation warrants exercisable into common shares at a price of $0.105 per compensation warrant for a period of twelve months in connection with the private placement.