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SPC Nickel Corp.

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Condensed interim financial statements  
for the three and nine months ended May 31, 2024 and 2023  
(unaudited) (expressed in Canadian dollars)

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## **NOTICE TO READER**

The condensed interim financial statements of SPC Nickel Corp. as at, and for the three and nine months period ended, May 31, 2024 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 26, 2024



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# SPC Nickel Corp.

Condensed Interim Statements of Financial Position  
(Unaudited) (Expressed in Canadian dollars)

	Notes	May 31, 2024 \$	August 31, 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash		2,844,143	2,076,414
Restricted cash equivalents	4	100,805	100,316
Amounts receivable		18,953	319,091
Prepaid expenses		69,501	111,724
<b>Total current assets</b>		<b>3,033,402</b>	<b>2,607,545</b>
Capital assets		33,863	42,857
Right of use assets		52,566	75,095
<b>Total assets</b>		<b>3,119,831</b>	<b>2,725,497</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	177,153	592,582
Flow through premium liability		209,027	178,597
Current portion of lease obligation	5	34,147	31,280
<b>Total current liabilities</b>		<b>420,327</b>	<b>802,459</b>
Lease obligation	5	28,964	54,997
<b>Total liabilities</b>		<b>449,291</b>	<b>857,456</b>
<b>Shareholders' equity</b>			
Share capital	6	23,076,223	21,392,296
Warrants reserve	6(d)	313,864	868,801
Contributed Surplus	6(c)	1,239,537	1,256,793
Deficit		(21,959,084)	(21,649,849)
<b>Total shareholders' equity</b>		<b>2,670,540</b>	<b>1,868,041</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,119,831</b>	<b>2,725,497</b>

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 26, 2024 signed on its behalf by:

"Olav Langelaar", Director

"William Shaver", Director

# SPC Nickel Corp.

## Condensed Interim Statements of Loss and Comprehensive Loss

Three and nine months ended May 31, 2024

with comparative figures for the three and nine months ended May 31, 2023

(Unaudited) (Expressed in Canadian dollars)

		Three months ended May 31, 2024	Nine months ended May 31, 2024	Three months ended May 31, 2023	Nine months ended May 31, 2023
Expenses					
Share Based Compensation (Note 6(c))	\$	-	55,000	-	162,000
Property acquisition and holding costs (Note 8)		6,759	179,078	465,841	540,563
Exploration and evaluation expenditures (Note 8)		52,365	607,388	1,231,964	1,631,874
Office and general		61,949	173,924	69,689	287,594
Consultants		22,980	157,480	25,800	104,400
Professional Fees		11,387	28,509	21,205	103,112
Marketing and investor relations		32,014	56,159	91,029	167,287
Depreciation and right of use amortization		10,529	31,524	11,669	21,244
		197,983	1,289,062	1,917,197	3,018,074
Other income					
Sublease interest revenue		-	-	-	454
Flow through premium (Note 11)		7,481	86,770	-	-
		7,481	86,770	-	454
<b>Net loss and comprehensive loss for the period</b>		<b>190,502</b>	<b>1,202,292</b>	<b>1,917,197</b>	<b>3,017,620</b>
<b>Loss per share (basic and diluted)</b>	\$	<b>Nil</b>	<b>0.01</b>	<b>0.02</b>	<b>0.02</b>
<b>Weighted average shares outstanding (basic and diluted)</b>		<b>156,426,108</b>	<b>152,443,883</b>	<b>125,822,297</b>	<b>125,299,822</b>

Please see accompanying notes to the condensed interim financial statements

# SPC Nickel Corp.

Condensed Interim Statements of Changes in Shareholders' Equity

For the nine months ended May 31, 2024

With comparative figures for the nine month period ended May 31, 2023

(Unaudited) (Expressed in Canadian dollars)

	Note	Number of shares #	Share Capital \$	Contributed surplus \$	Warrants reserve \$	Deficit \$	Total \$
<b>Balance, August 31, 2022</b>		125,034,254	19,223,063	1,039,793	922,133	(17,379,163)	3,805,826
Net loss for the period		-	-	-	-	(3,017,620)	(3,017,620)
Expiry of warrants	6	-	-	-	(83,332)	83,332	-
Issuance of shares	6	2,500,000	187,500	-	-	-	187,500
Stock-based compensation	6	-	-	162,000	-	-	162,000
<b>Balance, May 31, 2023</b>		<u>127,534,254</u>	<u>19,410,563</u>	<u>1,201,793</u>	<u>838,801</u>	<u>(20,313,451)</u>	<u>1,137,706</u>
<b>Balance, August 31, 2023</b>		150,319,626	21,392,296	1,256,793	868,801	(21,649,849)	1,868,041
Net loss for the period		-	-	-	-	(1,202,292)	(1,202,292)
Shares issued for property acquisition	6	2,250,000	112,500	-	-	-	112,500
Shares issued on financing	6	39,421,818	1,571,427	-	265,864	-	1,837,291
Stock-based compensation	6	-	-	55,000	-	-	55,000
Options expired	6	-	-	(72,256)	-	72,256	-
Warrants expired	6	-	-	-	(820,801)	820,801	-
<b>Balance, May 31, 2024</b>		<u>191,991,444</u>	<u>23,076,223</u>	<u>1,239,537</u>	<u>313,864</u>	<u>(21,959,084)</u>	<u>2,670,540</u>

Please see accompanying notes to the condensed interim financial statements

# SPC Nickel Corp.

Condensed Interim Statements of Cash Flows

Three and nine months ended May 31, 2024

with comparative figures for the three and nine months ended May 31, 2023

Unaudited) (Expressed in Canadian dollars)

	Three months ended May 31, 2024	Nine months ended May 31, 2024	Three months ended May 31, 2023	Nine months ended May 31, 2023
<b>Cash flows from (used in) operating activities:</b>				
Net loss for the period	\$ (190,502)	(1,202,292)	(516,980)	(1,011,790)
Adjustments for:				
Stock-based compensation (Note 6(c))	-	55,000	55,000	55,000
Depreciation	10,530	31,524	10,497	20,994
Shares issued for property acquisition	-	112,500	112,500	112,500
Reduction of flow-through premium liability (Note 11)	(7,481)	(86,770)	(19,836)	(79,289)
	(187,453)	(1,090,038)	(358,819)	(902,585)
Changes in non-cash working capital:				
Prepaid expenses	661	42,223	(18,203)	41,562
Accounts receivable	(8,159)	300,138	211,916	308,297
Accounts payable and accrued liabilities	46,035	(415,429)	11,281	(461,464)
	(148,916)	(1,163,106)	(153,825)	(1,014,190)
<b>Cash flows from financing activities:</b>				
Issuance of shares and warrants	2,014,500	2,014,500	52,991	7,018
Share issuance costs	(60,010)	(60,010)	(52,991)	(7,018)
Lease obligation	(7,915)	(23,166)	(7,721)	(15,251)
	1,946,575	1,931,324	(7,721)	(15,251)
<b>Cash flows used in investing activities:</b>				
Decrease (increase) in restricted cash	(116)	(489)	(187)	(373)
	(116)	(489)	(187)	(373)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,797,543</b>	<b>767,729</b>	<b>(161,733)</b>	<b>(1,029,814)</b>
Cash and cash equivalents, beginning of period	1,046,600	2,076,414	1,208,333	2,076,414
<b>Cash and cash equivalents, end of period</b>	<b>\$ 2,844,143</b>	<b>2,844,143</b>	<b>1,046,600</b>	<b>1,046,600</b>

Please see accompanying notes to the condensed interim financial statements

**SPC Nickel Corp. (formerly Sudbury Platinum Corporation)**  
**Notes to the Condensed Interim Financial Statements**  
**May 31, 2024 and 2023**  
**(Unaudited) (Expressed in Canadian Dollars)**

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**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 \$21,959,084 as at May 31, 2024 (August 31, 2023 - \$21,649,849). 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.

**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, 2023 financial statements.



### **3. Summary of Significant Accounting Policies - Continued**

#### *Statement of Compliance - continued*

These interim financial statements were approved by the Board of Directors of the Company on July 26, 2024.

The policies set in the Company's annual financial statements for the year ended August 31, 2023 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:

#### Income, Value Added, Withholding and Other Taxes

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

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**3. Summary of Significant Accounting Policies - Continued**

*Critical Accounting Estimates and Judgments – continued*

Income, Value Added, Withholding and Other Taxes - continued

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 adopted and effective

Effective the beginning of the current interim period, the Company adopted amendments to IAS 1, IAS 8, and IAS 12. These amendments did not have any material impact on the Company's financial statements.

**4. Restricted Cash Equivalents**

As at May 31, 2024, the Company held guaranteed investment certificates in the aggregate amount of \$100,805 (August 31, 2023 - \$100,316) 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, 2024:

Undiscounted lease payment obligations by fiscal year:	
2024	9,625
2025	39,375
2026	20,125
Total contractual cash flow obligations	69,125
Less interest expense	(6,014)
Present value of lease obligations	63,111
Less: current portion	(34,147)
Balance, May 31, 2024	28,964

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**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.

**b) Transactions**

**(i) Nine-month period ended May 31, 2024**

On February 21, 2024 the Company issued 2,250,000 common shares at \$0.05 per share based on the quoted market price (total value of \$112,500) in connection with the Bathurst Option Agreement (Note 10).

On May 23, 2024, the Company completed a flow through financing, issuing 8,681,818 flow through shares of the Company for gross proceeds of \$477,500, as well as a unit financing, issuing 30,740,000 units of the Company for gross proceeds of \$1,537,000. Each unit consisted of one common share of the Company and one half of one share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company for a period of 18 months at a price of \$0.07 per share. Subscriptions by directors and officers totaled 4,100,000 units, for total proceeds of \$205,000.

**(ii) 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)).

**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 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 nine 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.

As at May 31, 2024 the following options were outstanding and available to be exercised:

Grant Date	Number	Exercise Price	Expiration	Remaining Years	Grant Date Fair Value
October 21, 2020	2,125,000	\$0.16	October 21, 2025	1.39	\$0.15
April 13, 2021	340,000	\$0.32	April 13, 2026	1.87	\$0.30
April 12, 2022	4,975,000	\$0.12	April 12, 2027	2.87	\$0.11
February 22, 2023	1,800,000	\$0.12	May 31, 2028	3.75	\$0.12
	9,240,000	\$0.14		2.66	\$0.13

**SPC Nickel Corp. (formerly Sudbury Platinum Corporation)**  
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**6. Share capital – Continued**

**c) Stock Options – Continued**

A summary of stock option activity during the nine-month period ended May 31, 2024 is as follows:

	Number of Issued and Outstanding Options	Weighted Average Exercise Price
<b>Outstanding - August 31, 2023</b>	9,865,000	\$0.14
Expired	(625,000)	\$0.20
<b>Outstanding – May 31, 2024</b>	<b>9,240,000</b>	<b>\$ 0.14</b>

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
<b>Outstanding - August 31, 2022</b>	8,065,000	\$0.15
Granted	1,800,000	\$0.12
<b>Outstanding – May 31, 2023</b>	<b>9,865,000</b>	<b>\$ 0.14</b>

**d) Warrants**

As at May 31, 2024, the Company had the following warrants outstanding:

<b>Grant Date</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Expiration</b>	<b>Remaining Years</b>	<b>Grant Date Fair Value</b>
November 22, 2021	100,000	\$0.20	November 22, 2024	0.48	\$0.18
June 29, 2023	939,180	\$0.11	June 29, 2024	0.08	\$0.03
May 23, 2024	16,051,272	\$0.07	November 23, 2025	1.48	\$0.02
	<b>17,090,452</b>	<b>\$0.07</b>		<b>1.40</b>	<b>\$0.02</b>

A summary of warrant activity during the nine-month period ended May 31, 2024 is as follows:

	Number of Issued and Outstanding Warrants	Weighted Average Exercise Price
<b>Outstanding – August 31, 2023</b>	14,743,257	\$0.18
Warrants issued	16,051,272	\$0.07
Expired warrants	(13,704,076)	\$0.18
<b>Outstanding – May 31, 2024</b>	<b>17,090,452</b>	<b>\$0.07</b>

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

	Number of Issued and Outstanding Warrants	Weighted Average Exercise Price
<b>Outstanding – August 31, 2022</b>	14,561,651	\$0.19
Expired warrants	(757,575)	\$0.24
<b>Outstanding – May 31, 2023</b>	<b>13,804,076</b>	<b>\$0.19</b>

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**6. Share Capital – continued**

**e) Restricted Share Units**

The Company has an RSU plan for its directors, officers, consultants and key employees under which the Company may grant restricted share units. The maximum number of shares issuable pursuant to all share-based awards other than stock option awards cannot exceed 10,219,166. Vesting terms and conditions are determined by the Board of Directors at the time of the grant.

On February 22, 2023, the Company granted 800,000 RSUs to certain officers of the Company. The RSUs vested on the one year anniversary of the grant date. The fair value of the RSUs was estimated to be \$80,000 based on the closing price of the underlying common shares on the date of grant. No other RSUs were outstanding as at May 31, 2024 and no other RSUs have previously been issued by the Company.

**f) Deferred Share Units**

The Company has a DSU plan for its directors, officers, consultants and key employees under which the Company may grant deferred share units. The maximum number of shares issuable pursuant to all share-based awards other than stock option awards cannot exceed 10,219,163. Vesting terms and conditions are determined by the Board of Directors at the time of the grant.

On February 22, 2023, the Company granted 300,000 DSU to certain directors of the Company. The fair value of the DSUs was estimated to be \$30,000 based on the closing price of the underlying common shares on the date of grant. The DSUs vested on the one-year anniversary of the grant date. No other DSUs were outstanding as at May 31, 2024 and no other DSUs have previously been issued by the Company.

**7. Related Party Transactions**

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

The remuneration of directors and key management of the Company for the nine-month periods ended May 31, 2024 and May 31, 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Short term benefits - consulting fees and salaries	\$ 193,161	\$ 279,716
Share based payments	55,000	99,000
	<u>\$ 248,161</u>	<u>\$ 378,716</u>

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, 2024, is \$13,819 (May 31, 2023 - \$9,983) owing to management and a company that is related by significant influence. The amounts are unsecured, non-interest bearing, and are due on demand.

During the nine-month period ended May 31, 2024, the Company incurred a \$60,000 (May 31, 2023 – \$Nil) expense related to fees charged by a financial advisory firm in respect of which one of the directors of the Company is a partner.

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**8. Exploration Properties**

The exploration and evaluation expenditures incurred during the nine-month periods ended May 31, 2024, and May 31, 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Aer Kidd	2,221	52,976
Owen	1,440	842
Lockerby East	480,910	1,463,754
Janes	41,342	103,106
Muskox	259,264	548,422
Project generation	1,288	3,337
	<u>786,465</u>	<u>2,172,437</u>

**a) Aer-Kidd Property**

On August 19, 2014, SPC acquired a 100% interest in the mineral rights of the Aer-Kidd Property for a cash payment of \$1,250,000.

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 LKE Deposit (formerly known as the Lockerby East Deposit) and 100% of the West Graham Project, the later of which is subject to a 1% NSR to the previous owner of the West Graham portion of the Property.

During the year ended August 31, 2023, the Company entered into an agreement (the "Vale Agreement") with Vale Canada Limited ("Vale"). The Vale Agreement grants the Company the option to acquire a 100% interest in the surface and mineral rights of the Crean Hill 3 Property (to a vertical depth of 550 metres), which is contiguous with the West Graham Project, in consideration for certain rights and royalties that will be extended to Vale across the a portion of Project. In order the exercise the option, the Company must pay \$1,000,000 in cash after completing a Feasibility Study.

## **8. Exploration Properties – continued**

### **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 has the right and option to earn a 100% interest in the property by issuing \$355,000 in cash (\$135,000 paid), \$155,000 in shares (\$101,500 issued) and incurring work expenditures of \$227,000 (all expenditures incurred) over a 5 year period. Upon the Company vesting a 100% interest in 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 prior to 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 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 certain mining claims and prospecting permits located within the Muskox Intrusion in the Kugluktuk Region of Nunavut. The Company also holds a separately acquired database related to the Muskox Intrusion.

During the year ended August 31, 2023, 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 and contiguous with the mining claims and prospecting permits that initially comprised the Muskox Property.

Pursuant to the initial 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 three year period. If the Company vests its interest, the Vendors will retain a 1% NSR on certain claims with the Company retaining the right to buy back a 0.5% NSR for \$5,000,000 up to the point of commercial production.

In December 2023, the Company and Bathurst Metals Corp agreed to an amendment to the Bathurst Option Agreement whereby the March 2024 Option payment, originally for \$350,000, was reduced to \$50,000 and the remaining \$250,000 was deferred to March 21, 2025. All other cash Option payments were deferred by one year. All other terms of the agreement remained the same. The amended Option Payment schedules is as follows:

- \$300,000 upon execution of this Agreement (paid)
- \$50,000 on or before March 21, 2024 (paid)
- \$250,000 on or before March 21, 2025
- \$350,000 on or before March 21, 2026
- \$400,000 on or before March 21, 2027

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, 2024 and May 31, 2023.

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 period ended May 31, 2024.

### *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, 2024, the Company has current assets totalling \$3,033,402 (August 31, 2023 – \$2,607,545) to settle current liabilities of \$420,327 (August 31, 2023 – \$802,459).

### *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.



## **10. 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.

## **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, 2024 and August 31, 2023.

### *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 a flow through financing completed in June 2023, the Company has committed to incur qualifying Canadian Exploration Expenditures totaling \$1,788,146 by December 31, 2024. 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 commitment. As at May 31, 2024, the Company had incurred approximately \$1,145,349 of this expenditure commitment. The Company anticipates that it will satisfy its full commitment prior to December 31, 2024.

In connection with a flow through financing completed in May 2024, the Company has committed to incur qualifying Canadian Exploration Expenditures totaling \$477,500 by December 31, 2025. 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 commitment. As at May 31, 2024, the Company had not incurred any expenditures in connection with this commitment. The Company anticipates that it will satisfy its full commitment prior to December 31, 2025.